

Summer Infant, Inc.
Form 10-Q
November 06, 2014
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2014

Summer Infant, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Commission file number **001-33346**

Delaware
(State or Other Jurisdiction
Of Incorporation or Organization)

20-1994619
(IRS Employer Identification No.)

1275 Park East Drive
Woonsocket, RI 02895
(Address of principal executive offices) (Zip Code)

(401) 671-6550
(Registrant's 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

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to such filing requirements for the last 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 the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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

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 November 1, 2014, there were 18,137,285 shares outstanding of the registrant's Common Stock, \$0.0001 par value per share.

Table of Contents

Summer Infant, Inc.

Form 10-Q

Table of Contents

	Page Number	
<u>Part 1.</u>	<u>Financial Information</u>	
<u>Item 1.</u>	<u>Condensed Consolidated Financial Statements (unaudited)</u>	1
	<u>Condensed Consolidated Balance Sheets as of September 30, 2014 (unaudited) and December 31, 2013</u>	1
	<u>Condensed Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2014 and 2013 (unaudited)</u>	2
	<u>Condensed Consolidated Statements of Comprehensive Income (Loss) for the Three and Nine Months Ended September 30, 2014 and 2013 (unaudited)</u>	3
	<u>Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2014 and 2013 (unaudited)</u>	4
	<u>Notes to Condensed Consolidated Financial Statements</u>	5
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	10
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosure About Market Risk</u>	17
<u>Item 4.</u>	<u>Controls and Procedures</u>	17
<u>Part II.</u>	<u>Other Information</u>	
<u>Item 1.</u>	<u>Legal Proceedings</u>	17
<u>Item 1A.</u>	<u>Risk Factors</u>	17
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	18
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>	18
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>	18
<u>Item 5.</u>	<u>Other Information</u>	18
<u>Item 6.</u>	<u>Exhibits</u>	18
<u>Signatures</u>		19

Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. Condensed Consolidated Financial Statements (unaudited)****Summer Infant, Inc. and Subsidiaries****Condensed Consolidated Balance Sheets**

Note that all amounts presented in the table below are in thousands of U.S. dollars, except share and par value amounts.

	Unaudited September 30, 2014	December 31, 2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,075	\$ 1,573
Trade receivables, net of allowance for doubtful accounts	38,248	34,574
Inventory, net	48,680	38,378
Prepays and other current assets	2,138	1,890
Deferred tax assets	832	832
TOTAL CURRENT ASSETS	90,973	77,247
Property and equipment, net	13,455	14,796
Intangible assets, net	20,958	21,575
Other assets	1,465	1,749
TOTAL ASSETS	\$ 126,851	\$ 115,367
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 26,290	\$ 22,072
Accrued expenses	9,132	9,658
Current portion of long term debt (including capital leases)	1,682	1,962
TOTAL CURRENT LIABILITIES	37,104	33,692
Long-term debt, less current portion	54,772	47,756
Other liabilities	3,077	3,289
Deferred tax liabilities	3,156	3,140
TOTAL LIABILITIES	98,109	87,877
STOCKHOLDERS' EQUITY		
Preferred Stock, \$0.0001 par value, 1,000,000 authorized, none issued or outstanding at September 30, 2014 and December 31, 2013, respectively		
Common Stock \$0.0001 par value, authorized, issued and outstanding of 49,000,000, 18,408,934, and 18,137,285 at September 30, 2014 and 49,000,000, 18,257,924, and 17,986,275 at December 31, 2013, respectively	2	2

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Treasury Stock at cost (271,649 shares at September 30, 2014 and December 31, 2013, respectively)	(1,283)	(1,283)
Additional paid-in capital	74,745	73,715
Accumulated deficit	(43,801)	(44,167)
Accumulated other comprehensive loss	(921)	(777)
TOTAL STOCKHOLDERS EQUITY	28,742	27,490
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 126,851	\$ 115,367

See notes to condensed consolidated financial statements

Table of Contents**Summer Infant, Inc. and Subsidiaries****Condensed Consolidated Statements of Operations**

Note that all amounts presented in the table below are in thousands of U.S. dollars, except share and per share amounts.

	Unaudited For the three months ended		Unaudited For the nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Net sales	\$ 51,020	\$ 50,538	\$ 154,390	\$ 163,435
Cost of goods sold	34,420	35,521	103,897	112,859
Gross profit	16,600	15,017	50,493	50,576
General & administrative expenses	10,107	9,298	29,503	28,196
Selling expense	4,456	4,855	13,742	16,054
Depreciation and amortization	1,369	1,499	4,132	4,916
Operating income (loss)	668	(635)	3,116	1,410
Interest expense, net	870	945	2,571	3,128
Income (loss) before income taxes	(202)	(1,580)	545	(1,718)
Provision (benefit) for income taxes	(64)	(304)	179	(581)
NET INCOME (LOSS)	\$ (138)	\$ (1,276)	366	\$ (1,137)
Net income (loss) per share:				
BASIC	\$ (0.01)	\$ (0.07)	\$ 0.02	\$ (0.06)
DILUTED	\$ (0.01)	\$ (0.07)	\$ 0.02	\$ (0.06)
Weighted average shares outstanding:				
BASIC	18,086,441	17,968,977	18,029,659	17,912,970
DILUTED	18,086,441	17,968,977	18,196,470	17,912,970

See notes to condensed consolidated financial statements.

Table of Contents

Summer Infant, Inc. and Subsidiaries

Condensed Consolidated Statements of Comprehensive Income (Loss)

Note that all amounts presented in the table below are in thousands of U.S. dollars.

	Unaudited For the three months ended		Unaudited For the nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Net (loss) income	\$ (138)	\$ (1,276)	\$ 366	\$ (1,137)
Other comprehensive (loss) income:				
Changes in foreign currency translation adjustments	(431)	383	(144)	(118)
Comprehensive (loss) income	\$ (569)	\$ (893)	\$ 222	\$ (1,255)

See notes to condensed consolidated financial statements.

Table of Contents

Summer Infant, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows

Note that all amounts presented in the table below are in thousands of U.S. dollars.

	Unaudited For the nine months ended	
	September 30, 2014	September 30, 2013
Cash flows from operating activities:		
Net income (loss)	\$ 366	\$ (1,137)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities		
Depreciation and amortization	4,132	4,916
Stock-based compensation expense	1,011	729
Loss on asset disposal		70
Changes in assets and liabilities:		
(Increase) decrease in trade receivables	(3,868)	9,994
(Increase) decrease in inventory	(10,527)	9,876