

FRANKLIN COVEY CO
Form 10-Q
July 08, 2010

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended May 29, 2010

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

For the transition period from _____ to _____

Commission file no. 1-11107

FRANKLIN COVEY CO.
(Exact name of registrant as specified in its charter)

Utah 87-0401551
(State of (I.R.S.
incorporation) employer
identification
number)

2200 West 84119-2099
Parkway (Zip Code)

Boulevard
Salt Lake City,
Utah
(Address of
principal
executive
offices)

Registrant's (801) 817-1776
telephone

number,
Including area
code

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such, shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated
accelerated filer
filer

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

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

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock as of the latest practicable date:

17,009,024 shares of Common Stock as of July 1, 2010

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

FRANKLIN COVEY CO.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except per share amounts)

	May 29, 2010	August 31, 2009
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,210	\$ 1,688
Accounts receivable, less allowance for doubtful accounts of \$685 and \$879	20,857	22,877
Inventories	4,057	6,770
Deferred income taxes	2,572	2,551
Income taxes receivable	1,664	508
Prepaid expenses and other assets	6,983	5,748
Assets held for sale	1,786	-
Total current assets	40,129	40,142
Property and equipment, net	20,784	22,629
Intangible assets, net	66,165	68,994
Goodwill	3,761	505
Other assets	10,680	11,608
	\$ 141,519	\$ 143,878
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of financing obligation	\$ 704	\$ 621
Line of credit	9,257	12,949
Note payable to bank	550	-
Accounts payable	6,943	8,758
Accrued liabilities	23,109	20,976
Total current liabilities	40,563	43,304
Financing obligation, less current portion	30,560	31,098
Other liabilities	251	472
Total liabilities	71,374	74,874
Shareholders' equity:		
Common stock – \$0.05 par value; 40,000 shares authorized, 27,056 shares issued and outstanding	1,353	1,353
Additional paid-in capital	183,511	183,436
Common stock warrants	7,597	7,597
Retained earnings	13,982	13,980

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Accumulated other comprehensive income	2,066	1,961
Treasury stock at cost, 10,054 and 10,080 shares	(138,364)	(139,323)
Total shareholders' equity	70,145	69,004
	\$ 141,519	\$ 143,878

See notes to condensed consolidated financial statements.

FRANKLIN COVEY CO.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Quarter Ended		Three Quarters Ended	
	May 29, 2010 (unaudited)	May 30, 2009 (unaudited)	May 29, 2010 (unaudited)	May 30, 2009 (unaudited)
Net sales:				
Training and consulting services	\$ 28,597	\$ 27,767	\$ 87,005	\$ 83,814
Products	1,074	805	2,742	3,161
Leasing	825	920	2,426	2,745
	30,496	29,492	92,173	89,720
Cost of sales:				
Training and consulting services	10,276	9,928	30,239	29,755
Products	590	452	1,570	1,832
Leasing	426	447	1,242	1,370
	11,292	10,827	33,051	32,957
Gross profit	19,204	18,665		