

EDUCATIONAL DEVELOPMENT CORP
Form 10-Q
January 14, 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 November 30, 2012

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

For the transition period from _____ to _____.

Commission file number: 0-4957

EDUCATIONAL DEVELOPMENT CORPORATION
(Exact name of registrant as specified in its charter)

Delaware 73-0750007
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

10302 East 55th Place, Tulsa, Oklahoma 74146-6515
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (918) 622-4522

Indicate by check mark whether the registrant (1) has filed all reports 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 (§ 229.405 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

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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.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

As of January 10, 2013, there were 3,970,704 shares of Educational Development Corporation Common Stock, \$0.20 par value outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

EDUCATIONAL DEVELOPMENT CORPORATION

CONDENSED BALANCE SHEETS (UNAUDITED)

	November 30, 2012	February 29, 2012
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$414,300	\$760,100
Accounts receivable, less allowance for doubtful accounts and sales returns \$528,000 (November 30) and \$556,300 (February 29)	4,512,100	3,575,000
Inventories—Net	10,018,800	9,854,000
Prepaid expenses and other assets	327,300	277,100
Deferred income taxes	344,700	379,800
Total current assets	15,617,200	14,846,000
INVENTORIES—Net	577,000	548,000
PROPERTY, PLANT AND EQUIPMENT—Net	1,939,100	2,000,400
INVESTMENT IN NONMARKETABLE EQUITY SECURITIES	405,300	250,000
OTHER ASSETS	301,100	301,100
DEFERRED INCOME TAXES	71,200	65,900
TOTAL ASSETS	\$18,910,900	\$18,011,400
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Revolving credit agreement	\$500,000	\$250,000
Accounts payable	2,393,800	1,793,900
Accrued salaries and commissions	695,900	436,700
Income taxes payable	279,400	64,200
Dividends payable	473,500	469,600
Other current liabilities	640,900	779,400
Total current liabilities	4,983,500	3,793,800
COMMITMENTS		
SHAREHOLDERS' EQUITY:		
Common stock, \$0.20 par value; Authorized 8,000,000 shares; Issued 6,041,040 (November 30 and February 29) shares; Outstanding 3,945,458 (November 30) and 3,913,183 (February 29) shares	1,208,200	1,208,200
Capital in excess of par value	8,548,000	8,548,000
Retained earnings	15,723,800	16,124,900
	25,480,000	25,881,100

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Less treasury stock, at cost	(11,552,600)	(11,663,500)
	13,927,400	14,217,600
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 18,910,900	\$ 18,011,400

See notes to condensed financial statements.

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EDUCATIONAL DEVELOPMENT CORPORATION
CONDENSED STATEMENTS OF EARNINGS (UNAUDITED)

	Three Months Ended		Nine Months Ended November	
	2012	2011	2012	2011
GROSS SALES	\$ 11,710,800	\$ 13,178,100	\$ 30,702,800	\$ 31,872,900
Less discounts and allowances	(4,129,800)	(4,833,400)	(11,455,600)	(12,231,100)
Transportation revenue	283,400	345,700	676,200	750,100
NET REVENUES	7,864,400	8,690,400	19,923,400	20,391,900
COST OF SALES	3,051,200	3,406,800	7,967,300	8,247,600
Gross margin	4,813,200	5,283,600	11,956,100	12,144,300
OPERATING EXPENSES:				
Operating and selling	1,899,100	1,910,200	5,004,800	5,044,100
Sales commissions	1,582,700	1,743,800	3,759,200	3,809,700
General and administrative	480,100	467,000	1,560,800	1,457,200