

FRANKLIN COVEY CO  
Form 10-Q  
July 07, 2011

---

---

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 28, 2011

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)  
number, 817-1776  
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	<input type="checkbox"/>	Accelerated	<input type="checkbox"/>
accelerated filer		filer	
Non-accelerated	<input type="checkbox"/>	(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:

17,092,401 shares of Common Stock as of July 1, 2011

---

---

---

PART I. FINANCIAL INFORMATION  
ITEM 1. FINANCIAL STATEMENTS

## FRANKLIN COVEY CO.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except per share amounts)

	May 28, 2011	August 31, 2010
	(unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,129	\$ 3,484
Accounts receivable, less allowance for doubtful accounts of \$733 and \$718	34,710	30,665
Inventories	4,665	4,470
Deferred income tax assets	2,574	2,543
Prepaid expenses and other assets	7,229	7,454
Total current assets	50,307	48,616
Property and equipment, net	19,489	20,330
Intangible assets, net	62,475	65,240
Goodwill	9,172	3,761
Other assets	8,794	9,396
	\$ 150,237	\$ 147,343
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of financing obligation and term loan	\$ 2,195	\$ 734
Line of credit	7,093	9,532
Accounts payable	6,533	6,847
Income taxes payable	409	198
Accrued liabilities	22,585	26,743
Total current liabilities	38,815	44,054
Financing obligation, less current portion	29,735	30,364
Term loan payable to bank, less current portion	2,281	-
Other liabilities	405	253
Deferred income tax liabilities	4,355	1,637
Total liabilities	75,591	76,308
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	184,618	183,794
Common stock warrants	7,594	7,597
Retained earnings	15,285	13,462

Edgar Filing: FRANKLIN COVEY CO - Form 10-Q

Accumulated other comprehensive income	3,342	3,014
Treasury stock at cost, 10,026 and 10,041 shares	(137,546 )	(138,185 )
Total shareholders' equity	74,646	71,035
	\$ 150,237	\$ 147,343

See notes to condensed consolidated financial statements.

## FRANKLIN COVEY CO.

## CONDENSED CONSOLIDATED INCOME STATEMENTS

(in thousands, except per share amounts)

	Quarter Ended		Three Quarters Ended	
	May 28, 2011	May 29, 2010	May 28, 2011	May 29, 2010
	(unaudited)		(unaudited)	
Net sales:				
Training and consulting services	\$ 37,368	\$ 28,597	\$ 108,261	\$ 87,005
Products	2,958	1,074	5,777	2,742
Leasing	571	825	1,753	2,426
	40,897	30,496	115,791	92,173
Cost of sales:				
Training and consulting services	13,472	10,276	37,982	30,239
Products	1,199	590	2,585	1,570
Leasing	445	426	1,256	1,242
	15,116	11,292	41,823	33,051
Gross profit	25,781	19,204	73,968	59,122
Selling, general, and administrative	21,009			