

Summer Infant, Inc.
Form 10-Q
August 05, 2015
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**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 July 4, 2015

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 to such filing requirements for the last 90 days. Yes No

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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

Accelerated filer

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

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 August 1, 2015, there were 18,272,629 shares outstanding of the registrant's Common Stock, \$0.0001 par value per share.

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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 July 4, 2015	January 3, 2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,485	\$ 1,272
Trade receivables, net of allowance for doubtful accounts	40,401	38,794
Inventory, net	42,911	44,010
Prepays and other current assets	2,482	2,076
Deferred tax assets	1,194	1,194
TOTAL CURRENT ASSETS	88,473	87,346
Property and equipment, net	11,975	13,080
Other intangible assets, net	20,607	20,679
Other assets	1,649	1,362
TOTAL ASSETS	\$ 122,704	\$ 122,467
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 30,444	\$ 21,878
Accrued expenses	7,538	8,628
Current portion of long-term debt (including capital leases)	2,101	1,641
TOTAL CURRENT LIABILITIES	40,083	32,147
Long-term debt, less current portion	53,192	57,097
Other liabilities	2,817	2,994
Deferred tax liabilities	2,402	2,378
TOTAL LIABILITIES	98,494	94,616
STOCKHOLDERS' EQUITY		
Preferred Stock, \$0.0001 par value, 1,000,000 authorized, none issued or outstanding at July 4, 2015 and January 3, 2015, respectively		
Common Stock \$0.0001 par value, authorized, issued and outstanding of 49,000,000, 18,544,278, and 18,272,629 at July 4, 2015 and 49,000,000, 18,415,934, and 18,144,285 at January 3, 2015, respectively	2	2

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Treasury Stock at cost (271,649 shares at July 4, 2015 and January 3, 2015)	(1,283)	(1,283)
Additional paid-in capital	75,420	74,954
Accumulated deficit	(48,127)	(44,412)
Accumulated other comprehensive loss	(1,802)	(1,410)
TOTAL STOCKHOLDERS EQUITY	24,210	27,851
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 122,704	\$ 122,467

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.

	July 4, 2015	Unaudited For the three months ended June 30, 2014	Unaudited For the six months ended July 4, 2015	June 30, 2014
Net sales	\$ 51,807	\$ 52,556	\$ 104,820	\$ 103,370
Cost of goods sold	38,036	35,112	74,074	69,477
Gross profit	13,771	(6)	(7)	(8)
		(9)	(10)	

Includes (i) 7,854 shares of common stock, (ii) options to purchase an aggregate of 137,660 shares and (iii) 121,061 shares held in trust with Mr. Tomkinson as trustee.

Includes (i) 6,495 shares of common stock, and (ii) 157,967 shares held in trust with Mr. Ashmore as trustee.

Includes (i) 14,892 shares of common stock and (ii) options to purchase an aggregate of 4,000 shares.

Includes (i) 20,377 shares of common stock, (ii) options to purchase an aggregate of 2,000 shares, and (iii) 4,000 shares with respect to vested deferred stock units.

Includes (i) 18,710 shares of common stock, (ii) options to purchase an aggregate of 4,000 shares, and (iii) 4,000 shares with respect to vested deferred stock units.

Includes (i) 30,943 shares of common stock, (ii) options to purchase an aggregate of 2,000 shares, and (iii) 4,000 shares with respect to vested deferred stock units.

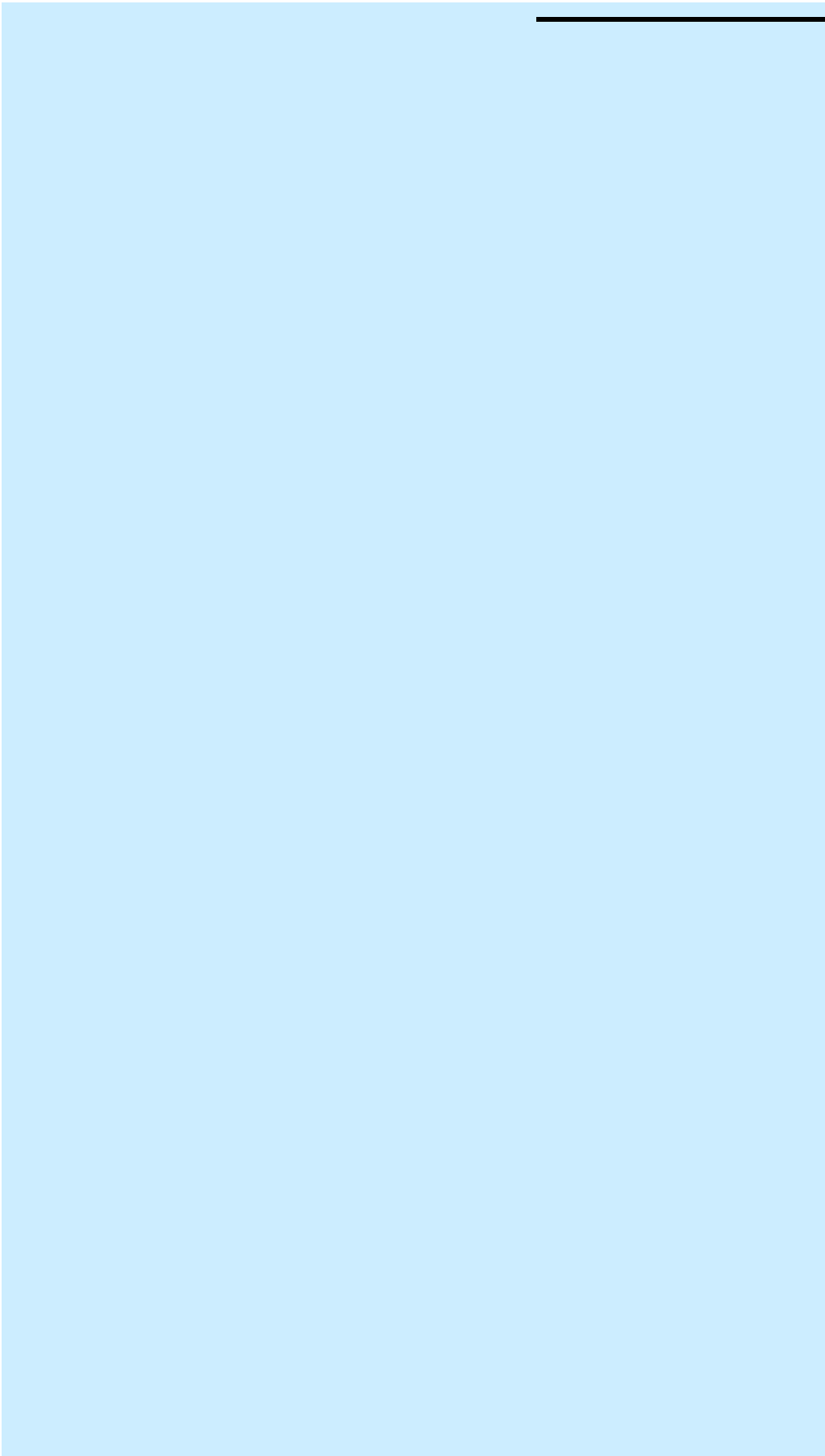


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- (11) Includes (i) 11,810 shares of common stock, (ii) options to purchase an aggregate of 2,000 shares, and (iii) 4,000 shares with respect to vested deferred stock units.
- (12) Includes (i) options to purchase an aggregate of 189,660 shares and (ii) an aggregate of 16,000 shares with respect to vested deferred stock units.

Equity Compensation Plan Information

Our current stock plan is the Company's 2010 Omnibus Incentive Plan (the "2010 Plan"), which was approved by our stockholders and became effective on July 20, 2010. The 2010 Plan is administered by the Compensation Committee of the Company's Board of Directors, with participation and approval of the Board of Directors. Awards under the Plan may include incentive stock options, nonqualified stock options, stock appreciation rights, restricted shares of common stock, restricted stock units, performance share or unit awards, other stock-based awards and cash-based incentive awards.

As a result of the approval of the 2010 Plan by the Company's stockholders, the Company's 2001 Stock Plan was frozen and no further grants or awards are under such plan. Further, all outstanding awards under the 2001 Stock Option, Deferred Stock and Restricted Stock Plan, as well as the Company's 1995 Stock Option, Deferred Stock and Restricted Stock Plan (together, the "Prior Plans"), were assumed by the 2010 Plan and are deemed to be awards granted and outstanding under the 2010 Plan (the "Assumed Options"). To the extent any of the Assumed Options are forfeited or canceled, shares of common stock underlying those options will not be available for new awards under the 2010 Plan.

The following table summarizes our equity compensation plan information as of December 31, 2012 with respect to outstanding awards and shares remaining available for issuance under our Plan.

Plan Category	Number of securities to be issued upon exercise of outstanding options (A)	Weighted-average exercise price of outstanding options (B)	Number of securities remaining available for future issuance (excluding securities in column (A))
2010 Omnibus Incentive Plan approved by stockholders	880,795	7.85	25,236
Equity compensation plans not approved by stockholders			
Total	880,795	7.85	25,236

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Certain Relationships and Related Transactions

There have been no transactions since the beginning of the Company's last fiscal year, nor are there any currently proposed transactions, in which the Company was or is a participant and in which any related person (as defined in the SEC's rules) had or will have a direct or indirect material interest.

Board Member Independence

We are listed on the NYSE MKT and accordingly, we have applied the listing standards of the NYSE MKT in determining the "independence" of the members of our Board of Directors. Based the listing standards of the NYSE MKT and after reviewing the relationships with members of our Board, our Board of

Directors has determined, with the assistance of the Corporate Governance and Nomination Committee that James Walsh, Frank P. Philipps, Stephan R. Peers and Leigh J. Abrams as independent members of the Board of Directors. The Governance and Nomination Committee reviews with the Board

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at least annually the qualifications of new and existing Board members, considering the level of independence of individual members, together with such other factors as the Board may deem appropriate, including overall skills and experience. The Governance and Nomination Committee also evaluates the composition of the Board as a whole and each of its committees to ensure the Company's on-going compliance with the independence standards of the NYSE MKT.

In reviewing the independence of its Board members, the Board of Directors reviewed relationships with Mr. Walsh. During 2010, Mr. Walsh performed due diligence services for the Company in connection with a proposed transaction for which he was paid \$15,000. The Board of Directors, however, believes that Mr. Walsh's consulting services did not jeopardize his status as an independent director. Based on the above facts and circumstances, the Board of Directors has determined that Mr. Walsh continues to qualify as an independent director applying the standards of the NYSE MKT.

None of the other non-employee directors currently have any material relationship with the Company, its parents or its subsidiaries (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company, its parents or its subsidiaries).

**ITEM 14. PRINCIPAL
ACCOUNTANT FEES AND
SERVICES**

**Principal Accountant Fees and
Services**

The following table sets forth the aggregate fees billed to us by Squar Milner for the years ended December 31, 2012 and 2011. Audit-related fees include fees for an examination under section 1122 of Regulation AB for loan servicing as

well as a separate examination of certain requirements of our master servicing policies and procedures.

	For the Year Ended December 31,	
	2012	2011
Audit fees	\$ 741,636	\$ 685,800
Audit-related fees	32,400	75,600
Tax fees		
All other fees		
Total	\$ 774,036	\$ 761,400

Pre-Approval Policies and Procedures for Audit and Non-Audit Services

The Audit Committee pre-approves all auditing services and permitted non-audit services, including the fees and terms thereof, to be performed by our independent registered public accounting firm, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Audit Committee prior to the completion of the audit. The Audit Committee may form and delegate authority to subcommittees consisting of one or more members of the Audit Committee when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals shall be presented to the full Audit Committee at its next scheduled meeting. In pre-approving the services in 2012 and 2011 under audit related fees, tax fees or all other fees, the Audit Committee did not rely on the de minimis exception to the SEC pre-approval requirements.

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PART IV

**ITEM 15. EXHIBITS AND
FINANCIAL STATEMENT
SCHEDULES**

(a)(3) Exhibits

The exhibits listed on the accompanying Exhibit Index are incorporated by reference into this Item 15 of this Annual Report on Form 10-K/A.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Irvine, State of California, on the 30th day of April 2013.

**IMPAC
MORTGAGE
HOLDINGS, INC.**

by /s/ JOSEPH R.
TOMKINSON

Joseph R.
Tomkinson
*Chairman of
the Board
and Chief
Executive
Officer*

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Exhibit Index

Exhibit Number	Description
31.1	Certification of Chief Executive Officer pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

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