

EDUCATIONAL DEVELOPMENT CORP
Form 10-Q
July 15, 2009

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 31, 2009

OR

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)

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Delaware
(State or other jurisdiction of
incorporation or organization)

73-0750007
(I.R.S. Employer
Identification No.)

10302 East 55th Place, Tulsa, Oklahoma
(Address of principal executive offices)

74146-6515
(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

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 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 July 13, 2009 there were 3,866,999 shares of Educational Development Corporation Common Stock, \$0.20 par value outstanding.

PART I. FINANCIAL INFORMATIONITEM 1

EDUCATIONAL DEVELOPMENT CORPORATION

CONDENSED BALANCE SHEETS (UNAUDITED)

| | May 31, 2009 | February 28, 2009 |
|--|----------------------|----------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 1,204,300 | \$ 2,896,200 |
| Accounts receivable, less allowance for doubtful accounts and sales returns \$194,900 (May 31) and \$176,900 (February 28) | 3,642,800 | 3,253,000 |
| Inventories Net | 11,433,400 | 10,302,600 |
| Income taxes receivable | 50,400 | |
| Prepaid expenses and other assets | 236,500 | 306,800 |
| Deferred income taxes | 232,300 | 225,500 |
| Total current assets | 16,799,700 | 16,984,100 |
| INVENTORIES Net | 437,000 | 568,000 |
| PROPERTY, PLANT AND EQUIPMENT Net | 2,243,900 | 2,278,400 |
| OTHER ASSETS | 60,400 | 60,400 |
| DEFERRED INCOME TAXES | 50,500 | 50,500 |
| TOTAL ASSETS | \$ 19,591,500 | \$ 19,941,400 |
| LIABILITIES AND SHAREHOLDERS EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 3,682,700 | \$ 2,653,200 |
| Accrued salaries and commissions | 474,900 | 504,500 |
| Current maturities of long-term debt | 150,000 | 150,000 |
| Income taxes payable | | 102,200 |
| Other current liabilities | 260,800 | 486,200 |
| Total current liabilities | 4,568,400 | 3,896,100 |
| LONG-TERM NOTES PAYABLE, net of current maturities | 150,000 | 150,000 |
| COMMITMENTS | | |
| SHAREHOLDERS EQUITY: | | |
| Common stock, \$0.20 par value; Authorized 8,000,000 shares; Issued 6,039,040 (May 31) and 6,039,040 (February 28) shares; Outstanding 3,866,999 (May 31) and 3,838,461 (February 28) shares | 1,207,800 | 1,207,800 |
| Capital in excess of par value | 8,508,400 | 8,508,400 |
| Retained earnings | 16,941,600 | 18,062,800 |

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| | | |
|--|----------------------|----------------------|
| | 26,657,800 | 27,779,000 |
| Less treasury stock, at cost | (11,784,700) | (11,883,700) |
| | 14,873,100 | 15,895,300 |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | \$ 19,591,500 | \$ 19,941,400 |

See notes to condensed financial statements.

EDUCATIONAL DEVELOPMENT CORPORATION
CONDENSED STATEMENTS OF EARNINGS (UNAUDITED)

| | Three Months Ended May 31, | |
|-------------------------------|-----------------------------------|--------------|
| | 2009 | 2008 |
| GROSS SALES | \$ 8,753,100 | \$ 9,816,200 |
| Less discounts and allowances | (2,640,400) | (2,792,300) |
| Transportation revenue | 277,900 | 350,900 |
| NET REVENUES | 6,390,600 | 7,374,800 |
| COST OF SALES | 2,300,200 | 2,671,100 |
| Gross margin | 4,090,400 | 4,703,700 |
| OPERATING EXPENSES: | | |
| Operating and selling | 1,583,500 | 1,842,200 |
| Sales commissions | 1,362,000 | 1,667,100 |
| General and administrative | 505,900 | 440,800 |
| | 3,451,400 | 3,950,100 |
| OTHER INCOME | 27,000 | 14,400 |
| EARNINGS BEFORE INCOME TAXES | 666,000 | 768,000 |
| INCOME TAXES | 250,600 | 288,300 |
| NET EARNINGS | \$ 415,400 | \$ 479,700 |