UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the Quarterly Period ended January 31, 2020

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 000-7642

PASSUR AEROSPACE, INC.

(Exact Name of Registrant as Specified in Its Charter)

New York	**11-2208938**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
One Landmark Square, Suite 1900, Stamford, Connecticut	**06901**
(Address of Principal Executive Office)	(Zip Code)

Registrant's telephone number, including area code**: (203) 622-4086**

Securities registered pursuant to Section 12(b) of the Act: **None**

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 [X] No [ ]

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted 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 [X] 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. (Check one):

Large accelerated filer **[ ]**	Accelerated filer **[ ]**
Non-accelerated filer **[ ]**	Smaller reporting company **[X]**
Emerging growth 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 Act).
Yes [ ] No [X]

There were 7,712,091 shares of the Registrant's common stock with a par value of $0.01 per share outstanding as of March 2, 2020.

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PASSUR Aerospace, Inc. and Subsidiary

PART I: Financial Information

Item 1. Financial Statements

PASSUR Aerospace, Inc. and Subsidiary

Consolidated Balance Sheets

	January 31, 2020 (unaudited)		October 31, 2019	
Assets				
Current assets:				
Cash	$	427,771	$	145,151
Accounts receivable, net		1,098,876		1,141,282
Prepaid expenses and other current assets		282,675		249,118
Total current assets		1,809,322		1,535,551
PASSUR Network, net		3,713,591		3,948,542
Capitalized software development costs, net		8,119,923		8,319,134
Property and equipment, net		482,101		552,150
Operating lease right-of-use assets		1,359,452		-
Other assets		90,480		91,883
Total assets	$	15,574,869	$	14,447,260
Liabilities and stockholders' equity				
Current liabilities:				
Accounts payable	$	1,486,102	$	1,531,112
Accrued expenses and other current liabilities		870,226		789,370
Operating lease liabilities, current portion		572,530		-
Deferred revenue, current portion		2,265,227		2,863,273
Total current liabilities		5,194,085		5,183,755
Deferred revenue, long term portion		353,314		377,760
Note payable - related party		9,080,344		8,350,058
Operating lease liabilities, non-current		904,799		-
Other liabilities		-		79,958
Total liabilities		15,532,542		13,991,531
Commitments and contingencies				
Stockholders' equity:				
Preferred shares - authorized 5,000,000 shares, par value \$0.01 per share; none issued or outstanding		-		-
Common shares - authorized 20,000,000 shares, respectively, par value \$0.01 per share; issued 8,496,526 at January 31, 2020 and 8,480,526 at October 31, 2019		84,964		84,804
Additional paid-in capital		18,127,853		17,958,165
Accumulated deficit		(16,236,812)		(15,653,562)
		1,976,005		2,389,407
Treasury stock, at cost, 784,435 shares at January 31, 2020 and October 31, 2019, respectively		(1,933,678)		(1,933,678)
Total stockholders' equity		42,327		455,729
Total liabilities and stockholders' equity	$	15,574,869	$	14,447,260

See accompanying notes to consolidated financial statements.

PASSUR Aerospace, Inc. and Subsidiary

Consolidated Statements of Operations

(Unaudited)

	2020	2019
Revenues	$ 4,225,315	$ 3,656,124
Operating expenses:		
Cost of revenues	2,286,066	2,032,420
Research and development expenses	112,303	143,955
Selling, general, and administrative expenses	2,168,350	2,245,897
	4,566,719	4,422,272
Loss from operations	$ (341,404)	$ (766,148)
Interest expense - related party	210,286	167,919
Loss before income taxes	(551,690)	(934,067)
Provision for income taxes	31,560	-
Net loss	$ (583,250)	$ (934,067)
Net loss per common share - basic	$ (0.08)	$ (0.12)
Net loss per common share - diluted	$ (0.08)	$ (0.12)
Weighted average number of common shares outstanding - basic	7,706,004	7,696,091
Weighted average number of common shares outstanding - diluted	7,706,004	7,696,091

See accompanying notes to consolidated financial statements.

PASSUR Aerospace, Inc. and Subsidiary

Consolidated Statements of Stockholders' Equity

(Unaudited)

	Three Months ended January 31, 2020					
	Common Stock		Additional Paid-In	Accum.	Treasury	Total Stockholders
	Shares	Amount	Capital	Deficit	Stock	Equity
Balance at October 31, 2019	8,480,526	$ 84,804	$ 17,958,165	$ (15,653,562)	$ (1,933,678)	$ 455,729
Stock-based compensation expense			146,648	-	-	146,648
Exercise of stock options	16,000	160	23,040			23,200
Net loss			-	(583,250)	-	(583,250)
Balance at January 31, 2020	**8,496,526**	**84,964**	**18,127,853**	**(16,236,812)**	**(1,933,678)**	**42,327**

	Three Months ended January 31, 2019					
	Common Stock		Additional Paid-In	Accum.	Treasury	Total Stockholders
	Shares	Amount	Capital	Deficit	Stock	Equity
Balance at October 31, 2018	8,480,526	$ 84,804	$ 17,345,450	$ (11,882,259)	$ (1,933,678)	$ 3,614,317
Stock-based compensation expense			155,747	-	-	155,747
Net loss			-	(934,067)	-	(934,067)
Effect of new accounting standard				66,030		66,030
Balance at January 31, 2019	**8,480,526**	**84,804**	**17,501,197**	**(12,750,296)**	**(1,933,678)**	**2,902,027**

See accompanying notes to consolidated financial statements.

PASSUR Aerospace, Inc. and Subsidiary

Consolidated Statements of Cash Flows

(Unaudited)

	Three months ended January 31, 2020	2019
Cash flows from operating activities		
Net loss	$ (583,250)	$ (934,067)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	1,000,847	824,882
Other	9,329	(8,071)
Stock-based compensation	146,648	155,747
Operating lease assets, liability, net	(4,492)	-
Changes in operating assets and liabilities:		
Accounts receivable	42,405	161,332
Prepaid expenses and other current assets	(39,893)	(37,718)
Other assets	1,404	10,173
Accounts payable	(45,010)	(18,924)
Accrued expenses and other current liabilities	119,427	(68,828)
Accrued interest - related party	210,286	-
Deferred revenue	(622,492)	2,516,010
Total adjustments	818,459	3,534,603
Net cash provided by operating activities	235,209	2,600,536
Cash flows used in investing activities		
PASSUR Network	-	(53,718)
Software development costs	(488,774)	(695,794)
Property and equipment	(7,015)	(1,163)
Net cash used in investing activities	(495,789)	(750,675)
Cash flows from financing activities		
Proceeds from notes payable - related party	520,000	910,000
Proceeds from exercise of stock options	23,200	-
Net cash provided by financing activities	543,200	910,000
Increase in cash	282,620	2,759,861
Cash - beginning of period	145,151	100,856
Cash - end of period	$ 427,771	$ 2,860,717
Supplemental cash flow information		
Cash paid during the period for:		
Interest - related party	$ -	$ 167,919
Income taxes	$ 31,560	$ -

See accompanying notes to consolidated financial statements.

1. Nature of Business

PASSUR Aerospace, Inc. ("PASSUR" or the "Company"), a New York corporation founded in 1967, is a business intelligence company, providing predictive analytics and decision support technology for the aviation industry primarily to improve the operational performance and cash flow of airlines and the airports where they operate. PASSUR uses big data, within the aviation intelligence platform and a suite of web-based solutions that address the aviation industry's intractable and costly challenges, including, but not limited to, the underutilization of airspace and airport capacity, delays, cancellations, and diversions. The Company's technology platform is supported by its Aviation Intelligence Center of Excellence, a team of subject matter experts with extensive experience in airline, airport, and business aviation operations, finance, air traffic management, systems automation, and data visualization, with specific expertise in the operational and business needs, requirements, objectives, and constraints of the aviation industry.

PASSUR's mission is to improve global air traffic efficiencies by connecting the world's aviation professionals onto a single aviation intelligence platform, making PASSUR an element in addressing the aviation industry's system-wide inefficiencies. We are an aviation intelligence company that makes air travel more predictable, gate-to-gate, by using predictive analytics generated from our own big data – to mitigate constraints for airlines and their customers.

PASSUR's information solutions are used by the five largest North American airlines, more than 60 airport customers, including 20 of the top 30 North American airports (with PASSUR solutions also used at the remaining ten airports by one or more airline customers), 85 business aviation customer locations, and the U.S. government.

PASSUR provides data aggregation and consolidation, information, decision support, predictive analytics, collaborative solutions, and professional services. To enable this unique offering, PASSUR owns and operates the largest commercial passive radar network in the world that updates flight tracks every 1 to 4.6 seconds, powering a proprietary database that is accessible in real-time and delivers timely, accurate information and solutions via PASSUR's industry-leading algorithms and business logic included in its products.

Solutions offered by PASSUR help to ensure flight completion, covering the entire flight life cycle, from gate to gate, and result in reductions in overall costs and carbon emissions, while helping to maximize revenue opportunities, as well as improving operational efficiency and enhancing the passenger experience.

PASSUR's commercial solutions give aviation operators the ability to optimize performance in today's air traffic management system, while also achieving Next Generation Air Transportation System ("NextGen") and Single European Sky ATM Research objectives.

PASSUR integrates data from multiple sources, including its independent network of surveillance sensors installed throughout North America creating coast to coast coverage, as well as locations in Europe and Asia; government data; customer data; and data from third party partners. PASSUR's sensors receive aircraft and drone signals in Mode A, C, S, and Automatic Dependent Surveillance-Broadcast ("ADS-B"), providing position, altitude, beacon code, and tail number, among other information. PASSUR receives signals from aircraft that, when combined with its historical database of aircraft and airport behavior, including information recorded by its network over the last 10 years, allow the Company to know more about what has happened historically and what is happening in real-time. In addition, the historical database allows the Company to predict how aircraft, the airspace, and airports are going to perform, and more importantly, how the aircraft, the airspace, and airports should perform.

2. Basis of Presentation and Significant Accounting Policies

The consolidated financial information contained in this quarterly report on Form 10-Q represents interim condensed financial data and, therefore, does not include all footnote disclosures required to be included in financial statements prepared in conformity with accounting principles generally accepted in the United States ("GAAP"). Such footnote information was included in the Company's Annual Report on Form 10-K for the year ended October 31, 2019, filed with the Securities and Exchange Commission ("SEC"); the consolidated financial data included herein should be read in conjunction with that report. In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (which include only normal recurring adjustments) necessary to present fairly the Company's consolidated financial position as of January 31, 2020, and its consolidated results of operations for the three months ended January 31, 2020, and 2019.

The results of operations for the interim period stated above are not necessarily indicative of the results of operations to be recorded for the full fiscal year ended October 31, 2020.

Certain financial information in the footnotes has been rounded to the nearest thousand for presentation purposes.

Liquidity

The Company's current liabilities, excluding deferred revenue, exceeded current assets by $1,120,000 as of January 31, 2020. The outstanding amount under the note payable to a related party, G.S. Beckwith Gilbert, the Company's significant shareholder and Non-Executive Chairman (the "Existing Gilbert Note"), was $9,080,000 as of January 31, 2020, with an annual interest rate of 9 ¾% and a maturity of November 1, 2021. At January 31, 2020, the notes payable balance included accrued interest on the Existing Gilbert Note of $410,000, representing interest incurred during the fourth quarter of 2019 and the first quarter of 2020. The Company's stockholders' equity was $42,000 at January 31, 2020. The Company had a net loss of $583,000 for the three months ended January 31, 2020.

If the Company's business does not generate sufficient cash flows from operations to meet its operating cash requirements, the Company will attempt to obtain external financing on commercially reasonable terms. However, the Company has received a commitment from G.S. Beckwith Gilbert, dated March 13, 2020, that if the Company, at any time, is unable to meet its obligations through March 13, 2021, Mr. Gilbert will provide the Company with the necessary continuing financial support to meet such obligations. Such commitment for financial support may be in the form of additional advances or loans to the Company, in addition to the deferral of principal and/or interest payments due on the existing loans, if deemed necessary. The note payable is secured by the Company's assets.

Principles of Consolidation

The consolidated financial statements include the accounts of PASSUR and its wholly-owned subsidiary. All significant inter-company transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's significant estimates include those related to revenue recognition, stock-based compensation, software development costs, the PASSUR Network and income taxes. Actual results could differ from those estimates.

Revenue Recognition Policy

The Company recognizes revenue in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("Topic 606"). The Company accounts for a customer contract when both parties have approved the contract and are committed to perform their respective obligations, each party's rights can be identified, payment terms can be identified, the contract has commercial substance, and it is probable the Company will collect substantially all of the consideration to which it is entitled.

The Company derives revenue primarily from subscription-based, real-time decision and solution information and professional services. Revenues are recognized when control of these services is transferred to the customer, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services.

The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of transaction price;
- Allocation of transaction price to performance obligations in the contract; and
- Recognition of revenue when, or as, the Company satisfies a performance obligation.

A. Nature of Performance Obligations

Subscription services revenue

Subscription services revenue is comprised of cloud-based subscription fees that provide the customer the right to access the Company's software and receive support and updates, if any, for a period of time. The Company has determined such access represents a stand-ready service provided continually throughout the contract term. As such, control and satisfaction of this stand-ready performance obligation is deemed to occur over time. The Company's subscription contracts include a fixed amount of consideration that is recognized ratably over the non-cancelable contract term, beginning on the date that access is made available to the customer. The passage of time is deemed to be the most faithful depiction of the transfer of control of the services as the customer simultaneously receives and consumes the benefit provided by the Company's performance. Subscription contracts are generally one to three years in length, billed either monthly, quarterly or annually, typically in advance, which coincides with the terms of the agreement. The Company's subscription contracts do not have a significant financing component and customer invoices are typically due within 30 days. There is no significant variable consideration related to these arrangements. Amounts that have been invoiced are recorded in accounts receivable and in deferred revenue or revenue, depending on whether transfer of control to customers has occurred.

Professional services revenue

Professional services primarily consist of value assessments and customer training services. The obligation to provide professional services is generally satisfied over time, with the customer simultaneously receiving and consuming the benefits as the Company satisfies its performance obligations. For professional services, revenue is recognized by measuring progress toward the complete satisfaction of the Company's obligation. Progress for services that are contracted for a fixed price is generally measured based on hours incurred as a portion of total estimated hours, and as a practical expedient, progress for services that are contracted for time and materials is generally based on the amount the Company has the right to invoice. Professional services contracts are generally one year or less in length, billed either in advance, upon pre-defined milestones or as services are rendered. Payment for professional services is generally a fixed fee or a fee based on time and materials in accordance with the terms of the agreement. The Company's professional service contracts do not have a significant financing component and customer invoices are typically due within 30 days.

Material rights

Contracts with customers may include material rights which are also performance obligations. Material rights primarily arise when the contract gives the customer the right to renew subscription services at a discounted price in the future. This may occur from time to time when the Company's contracts provide an implicit discount as the customer pays a nonrefundable up-front fee in connection with the initial services contract that it does not have to pay again in order to renew the service. These non-refundable up-front fees are not related to any promised service that the customer benefits from other than providing access to the subscription service. Revenue allocated to material rights is recognized when the customer exercises the right over the estimated renewal period of five years or when the right expires. If exercised by the customer, the amount previously deferred for the material right is included in the transaction price of the renewal contract and allocated to the services included in that contract. If expired, revenue is recognized as subscription services revenue in the period the right expired. If the up-front fees do not provide the customer with a material right, then the amount is included in the transaction price of the initial services contract and allocated to the performance obligations in that contract.

Contracts with multiple performance obligations

Some of the Company's contracts with customers contain multiple distinct performance obligations. For these contracts, the transaction price is allocated to the separate performance obligations on a relative standalone selling price basis. The standalone selling price reflects the price the Company would charge for a specific service if it was sold separately in similar circumstances and to similar customers. The Company maximizes the use of directly observable transactions to determine the standalone selling prices for its performance obligations. For subscription services, the Company separately determines the standalone selling prices by type of solution and customer demographics. For professional services, the Company separately determines standalone selling price by type of services.

Other policies and judgments

The commissions that the Company pays for obtaining a contract with a customer are conditional on future service provided by the employee. Therefore, since these costs are not incremental solely based on obtaining a contract, the Company does not defer any commission costs.

B. Disaggregation

The disaggregation of revenue by customer and type of performance obligation is as follows:

Revenue by customer:	**Three Months Ended January 31, 2020**		**Three Months Ended January 31, 2019**	
Airlines	$	2,618,000	$	2,218,000
Airports		1,391,000		1,423,000
Other		216,000		15,000
Total Revenue	$	4,225,000	$	3,656,000

Revenue by type of performance obligation:	**Three Months Ended January 31, 2020**		**Three Months Ended January 31, 2019**	
Subscription services	$	3,956,000	$	3,596,000
Professional services		269,000		60,000
Total Revenue	$	4,225,000	$	3,656,000

C. Contract Balances

The opening and closing balances of the Company's accounts receivable, unbilled receivables, and deferred revenues are as follows:

	Accounts Receivable		**Unbilled Receivable**		**Deferred Revenue**	
Balance at November 1, 2019	$	1,041,000	$	100,000	$	3,241,000
Balance at January 31, 2020	$	1,010,000	$	89,000	$	2,619,000

The difference in the opening and closing balances of the Company’s unbilled receivable and deferred revenue primarily results from the timing difference between the Company’s performance and the customer’s payment.

Deferred revenue includes amounts billed to customers for which the revenue recognition criteria has not yet been met. Deferred revenue primarily consists of billings or payments received in advance of revenue recognition from the Company’s subscription services and, to a lesser extent, professional services. Deferred revenue is recognized as the Company satisfies its performance obligations. The Company generally invoices its customers in monthly, quarterly or annual installments for subscription services. Accordingly, the deferred revenue balance does not generally represent the total contract value of annual or multi-year, non-cancelable subscription arrangements. Deferred revenue that will be recognized during the succeeding 12-month period is recorded as current deferred revenue and the remaining portion is recorded as noncurrent. The amount of revenue recognized during the three months ended January 31, 2020 that was included in the deferred revenue balance at November 1, 2019 was $2,423,000.

Unbilled accounts receivable relates to the delivery of subscription and professional services for which the related billings will occur in a future period.

D. Transaction Price Allocated to the Remaining Performance Obligation

The following table discloses the aggregate amount of the transaction price allocated to the remaining performance obligations as of the end of the reporting period, and when the Company expects to recognize the revenue.

	12 months or less	Greater than 12 months *
Subscription services	$ 5,296,000	$ 1,269,000
Professional services	$ 94,000	$ -
Material rights	$ 194,000	$ 353,000

*Approximately 94% of these amounts are expected to be recognized between 12 and 36 months.

The table above includes amounts billed and not yet recognized as revenue, as well as, unrecognized future committed billings in customer contracts and excludes future billing amounts for which the customer has a termination for convenience right in their agreement.

Cost of Revenues

Costs associated with subscription and maintenance revenues consist primarily of direct labor, depreciation of PASSUR and Surface Multilateration ("SMLAT") Network Systems (both collectively, the "PASSUR Network"), amortization of capitalized software development costs, communication costs, data feeds, travel and entertainment, and consulting fees. Also, included in cost of revenues are costs associated with upgrades to PASSUR and SMLAT Systems necessary to make such systems compatible with new software applications, as well as the ordinary repair and maintenance of existing PASSUR and SMLAT Systems. Additionally, cost of revenues in each reporting period is impacted by: (1) the number of PASSUR and SMLAT Systems added to the PASSUR Network, which includes the cost of production, shipment, and installation of these assets, which are capitalized to the PASSUR Network; and (2) new capitalized costs associated with software development projects. Both of these are referred to as "Capitalized Assets" and are depreciated and/or amortized over their respective useful lives and charged to cost of revenues.

Income Taxes

The Company's provision for income taxes consists of federal, state, and foreign taxes, as applicable, in amounts necessary to align the Company's year-to-date tax provision with the effective rate that it expects to achieve for the full year. Each quarter the Company updates its estimate of the annual effective tax rate and records cumulative adjustments as necessary.

For the three months ended January 31, 2020, the Company recorded an income tax provision of $32,000, which is attributable to foreign withholding tax. The effective tax rate for the three months ended January 31, 2020 was (5.7)% and differed from the U.S. federal statutory rate of 21% as a result of the foreign withholding tax recorded during the three months ended January 31, 2020. The Company did not record an income tax benefit in its pre-tax losses as the Company maintains a full valuation allowance against its net deferred tax assets as the net deferred tax assets were not realizable on a more-likely-than-not basis.

For the three months ended January 31, 2019, the Company recorded an income tax provision (benefit) of zero. The Company's annual effective tax rate for the three months ended January 31, 2019 was 0% as the Company's net deferred tax assets were not realizable on a more-likely-than-not-basis.

Accounts Receivable

The Company has a history of successfully collecting all amounts due from its customers under the original terms of its subscription agreements without making concessions. The Company records accounts receivables for agreements where amounts due from customers are contractually required and are non-refundable. The carrying amount of accounts receivables is reduced by a valuation allowance that reflects the Company's best estimate of the amounts that will not be collected. Net accounts receivable is comprised of the monthly, quarterly, or annual committed amounts due from customers pursuant to the terms of each respective customer's agreement. Account receivable balances include amounts attributable to deferred revenues. The Company's accounts receivable balances included $89,000 of unbilled receivables associated with contractually committed services provided to existing customers during the three months ended January 31, 2020, which will be invoiced subsequent to January 31, 2020.

As of October 31, 2019, the Company's accounts receivable balance included $100,000 of unbilled receivables associated with contractually committed services provided to existing customers.

The provision for doubtful accounts was $165,000 as of January 31, 2020 and October 31, 2019, respectively. In addition to reviewing delinquent accounts receivable, the Company considers many factors in estimating its reserve, including historical data, experience, customer types, credit worthiness, and economic trends. The Company monitors its outstanding accounts receivable balances and believes the provision is adequate.

PASSUR Network

The PASSUR Network is comprised of PASSUR and SMLAT Systems, which includes the direct production, shipping, and installation costs incurred for each PASSUR and SMLAT System, which are recorded at cost, net of accumulated depreciation. The Company did not capitalize any costs related to the PASSUR Network for the three months ended January 31, 2020. Additionally, the Company did not purchase any parts for the PASSUR Network and used $9,300 of parts for repairs during the three months ended January 31, 2020.

For the three months ended January 31, 2019, the Company capitalized $61,000 of PASSUR Network costs. Additionally, the Company purchased parts for the PASSUR Network totaling $1,000 and used $9,000 of parts for repairs during the three months ended January 31, 2019.

Depreciation expenses related to the Company-owned PASSUR Network was $226,000 and $205,000 for the three months ended January 31, 2020 and 2019, respectively. Depreciation is charged to cost of revenues and is recorded using the straight-line method over the estimated useful life of the asset, which is estimated at five years for SMLAT Systems and seven years for PASSUR Systems.

The net carrying balance of the PASSUR Network as of January 31, 2020, and October 31, 2019, was $3,714,000 and $3,949,000, respectively. Included in the net carrying balance as of January 31, 2020 and October 31, 2019, were parts and finished goods for the PASSUR Network totaling $1,822,000 and $1,831,000 respectively, which have not yet been installed. PASSUR Network assets which are not installed are carried at cost and not depreciated until installed.

Capitalized Software Development Costs

The Company follows the provisions of ASC 350-40, *Internal Use Software (*"ASC 350-40"). ASC 350-40 provides guidance for determining whether computer software is internal-use software, and on accounting for the proceeds of computer software originally developed or obtained for internal use and then subsequently sold to the public. It also provides guidance on capitalization of the costs incurred for computer software developed or obtained for internal use. The Company expenses all costs incurred during the preliminary project stage of its development, and capitalizes the costs incurred during the application development stage. Costs incurred relating to upgrades and enhancements to the software are capitalized if it is determined that these upgrades or enhancements add additional functionality to the software. Costs incurred to improve and support products after they become available are charged to expense as incurred.

The Company capitalized $489,000 and $696,000 of software development costs for the three months ended January 31, 2020 and 2019, respectively. The Company amortized $688,000 and $520,000 of capitalized software development costs for the three months ended January 31, 2020 and 2019, respectively. The Company records amortization of the software on a straight-line basis over the estimated useful life of the software, typically over five years, within "Cost of Revenues".

Long-Lived Assets

The Company reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable. Impairment is recognized to the extent the sum of undiscounted estimated future cash flows expected to result from the use of the asset is less than the carrying value. Assets to be disposed of are carried at the lower of their carrying value or fair value, less costs to sell. The Company evaluates the periods of amortization continually in determining whether later events and circumstances warrant revised estimates of useful lives. If estimates are changed, the unamortized costs will be allocated to the increased or decreased number of remaining periods in the asset's revised life.

Deferred Tax Asset

Each reporting period, the Company assesses the realizability of its deferred tax assets to determine if it is more-likely-than-not that some portion, or all, of the deferred tax asset will be realized. The Company considered all available positive and negative evidence including the reversal of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operating results. The ultimate realization of a deferred tax asset is ultimately dependent on sufficient taxable income within the available carryback and/or carryforward periods to utilize the deductible temporary differences. Based on the weight of available evidence including recent financial operating results, the Company determined its net deferred tax assets are not realizable on a more-likely-than-not basis and that a valuation allowance is required against its net deferred tax assets.

At October 31, 2019, the Company had available federal net operating loss carryforwards of $16,098,000, of which $8,033,000 are indefinite lived and $8,065,000 will expire in various tax years from fiscal year 2022 through fiscal year 2038.

Stock-Based Compensation

The Company follows FASB ASC 718, *Compensation-Stock Compensation*, which requires the measurement of compensation cost for all stock-based awards at fair value on the date of grant, and recognition of stock-based compensation expense over the service period for awards expected to vest. The fair value of stock options was determined using the Black-Scholes valuation model. Such fair value is recognized as an expense over the service period, net of forfeitures. Stock-based compensation expense was $147,000 and $156,000 for the three months ended January 31, 2020 and 2019, respectively. Stock-based compensation is primarily included in selling, general, and administrative expenses.

Net Loss per Share Information

Basic net loss per share is computed based on the weighted average number of shares outstanding. Diluted earnings per share is computed similarly to basic earnings per share, except that it reflects the effect of common shares issuable upon exercise of stock options, using the treasury stock method in periods in which they have a dilutive effect. The Company's 2009 Stock Incentive Plan, which expired on February 24, 2019, and 2019 Stock Incentive Plan allow for a cashless exercise. Shares used to calculate net loss per share are as follows:

	For the three months ended January 31,	
	2020	2019
Basic Weighted average shares outstanding	**7,706,004**	7,696,091
Effect of dilutive stock options	**-**	-
Diluted weighted average shares outstanding	**7,706,004**	7,696,091
Weighted average shares which are not included in the calculation of diluted net loss per share because their impact is anti-dilutive. These shares consist of stock options.	**1,725,500**	1,734,500

Fair Value of Financial Instruments

The recorded amounts of the Company's cash, receivables, and accounts payables approximate their fair values principally because of the short-term nature of these items. The fair value of related party debt is not practicable to determine due primarily to the fact that the Company's related party debt is held by its Non-Executive Chairman and significant shareholder, and the Company does not have any third-party debt with which to compare.

Additionally, on a recurring basis, the Company uses fair value measures when analyzing asset impairments. Long-lived assets and certain identifiable intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If it is determined such indicators are present, and the review indicates that the assets will not be fully recoverable based on the undiscounted estimated future cash flows expected to result from the use of the asset, their carrying values are reduced to estimated fair value.

Recent Accounting Pronouncements Adopted

In February 2016, the FASB issued ASU 2016-02, which amends the ASC and creates Topic 842, *Leases* ("Topic 842"). Topic 842 requires lessees to recognize lease assets and lease liabilities for those leases classified as operating leases under previous GAAP on the balance sheet. On November 1, 2019, the Company adopted Topic 842. As a result of the adoption of Topic 842, the Company recognized operating lease right-of-use ("ROU") assets and liabilities of $1,497,000 and $1,620,000, respectively. The Company does not have any finance lease ROU assets and liabilities. There was no change to our condensed consolidated statements of operations or cash flows, as a result of the adoption.

3. Leases

During the first quarter of fiscal 2020, the Company adopted Topic 842 using the modified retrospective transition approach permitted under the new standard for leases that existed at November 1, 2019 and, accordingly, the prior comparative periods were not restated. Under this method, the Company was required to assess the remaining future payments of existing leases as of November 1, 2019. Additionally, as of the date of adoption, the Company elected the package of practical expedients that did not require the Company to assess whether expired or existing contracts contain leases as defined in Topic 842, did not require reassessment of the lease classification (i.e., operating lease vs. finance lease) for expired or existing leases, and did not require a change to the accounting for previously capitalized initial direct costs.

The adoption of this standard impacted the Company's consolidated balance sheet due to the recognition of ROU assets and associated lease liabilities related to operating leases as compared to the previous accounting. The accounting for finance leases under Topic 842 is consistent with the prior accounting for capital leases. The impact of the adoption of this standard on the Company's consolidated statement of earnings and consolidated statement of cash flows was not material.

Per the guidance of Topic 842, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset. The Company recognizes a lease liability and a related ROU asset at the commencement date for leases on its consolidated balance sheet, excluding short-term leases as noted below. The lease liability is equal to the present value of unpaid lease payments over the remaining lease term. The Company's lease term at the commencement date may reflect options to extend or terminate the lease when it is reasonably certain that such options will be exercised. To determine the present value of the lease liability, the Company uses an incremental borrowing rate, which is defined as the rate of interest that the Company would have to pay to borrow (on a collateralized basis over a similar term) an amount equal to the lease payments in similar economic environments. The ROU asset is based on the corresponding lease liability adjusted for certain costs such as initial direct costs, prepaid lease payments and lease incentives received. Both operating and finance lease ROU assets are reviewed for impairment, consistent with other long-lived assets, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. After a ROU asset is impaired, any remaining balance of the ROU asset is amortized on a straight-line basis over the shorter of the remaining lease term or the estimated useful life.

After the lease commencement date, the Company evaluates lease modifications, if any, that could result in a change in the accounting for leases. For a lease modification, an evaluation is performed to determine if it should be treated as either a separate lease or a change in the accounting of an existing lease. In addition, significant changes in events or circumstances within the Company's control are assessed to determine whether a change in the accounting for leases is required.

Certain of the Company's leases provide for variable lease payments for the right to use an underlying asset that vary due to changes in facts and circumstances occurring after the commencement date, other than the passage of time. Variable lease payments that are dependent on an index or rate (e.g., Consumer Price Index) are included in the initial measurement of the lease liability, the initial measurement of the ROU asset, and the lease classification test based on the index or rate as of the commencement date. Any changes from the commencement date estimation of the index- and rate-based variable payments are expensed as incurred in the period of the change. Variable lease payments that are not known at the commencement date and are determinable based on the performance or use of the underlying asset, are not included in the initial measurement of the lease liability or the ROU asset, but instead are expensed as incurred. The Company's variable lease payments primarily include common area maintenance and real estate taxes.

Upon the adoption of Topic 842, the Company made the following accounting policy elections:

- Certain of the Company's contracts contain lease components as well as non-lease components. Unless an accounting policy is elected to the contrary, the contract consideration must be allocated to the separate lease and non-lease components in accordance with Topic 842. For purposes of allocating contract consideration, the Company elected not to separate the lease components from non-lease components for all asset classes. This was applied to all existing leases as of November 1, 2019 and will be applied to new leases on an on-going basis.

- The Company elected not to apply the measurement and recognition requirements of Topic 842 to short-term leases (i.e., leases with a term of 12 months or less). Accordingly, short-term leases will not be recorded as ROU assets or lease liabilities on the Company's consolidated balance sheets, and the related lease payments will be recognized in net earnings on a straight-line basis over the lease term.

As a result of the adoption of Topic 842, the Company recognized operating lease ROU assets and liabilities of $1,497,000 and $1,620,000, respectively, as of November 1, 2019. The Company does not have any finance lease ROU assets and liabilities.

The Company has operating leases primarily for offices and PASSUR and SMLAT systems, with remaining terms of approximately 1 year to 4.6 years. Some of the Company's lease contracts include options to extend the leases for up to five years, while others include options to terminate the leases within 1 year.

A summary of total lease costs and other information for the period relating to the Company's operating leases is as follows:

		Three Months Ended January 31, 2020
Total lease cost		
Operating lease cost	$	182,076
Short-term lease cost		51,115
Variable lease cost		14,369
Total	$	247,560
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$	186,569
Right-of-use assets obtained in exchange for new operating lease liabilities	$	14,418
Weighted-average remaining lease term – operating leases		2.83 years
Weighted-average discount rate – operating leases		9.75 %

The total future minimum lease payments, over the remaining lease term, relating to the Company's operating leases for the remainder of fiscal 2020 and for each of the next four fiscal years and thereafter is as follows:

		Operating Leases
Remainder of fiscal 2020	$	544,340
Fiscal 2021		534,228
Fiscal 2022		384,511
Fiscal 2023		214,820
Fiscal 2024		1,954
Thereafter		-
Total future minimum lease payments		1,679,853
Less imputed interest		(202,524)
Total	$	1,477,329

The following table summarizes scheduled maturities of the Company's contractual obligations relating to operating leases for which cash flows are fixed and determinable as of October 31, 2019:

		Payments Due in Fiscal Year[(1)]
Fiscal 2020	$	609,833
Fiscal 2021		437,746
Fiscal 2022		308,520
Fiscal 2023		195,183
Fiscal 2024		-
Thereafter		-
Total contractual obligations	$	1,551,282

(1) Minimum operating lease commitments only include base rent. Certain leases provide for contingent rents that are not measurable at inception and primarily include common area maintenance and real estate taxes. These amounts are excluded from minimum operating lease commitments and are included in the determination of total rent expense when it is probable that the expense has been incurred and the amount is reasonably measurable. Such amounts have not been material to total rent expense.

The Company does not have any finance leases. As of January 31, 2020, the number of leases that have not yet commenced is immaterial.

4. Notes Payable – Related Party

The outstanding amount under the note payable to G.S. Beckwith Gilbert, the Company's Non-Executive Chairman and significant stockholder (the "Existing Gilbert Note"), was $9,080,000 as of January 31, 2020, with an interest rate of 9 ¾% and a maturity date of November 1, 2021. Interest payments are due by October 31st of each fiscal year. At January 31, 2020, the notes payable balance included accrued interest on the Existing Gilbert Note of $410,000, representing interest incurred during the fourth quarter of 2019 and the first quarter of 2020. During the three months ended January 31, 2020, Mr. Gilbert loaned the Company an additional $520,000 (which amount is included in the outstanding note payable amount as of January 31, 2020 identified above). Additionally, subsequent to January 31, 2020, Mr. Gilbert loaned the Company an additional $200,000. As of March 13, 2020, the note payable balance, including accrued interest, was $9,379,000. During the three months ended January 31, 2019, the Company paid interest incurred on the Existing Gilbert Note totaling $168,000.

On January 27, 2020, the Company entered into a Sixth Debt Extension Agreement with Mr. Gilbert, effective January 27, 2020, pursuant to which the Company and Mr. Gilbert agreed to modify certain terms and conditions of the Existing Gilbert Note. The maturity date of the Existing Gilbert Note was November 1, 2020, and the total amount of principal and interest due for the fourth quarter of fiscal year 2019 and first quarter of fiscal year 2020 and owing as of January 27, 2020, was $9,071,000. Pursuant to the Sixth Debt Extension Agreement, the Company issued a new note to Mr. Gilbert in the amount of $9,071,000, (the "Sixth Replacement Note") equal to a principal of $8,670,000 and accrued interest through January 27, 2020 of $401,000, and cancelled the Existing Gilbert Note. The Company agreed to pay accrued interest included in the Sixth Replacement Note, at the time and on the terms set forth in the Sixth Replacement Note. Under the terms of the Sixth Replacement Note, the maturity date was extended to November 1, 2021, and the annual interest rate remained at 9 ¾%. Interest payments under the Sixth Replacement Note shall be made annually on October 31st of each year. The note payable is secured by the Company's assets.

The Company evaluated its financial position as of January 31, 2020, including an operating loss of $341,000 and working capital deficit of $3,385,000, and has requested and received a commitment from G.S. Beckwith Gilbert, dated March 13, 2020, that if the Company, at any time, is unable to meet its obligations through March 13, 2021, Mr. Gilbert will provide the Company with the necessary continuing financial support to meet such obligations. Such commitment for financial support may be in the form of additional advances or loans to the Company, in addition to the deferral of principal and/or interest payments due on the existing loans, if deemed necessary.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward Looking Statements

The information provided in this Quarterly Report on Form 10-Q (including, without limitation, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Liquidity and Capital Resources" below) contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 regarding the Company's future plans, objectives, and expected performance. The words "believe," "may," "will," "could," "should," "would," "anticipate," "estimate," "expect," "project," "intend," "objective," "seek," "strive," "might," "likely result," "build," "grow," "plan," "goal," "expand," "position," or similar words, or the negatives of these words, or similar terminology, identify forward-looking statements. These statements are based on assumptions that the Company believes are reasonable, but are subject to a wide range of risks and uncertainties, and a number of factors could cause the Company's actual results to differ materially from those expressed in the forward-looking statements referred to above. These factors include, without limitation, the risks and uncertainties discussed under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," the uncertainties related to the ability of the Company to sell its existing product and professional service lines, as well as its new products and professional services (due to potential competitive pressure from other companies or other products), as well as the potential for terrorist attacks, changes in fuel costs, airline bankruptcies and consolidations, economic conditions, and other risks detailed in the Company's periodic report filings with the SEC. Other uncertainties which could impact the Company include, without limitation, uncertainties with respect to future changes in governmental regulation and the impact that such changes in regulation will have on the Company's business. Additional uncertainties include, without limitation, uncertainties relating to: (1) the Company's ability to find and maintain the personnel necessary to sell, manufacture, and service its products; (2) its ability to adequately protect its intellectual property; and (3) its ability to secure future financing. Readers are cautioned not to place undue reliance on these forward-looking statements, which relate only to events as of the date on which the statements are made and which reflect management's analysis, judgments, belief, or expectation only as of such date. The Company undertakes no obligation to publicly update any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

Description of Business

The Company provides a complete set of integrated, collaborative tools to allow airlines, airports, and air navigation service providers to better predict, prioritize, prevent, and recover from inevitable unexpected disruptions. These disruptions have long been seen as the cost of doing business in the industry, which we have proven can be mitigated, in part, through the integrated use of our software.

As such, we provide digital solutions to the global travel industry and help customers improve punctuality, optimize turn times and gate utilization, ensure schedule integrity (e.g., passenger connections), improve block-time performance, and reduce fuel burn/emissions.

The Company provides its solutions to the largest airlines and airports in the United States. Currently over 60% of all flights in the United States are, in some form, managed by the PASSUR software. Additionally, we provide our proven, established capabilities to the global airline and airport industry, with solutions now implemented in Canada, Europe, and Latin America. The global market presents an opportunity to network more customers in a broader market.

Our core business addresses some of the aviation industry's most intractable and costly challenges, including, but not limited to, underutilization of airspace and airport capacity, delays, cancellations, and diversions, among others. Several independent studies have estimated the annual direct costs of such inefficiencies to airlines in the United States at over $8 billion annually, and worldwide direct cost at over $30 billion annually.

Solutions offered by PASSUR help to ensure flight completion. They cover the entire flight life cycle, from gate to gate, and result in reductions in overall costs and carbon emissions, while maximizing revenue opportunities, improving operational efficiency, and enhancing the passenger experience.

The Company's business plan is to continue to focus on increasing subscription-based revenues from its suite of software applications, and to develop new applications and professional services designed to address the needs of the aviation industry and the U.S. government. Specifically, the objectives of the PASSUR platform are to:

1) Continue developing decision support solutions built on business intelligence, predictive analytics, and web-dashboard technology;

2) Continue integrating multiple additional industry data sets into its aviation database, including data from a variety of additional aircraft, airspace, and ground surveillance sources, to help ensure that PASSUR is the primary choice for data integration and management for large aviation organizations;

3) Continue extending the reach of the PASSUR Network, which provides the proprietary backbone for many of the Company's solutions; and

4) Continue developing the Company's professional service capabilities, in order to make sure that its solutions can be fully implemented in its customers' work environments, with minimal demand on customers' internal resources.

For the three months ended January 31, 2020, total revenue increased 16% to $4,225,000, compared with $3,656,000 for the same period in fiscal year 2019. Loss from operations for the three months ended January 31, 2020, was $341,000, compared to $766,000 for the same period in fiscal year 2019. For the three months ended January 31, 2020, net loss was $583,000, or $0.08 per diluted share, compared to a net loss of $934,000, or $0.12 per diluted share, in the same period in fiscal year 2019.

Results of Operations

Revenues

Management concentrates its efforts on the sale of business intelligence, predictive analytics, and decision support product applications, utilizing data primarily derived from the PASSUR Network. Such efforts include the continued development of existing products, new product offerings and, to a lesser extent, professional services.

For the three months ended January 31, 2020, total revenues increased by $569,000, or 16%, to $4,225,000, as compared with $3,656,000 for the same period in 2019. The increase in total revenues was primarily due to (i) an increase in subscription revenue of $355,000, or 10% and (ii) an increase in consulting revenue of $214,000 to $323,000, as compared with the prior year.

The increase in subscription revenue for the three months ended January 31, 2020, was primarily due to (i) a new contract for subscription services closed during fiscal year 2020 and (ii) net incremental revenue recognized during the period in fiscal year 2020 related to new contracts closed during fiscal year 2019. These increases were partially offset by expired contracts during the three months ended January 31, 2020.

The Company is engaged in ongoing discussions with two of its customers about the possible renewal of certain existing contracts that expired at various times from January 31, 2020 through February 29, 2020. Certain parts of these contracts have been renewed on a short-term interim basis. If these contracts are not renewed in full or in part, and not replaced by other revenue, the potential impact to the Company's fiscal year 2020 results could be a loss of revenue of up to $3.9 million dollars as compared to the full fiscal year of 2019. Offsetting the aforementioned potential loss of revenues is approximately $1.4 million dollars of incremental revenue in fiscal year 2020 related to certain subscription services closed during fiscal year 2019 and fiscal year 2020.

The increase in consulting revenue of $214,000 to $323,000 for the three months ended January 31, 2020, as compared to $108,000 for the same period in 2019, was due to an increase in the number of consulting agreements performed during the first quarter of 2020, compared to the same period in 2019.

The Company continues to enhance its wide selection of products and develop and deploy new software applications and solutions to better address customers' needs, all of which are easily delivered through web-based applications or as stand-alone professional services.

Cost of Revenues

Costs associated with subscription and maintenance revenues consist primarily of direct labor, depreciation of PASSUR and SMLAT Network Systems, amortization of capitalized software development costs, communication costs, data feeds, travel and entertainment, and consulting fees. Also included in cost of revenues are costs associated with upgrades to PASSUR and SMLAT Systems necessary to make such systems compatible with new software applications, as well as the ordinary repair and maintenance of existing PASSUR and SMLAT Systems. Additionally, cost of revenues in each reporting period is impacted by: (1) the number of PASSUR and SMLAT System units added to the PASSUR Network, which includes the production, shipment, and installation of these assets (currently largely installed by unaffiliated outside contractors), which are capitalized to the PASSUR Network; and (2) capitalized costs associated with software development and data center projects; and (3) data center projects (all referred to as "Capitalized Assets"). The labor and fringe benefit costs of Company employees involved in creating Capitalized Assets are capitalized, rather than expensed, and amortized, usually over five or seven years, as determined by their projected useful life. The Company does not break down its costs by product.

Cost of revenues increased $254,000, or 12%, to $2,286,000 for the three months ended January 31, 2020, as compared with the same period in fiscal year 2019. During the three months ended January 31, 2020, the cost of revenues increase was primarily attributable to a decrease in capitalized costs associated with software development projects and PASSUR Network Systems of approximately $268,000 as compared with the same period in fiscal 2019. When the Company uses its employees to manufacture PASSUR and SMLAT Systems, build capital assets, ship and install PASSUR and SMLAT Systems in the field, or for software development, there is a reduction in cost of revenues due to the fact that the labor-related costs for these systems are capitalized, rather than expensed, and amortized over seven years for PASSUR or five years for SMLAT systems. The increase in cost of revenues, due to lower capitalization of cost for the three months ended January 31, 2020, was offset by a net decrease of $21,000 in other various costs within cost of revenues as compared to the same period in fiscal year 2019.

Finally, as we continue to release product enhancements/new versions to our existing product offerings, and new product offerings, our amortization expenses associated with the historical software capitalization is anticipated to increase. As a result, we anticipate that our software capitalization and amortization expense, when netted, will not have a significant impact on our financial results.

Research and Development

Research and development expenses decreased $32,000, or 22%, to $112,000, for the three months ended January 31, 2020, as compared to $144,000 for the same period in fiscal year 2019. The decrease in research and development was primarily attributable to a decrease in personnel related costs, as compared to the same period in the prior year.

The Company's research and development efforts include activities associated with new product development, as well as the enhancement and improvement of the Company's existing software and information products. The Company anticipates that it will continue to invest in its software portfolio to develop, maintain, and support existing and newly developed applications for its customers.

Selling, General, and Administrative

Selling, general, and administrative expenses decreased $78,000, or 3%, to $2,168,000 for the three months ended January 31, 2020, as compared to $2,246,000 for the same period in fiscal year 2019. The decrease in selling, general and administrative expense for the three months ended January 31, 2020 was primarily due to a decrease in personnel related costs, as compared to the same period in the prior year. This decrease was partially offset by increases in professional and sales and marketing consulting fees, as compared to the same period in fiscal year 2019.

Loss from Operations

For the three months ended January 31, 2020, loss from operations decreased $425,000 to $341,000, as compared with the same period in fiscal year 2019. The improvement was primarily due to an increase in revenue of $569,000, or 16%, which was partially offset by an increase in operating expenses of $144,000, or 3%.

Interest Expense – Related Party

Interest expense – related party increased $42,000, or 25%, for the three months ended January 31, 2020, as compared to the same periods in fiscal year 2019, due to the higher principal balance outstanding on the note in fiscal year 2020.

Net Loss

The Company had a net loss of $583,000, or $0.08 per diluted share, for the three months ended January 31, 2020, as compared to a net loss of $934,000, or $0.12 per diluted share, for the same period in 2019.

Liquidity and Capital Resources

The Company's current liabilities, excluding deferred revenue, exceeded its current assets by $1,120,000 as of January 31, 2020. The Company's stockholders' equity was $42,000 as of January 31, 2020.

The outstanding amount under the note payable to G.S. Beckwith Gilbert, the Company's Non-Executive Chairman and significant stockholder (the "Existing Gilbert Note"), was $9,080,000 as of January 31, 2020, with an annual interest rate of 9 ¾%, and a maturity date of November 1, 2021. Interest payments are due by October 31st of each fiscal year. At January 31, 2020, the notes payable balance included accrued interest on the Existing Gilbert Note of $410,000, representing interest incurred during the fourth quarter of 2019 and the first quarter of 2020. During the three months ended January 31, 2020, Mr. Gilbert loaned the Company an additional $520,000 (which amount is included in the outstanding note payable amount as of January 31, 2020 identified above). Additionally, subsequent to January 31, 2020, Mr. Gilbert loaned the Company an additional $200,000. As of March 13, 2020, the note payable balance, including accrued interest, was $9,379,000. During the three months ended January 31, 2019, the Company paid interest incurred on the Existing Gilbert Note totaling $168,000.

On January 27, 2020, the Company entered into a Sixth Debt Extension Agreement with Mr. Gilbert, effective January 27, 2020, pursuant to which the Company and Mr. Gilbert agreed to modify certain terms and conditions of the Existing Gilbert Note. The maturity date of the Existing Gilbert Note was November 1, 2020, and the total amount of principal and interest due for the fourth quarter of fiscal year 2019 and first quarter of fiscal year 2020 and owing through January 27, 2020, was $9,071,000. Pursuant to the Sixth Debt Extension Agreement, the Company issued a new note to Mr. Gilbert in the amount of $9,071,000, (the "Sixth Replacement Note") equal to a principal of $8,670,000 and accrued interest through January 27, 2020 of $401,000, and cancelled the Existing Gilbert Note. The Company agreed to pay accrued interest included in the Sixth Replacement Note, at the time and on the terms set forth in the Sixth Replacement Note. Under the terms of the Sixth Replacement Note, the maturity date was extended to November 1, 2021, and the annual interest rate remained at 9 ¾%. Interest payments under the

Sixth Replacement Note shall be made annually on October 31st of each year. The note payable is secured by the Company's assets.

Management is addressing the Company's working capital deficiency by aggressively marketing the Company's PASSUR Network Systems information capabilities in its existing product and professional service lines, as well as in new products and professional services, which are continually being developed and deployed. Management believes that the continued development of its existing suite of software products and professional services, which address the wide array of needs of the aviation industry, will continue to lead to increased growth in the Company's customer-base and subscription-based revenues. However, there are no assurances that such growth will be achieved.

If the Company's business does not generate sufficient cash flows from operations to meet its operating cash requirements, the Company will attempt to obtain external financing on commercially reasonable terms. However, the Company has received a commitment from G.S. Beckwith Gilbert, dated March 13, 2020, that if the Company, at any time, is unable to meet its obligations through March 13, 2021, Mr. Gilbert will provide the Company with the necessary continuing financial support to meet such obligations. Such commitment for financial support may be in the form of additional advances or loans to the Company, in addition to the deferral of principal and/or interest payments due on the existing loans, if deemed necessary.

Net cash provided by operating activities was $235,000 for the three months ended January 31, 2020, and consisted of a net loss of $583,000, partially offset by depreciation and amortization of $1,001,000 and stock-based compensation expense of $147,000. The remaining balance consisted of a decrease in deferred revenue of $622,000 and a net increase in accounts payable, accrued expenses and accrued interest-related party.

Net cash used in investing activities was $496,000 for the three months ended January 31, 2020, which was expended for capitalized software development costs and additions to property and equipment. Net cash provided by financing activities was $543,000 for the three months ended January 31, 2020 and consisted of proceeds from note payable – related party of $520,000 and proceeds from the exercise of stock options of $23,000. Net cash provided by operating activities decreased by $2,365,000 for the three months ended January 31, 2020, as compared to the same period in 2019.

The Company actively monitors the costs associated with supporting the business, and continually seeks to identify and reduce any unnecessary costs as part of its cost reduction initiatives, while strategically reinvesting back into the business as part of its long-term plans. Additionally, the aviation market has been impacted by budgetary constraints, airline bankruptcies and consolidations, current economic conditions, the continued war on terrorism, and fluctuations in fuel costs. The aviation market is extensively regulated by government agencies, particularly the FAA and the National Transportation Safety Board, and management anticipates that new regulations relating to air travel may continue to be issued. Substantially all of the Company's revenues are derived from airlines, airports, and organizations that serve, or are served by, the aviation industry. Any new regulations or changes in the economic situation of the aviation industry could have an impact on the future operations of the Company, either positively or negatively.

Interest by potential customers in the Company's information and decision support software products obtained from PASSUR Network Systems and other sources and its professional services remains strong. As a result, the Company believes that future revenues will increase on an annualized basis. However, there are no guarantees that such annualized future revenue increases will occur. If revenues do not increase and the Company's cost-structure is not adjusted accordingly, losses may occur. The extent of such profits or losses will be dependent on sales volume achieved and the Company's ability to optimize its cost structures.

Off-Balance Sheet Arrangements

None.

Critical Accounting Policies and Estimates

The Company's discussion and analysis of its financial condition and results of operations are based upon its consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses, and related disclosures of contingent assets and liabilities based upon accounting policies management has implemented. These significant accounting policies are disclosed in Note 1 to the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2019. These policies and estimates are critical to the Company's business operations and the understanding of its results of operations. The impact and any associated risks related to these policies on the Company's business operations are discussed throughout Management's Discussion and Analysis of Financial Condition and Results of Operations, included in our Annual Report on Form 10-K for the fiscal year ended October 31, 2019, as such policies affect its reported financial results. The actual impact of these factors may differ under different assumptions or conditions.

Revenue Recognition

The Company recognizes revenue in accordance with Topic 606. The Company accounts for a customer contract when both parties have approved the contract and are committed to perform their respective obligations, each party's rights can be identified, payment terms can be identified, the contract has commercial substance, and it is probable the Company will collect substantially all of the consideration to which it is entitled.

The Company derives revenue primarily from subscription-based, real-time decision and solution information and professional services. Revenues are recognized when control of these services is transferred to the customer, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services.

The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of transaction price;
- Allocation of transaction price to performance obligations in the contract; and
- Recognition of revenue when, or as, the Company satisfies a performance obligation.

Subscription services revenue

Subscription services revenue is comprised of cloud-based subscription fees that provide the customer the right to access the Company's software and receive support and updates, if any, for a period of time. The Company has determined such access represents a stand-ready service provided continually throughout the contract term. As such, control and satisfaction of this stand-ready performance obligation is deemed to occur over time. The Company's subscription contracts include a fixed amount of consideration that is recognized ratably over the non-cancelable contract term, beginning on the date that access is made available to the customer. The passage of time is deemed to be the most faithful depiction of the transfer of control of the services as the customer simultaneously receives and consumes the benefit provided by the Company's performance. Subscription contracts are generally one to three years in length, billed either, monthly, quarterly or annually, typically in advance, which coincides with the terms of the agreement. The Company's subscription contracts do not have a significant financing component and customer invoices are typically due within 30 days. There is no significant variable consideration related to these arrangements. Amounts that have been invoiced are recorded in accounts receivable and in deferred revenue or revenue, depending on whether transfer of control to customers has occurred.

Professional services revenue

Professional services primarily consist of value assessments and customer training services. Payment for professional services is generally a fixed fee or a fee based on time and materials. The obligation to provide professional services is generally satisfied over time, with the customer simultaneously receiving and consuming the benefits as the Company satisfies its performance obligations. For professional services, revenue is recognized by measuring progress toward the complete satisfaction of the Company's obligation. Progress for services that are contracted for a fixed price is generally measured based on hours incurred as a portion of total estimated hours, and as a practical expedient, progress for services that are contracted for time and materials is generally based on the amount the Company has the right to invoice. Professional services contracts are generally one year or less in length, billed either in advance, upon pre-defined milestones or as services are rendered which coincides with the terms of agreement. The Company's professional service contracts do not have a significant financing component and customer invoices are typically due within 30 days.

Material rights

Contracts with customers may include material rights which are also performance obligations. Material rights primarily arise when the contract gives the customer the right to renew subscription services at a discounted price in the future. This may occur from time to time when the Company's contracts provide an implicit discount as the customer pays a nonrefundable up-front fee in connection with the initial services contract that it does not have to pay again in order to renew the service. These nonrefundable up-front fees are not related to any promised service that the customer benefits other than providing access to the subscription service. Revenue allocated to material rights is recognized when the customer exercises the right over the estimated renewal period of five years or when the right expires. If exercised by the customer, the amount previously deferred for the material right is included in the transaction price of the renewal contract and allocated to the services included in that contract. If expired, revenue is recognized as subscription services revenue in the period the right expired. If the up-front fees do not provide the customer with a material right, then the amount is included in the transaction price of the initial services contract and allocated to the performance obligations in that contract.

Contracts with multiple performance obligations

Some of the Company's contracts with customers contain multiple distinct performance obligations. For these contracts, the transaction price is allocated to the separate performance obligations on a relative standalone selling price basis. The standalone selling price reflects the price the Company would charge for a specific service if it was sold separately in similar circumstances and to similar customers. The Company maximizes the use of directly observable transactions to determine the standalone selling prices for its performance obligations. For subscription services, the Company separately determines the standalone selling prices by type of solution and customer demographics. For professional services, the Company separately determines standalone selling price by type of service.

Other policies and judgments

The commissions that the Company pays for obtaining a contract with a customer are conditional on future service provided by the employee. Therefore, since these costs are not incremental solely based on obtaining a contract, the Company does not defer any commission costs.

Leases

During the first quarter of fiscal 2020, the Company adopted Topic 842 using the modified retrospective transition approach permitted under the new standard for leases that existed at November 1, 2019 and, accordingly, the prior comparative periods were not restated. Under this method, the Company was required to assess the remaining future payments of existing leases as of November 1, 2019. Additionally, as of the date of adoption, the Company elected the package of practical expedients that did not require the Company to assess whether expired or existing contracts contain leases as defined in Topic 842, did not require reassessment of the lease classification (i.e., operating lease vs. finance lease) for expired or existing leases, and did not require a change to the accounting for previously capitalized initial direct costs.

The adoption of this standard impacted the Company's consolidated balance sheet due to the recognition of ROU assets and associated lease liabilities related to operating leases as compared to the previous accounting. The accounting for finance leases under Topic 842 is consistent with the prior accounting for capital leases. The impact of the adoption of this standard on the Company's consolidated statement of earnings and consolidated statement of cash flows was not material.

Per the guidance of Topic 842, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset. The Company recognizes a lease liability and a related ROU asset at the commencement date for leases on its consolidated balance sheet, excluding short-term leases as noted below. The lease liability is equal to the present value of unpaid lease payments over the remaining lease term. The Company's lease term at the commencement date may reflect options to extend or terminate the lease when it is reasonably certain that such options will be exercised. To determine the present value of the lease liability, the Company uses an incremental borrowing rate, which is defined as the rate of interest that the Company would have to pay to borrow (on a collateralized basis over a similar term) an amount equal to the lease payments in similar economic environments. The ROU asset is based on the corresponding lease liability adjusted for certain costs such as initial direct costs, prepaid lease payments and lease incentives received. Both operating and finance lease ROU assets are reviewed for impairment, consistent with other long-lived assets, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. After a ROU asset is impaired, any remaining balance of the ROU asset is amortized on a straight-line basis over the shorter of the remaining lease term or the estimated useful life.

After the lease commencement date, the Company evaluates lease modifications, if any, that could result in a change in the accounting for leases. For a lease modification, an evaluation is performed to determine if it should be treated as either a separate lease or a change in the accounting of an existing lease. In addition, significant changes in events or circumstances within the Company's control are assessed to determine whether a change in the accounting for leases is required.

Certain of the Company's leases provide for variable lease payments for the right to use an underlying asset that vary due to changes in facts and circumstances occurring after the commencement date, other than the passage of time. Variable lease payments that are dependent on an index or rate (e.g., Consumer Price Index) are included in the initial measurement of the lease liability, the initial measurement of the ROU asset, and the lease classification test based on the index or rate as of the commencement date. Any changes from the commencement date estimation of the index- and rate-based variable payments are expensed as incurred in the period of the change. Variable lease payments that are not known at the commencement date and are determinable based on the performance or use of the underlying asset, are not included in the initial measurement of the lease liability or the ROU asset, but instead are expensed as incurred. The Company's variable lease payments primarily include common area maintenance and real estate taxes.

Upon the adoption of Topic 842, the Company made the following accounting policy elections:

- Certain of the Company's contracts contain lease components as well as non-lease components. Unless an accounting policy is elected to the contrary, the contract consideration must be allocated to the separate lease and non-lease components in accordance with Topic 842. For purposes of allocating contract consideration, the Company elected not to separate the lease components from non-lease components for all asset classes. This was applied to all existing leases as of November 1, 2019 and will be applied to new leases on an on-going basis.

- The Company elected not to apply the measurement and recognition requirements of Topic 842 to short-term leases (i.e., leases with a term of 12 months or less). Accordingly, short-term leases will not be recorded as ROU assets or lease liabilities on the Company's consolidated balance sheets, and the related lease payments will be recognized in net earnings on a straight-line basis over the lease term.

As a result of the adoption of Topic 842, the Company recognized operating lease ROU assets and liabilities of $1,497,000 and $1,620,000, respectively, as of November 1, 2019. The Company does not have any finance lease ROU assets and liabilities.

The Company has operating leases primarily for offices and PASSUR and SMLAT systems, with remaining terms of approximately 1 year to 4.6 years. Some of the Company's lease contracts include options to extend the leases for up to five years, while others include options to terminate the leases within 1 year.

The Company does not have any finance leases. As of January 31, 2020, the number of leases that have not yet commenced is immaterial.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

As of the end of the period covered by this quarterly report on Form 10-Q, management carried out an evaluation, under the supervision, and with the participation of, the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act"). The Company's disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Commission's rules. The Company believes that a control system, no matter how well designed and operated, can provide only reasonable assurance, not absolute assurance, that the objectives of the control system are met. Based on their evaluation as of the end of the period covered by this quarterly report on Form 10-Q, the Company's Chief Executive Officer and Chief Financial Officer have concluded that such controls and procedures were effective at a reasonable assurance level as of January 31, 2020.

Changes in Internal Control over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) within the fiscal quarter to which this report relates, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. Other Information

Item 1. Legal Proceedings

The Company is not aware of any material, existing or pending legal proceedings to which the Company or its Subsidiary is a party or to which any of its properties are subject, except as described below. There are no proceedings in which any of the Company's directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest that is adverse to the Company's interests.

On or about May 17, 2019, Barnett Electric Inc. filed a lawsuit against the Company in Los Angeles Superior Court seeking to recover fees in the amount of $150,000, plus interest and attorneys' fees, for certain services and equipment allegedly provided to PASSUR. In response, the Company denied the allegations of any liability and asserted counterclaims alleging that Barnett is liable to PASSUR for Barnett's alleged failures to perform and interference with PASSUR's business. Although discovery is still underway and the ultimate outcome of the case cannot be reasonably predicted, PASSUR believes that it has viable defenses to Barnett's claims, which the Company intends to defend vigorously, and believes that PASSUR is itself entitled to recovery from Barnett. The outcome of this matter is not expected to have a material impact on our cash flows, results of operations or financial position.

Item 1A. Risk Factors

Our business, operations and financial condition are subject to various risks and uncertainties. The risk factors described in "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended October 31, 2019, as supplemented below, should be carefully considered, together with the other information contained or incorporated by reference in this Quarterly Report on Form 10-Q and in our other filings with the SEC, in connection with evaluating the Company, our business, and the forward-looking statements contained in this Quarterly Report on Form 10-Q. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may affect us. The occurrence of any of these known or unknown risks could have a material adverse impact on our business, financial condition, and results of operations.

The risk factor described below updates the risk factors disclosed in "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended October 31, 2019.

The continuing rapid spread of the coronavirus (COVID-19) could adversely impact the Company's business and results of operations.

The outbreak and continuing rapid spread of a strain of coronavirus (COVID-19), which was reported to have surfaced in Wuhan, China in December 2019, has resulted in a substantial curtailment of global travel and business activities. As part of intensifying global efforts to contain the spread of COVID-19, several countries have imposed travel restrictions to and from affected areas, with a significant number of airport closures and flight cancellations and suspensions. These measures, coupled with the fear of the further spread of COVID-19, have resulted in a significant reduction of worldwide air travel over the last several months. If these conditions continue for an extended period of time, we could experience reduced demand for our products and services, which could have a negative impact on our ability to enter into new customer contracts or renew existing customer contracts. In addition, a prolonged period of travel, commercial and other similar restrictions and the resulting reduced demand for air travel as a result of the COVID-19 outbreak could have a negative impact on the ability of our airline and airport customers to perform their obligations to us under their existing customer contracts.

Item 5. Other Information.

On March 13, 2020, the Company's significant shareholder and Non-Executive Chairman confirmed his commitment to provide the Company with the necessary continuing financial support to meet its obligations through March 13, 2021. A copy of the commitment is attached as Exhibit 10.1 to this Form 10-Q and incorporated by reference into this Item 5.

On February 12, 2020, the Company announced the appointment of Brian G. Cook as Chief Executive Officer ("CEO") of the Company, effective February 12, 2020. Concurrently with Mr. Cook's appointment as CEO of the Company, James T. Barry stepped down from his role as CEO of the Company, effective February 12, 2020. Mr. Barry will continue to serve as President and a director of the Company.

Item 6. Exhibits.

10.1 Employment Agreement, dated February 12, 2020, between PASSUR Aerospace, Inc. and Brian Cook, is incorporated by reference from Exhibit 10.1 to our Current Report on Form 8-K filed on February 14, 2020.

10.2 Incentive Stock Option Agreement, dated February 12, 2020, between PASSUR Aerospace, Inc. and Brian Cook, is incorporated by reference from Exhibit 10.2 to our Current Report on Form 8-K filed on February 14, 2020.

10.3 *Commitment of G.S. Beckwith Gilbert, dated March 13, 2020.

31.1 *Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 *Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 *Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 *Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101.ins* XBRL Instance

101.xsd* XBRL Schema

101.cal* XBRL Calculation

101.def* XBRL Definition

101.lab* XBRL Label

101.pre* XBRL Presentation

* Filed herewith.

SIGNATURES

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

PASSUR AEROSPACE, INC.

Dated: March 13, 2020	By:	/s/ Brian G. Cook
		Brian G. Cook Chief Executive Officer (Principal Executive Officer)
Dated: March 13, 2020	By:	/s/ Louis J. Petrucelly
		Louis J. Petrucelly Chief Financial Officer, Treasurer, and Secretary (Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) or 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Brian G. Cook, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PASSUR Aerospace, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 13, 2020

By: /s/ Brian G. Cook

Brian G. Cook
Chief Executive Officer

CERTIFICATION PURSUANT TO RULE 13a-14(a) or 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Louis J. Petrucelly, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PASSUR Aerospace, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 13, 2020

By: /s/ Louis J. Petrucelly

Louis J. Petrucelly
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of PASSUR Aerospace, Inc. (the "Company") on Form 10-Q for the fiscal quarter ended January 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brian G. Cook, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Brian G. Cook

Brian G. Cook
Chief Executive Officer
March 13, 2020

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of PASSUR Aerospace, Inc. (the "Company") on Form 10-Q for the fiscal quarter ended January 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Louis J. Petrucelly, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Louis J. Petrucelly

Louis J. Petrucelly
Chief Financial Officer
March 13, 2020

EXHIBIT 10.3

Field Point Capital Management Company
One Landmark Square, Suite 1900
Stamford, CT 06901

March 13, 2020
PASSUR Aerospace, Inc.
One Landmark Square, Suite 1900
Stamford, CT 06901

As Chairman of the Board as well as the principal shareholder of PASSUR Aerospace, Inc. ("PASSUR Aerospace" or the "Company"), I make the following commitment to the Company with respect to the period from the date of this commitment through March 13, 2021.

Liquidity

I commit that if the Company at any time is unable to meet its obligations through March 13, 2021, that I will provide the necessary continuing financial support to the Company to ensure the Company's ability to operate as a going concern through the period ending March 13, 2021. Such continuing support may take the form of additional loans or advances to PASSUR Aerospace in addition to the deferral of principal and/or interest payments due on outstanding loans to PASSUR Aerospace as referred to above.

These commitments are not conditional and are irrevocable through the period ending March 13, 2021.

I, G.S. Beckwith Gilbert, having the financial wherewithal to enter into this irrevocable commitment, make the above commitments to the Company and its shareholders.

/s/G.S. Beckwith Gilbert .
G.S. Beckwith Gilbert
President