

FRANKLIN COVEY CO
Form 10-Q
July 11, 2013

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 June 1, 2013

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

2200 West
Parkway
Boulevard
Salt Lake City,
Utah
(Address of
principal
executive
offices) 84119-2099
(Zip Code)

Registrant's
telephone (801)
817-1776

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:

16,352,121 shares of Common Stock as of June 28, 2013

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

FRANKLIN COVEY CO.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except per share amounts)

	June 1, 2013	August 31, 2012
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,903	\$ 11,011
Accounts receivable, less allowance for doubtful accounts of \$677 and \$851	37,117	38,087
Receivable from related party	2,844	3,588
Inventories	4,091	4,161
Deferred income tax assets	3,481	3,634
Prepaid expenses and other current assets	4,643	3,714
Total current assets	61,079	64,195
Property and equipment, net	17,672	18,496
Intangible assets, net	61,027	59,205
Goodwill	16,124	9,172
Long-term receivable from related party	4,224	3,478
Other long-term assets	9,310	9,534
	\$ 169,436	\$ 164,080
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of financing obligation	\$ 1,101	\$ 992
Current portion of bank note payable	833	2,500
Accounts payable	6,868	7,758
Income taxes payable	667	869
Accrued liabilities	22,801	24,530
Total current liabilities	32,270	36,649
Financing obligation, less current portion	27,677	28,515
Bank note payable, less current portion	-	208
Other liabilities	5,668	1,152
Deferred income tax liabilities	7,195	7,001
Total liabilities	72,810	73,525
Shareholders' equity:		

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Common stock, \$.05 par value; 40,000 shares authorized, 27,056 shares issued	1,353	1,353
Additional paid-in capital	207,747	182,534
Common stock warrants	-	5,260
Retained earnings	32,709	26,110
Accumulated other comprehensive income	2,113	3,410
Treasury stock at cost, 10,767 shares and 9,365 shares	(147,296)	(128,112)
Total shareholders' equity	96,626	90,555
	\$ 169,436	\$ 164,080

See notes to condensed consolidated financial statements.

FRANKLIN COVEY CO.

CONDENSED CONSOLIDATED INCOME STATEMENTS AND STATEMENTS OF COMPREHENSIVE
INCOME

(in thousands, except per share amounts)

	Quarter Ended		Three Quarters Ended	
	June 1, 2013 (unaudited)	May 26, 2012 (unaudited)	June 1, 2013 (unaudited)	May 26, 2012 (unaudited)
Net sales:				
Training and consulting services	\$ 42,378	\$ 38,213	\$ 121,185	\$ 110,201
Products	1,428	2,291	4,995	7,057
Leasing	1,053	770	3,170	2,183
	44,859	41,274	129,350	119,441
Cost of sales:				
Training and consulting services	14,281	13,585	39,809	37,417
Products	665	1,142	1,836	3,124
Leasing	478	403	1,428	1,233
	15,424	15,130	43,073	41,774
Gross profit	29,435	26,144		