

FRANKLIN COVEY CO  
Form 10-Q  
January 07, 2016

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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 November 28, 2015

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 Smaller   
filer a 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:

16,233,107 shares of Common Stock as of December 31, 2015

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PART I. FINANCIAL INFORMATION  
ITEM 1. FINANCIAL STATEMENTS

## FRANKLIN COVEY CO.

CONDENSED CONSOLIDATED BALANCE SHEETS  
(in thousands, except per-share amounts)

	November 28, 2015	August 31, 2015
	(unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 22,324	\$ 16,234
Accounts receivable, less allowance for doubtful accounts of \$1,404 and \$1,333	49,688	65,182
Receivable from related party	3,168	2,425
Inventories	4,196	3,949
Income taxes receivable	432	-
Deferred income tax assets	2,472	2,479
Prepaid expenses and other current assets	5,560	5,156
Total current assets	87,840	95,425
Property and equipment, net	15,428	15,499
Intangible assets, net	52,539	53,449
Goodwill	19,903	19,903
Long-term receivable from related party	1,622	1,562
Other long-term assets	14,177	14,807
	\$ 191,509	\$ 200,645
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of financing obligation	\$ 1,519	\$ 1,473
Accounts payable	6,201	8,306
Income taxes payable	-	221
Accrued liabilities	21,391	29,634
Total current liabilities	29,111	39,634
Financing obligation, less current portion	24,205	24,605
Other liabilities	3,931	3,802
Deferred income tax liabilities	7,178	7,098
Total liabilities	64,425	75,139
Shareholders' equity:		
Common stock, \$.05 par value; 40,000 shares authorized, 27,056 shares issued	1,353	1,353

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Additional paid-in capital	209,295	208,635
Retained earnings	70,402	69,612
Accumulated other comprehensive income	93	192
Treasury stock at cost, 10,893 shares and 10,909 shares	(154,059)	(154,286)
Total shareholders' equity	127,084	125,506
	\$ 191,509	\$ 200,645

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	
	November 28, 2015	November 29, 2014
	(unaudited)	
Net sales:		
Training and consulting services	\$ 43,194	\$ 45,473
Products	912	1,314
Leasing	1,112	1,088
	45,218	47,875
Cost of sales:		
Training and consulting services	14,058	15,421
Products	522	637
Leasing	567	613
	15,147	16,671
Gross profit	30,071	31,204
Selling, general, and administrative	26,489	25,699
Depreciation	912	964
Amortization	910	953
Income from operations	1,760	3,588
Interest income	77	111
Interest expense	(541 )	(539 )
Discount on related party receivable	-	(130 )
Income before income taxes	1,296	3,030
Income tax provision	(506 )	(1,202 )
Net income	\$ 790	\$ 1,828
Net income per share:		
Basic	\$ 0.05	\$ 0.11
Diluted	0.05	0.11