EDUCATIONAL DEVELOPMENT CORP Form 10-Q July 15, 2009

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x 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

0 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.)

74146-6515

(Zip Code)

10302 East 55th Place, Tulsa, Oklahoma

(Address of principal executive offices)

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 x No o

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 o No o

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

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 o

Non-accelerated filer o



Accelerated filer o

Smaller reporting company x

PART I. FINANCIAL INFORMATION

<u>ITEM 1</u>

EDUCATIONAL DEVELOPMENT CORPORATION

CONDENSED BALANCE SHEETS (UNAUDITED)

ASSETS CURRENT ASSETS: 5 1.204,300 \$ 2.896,200 Accounts receivable, less allowance for doubtful accounts and sales returns \$194,900 3.642,800 3.253,000 Inventories Net 11,433,400 10,302,600 Income taxes receivable 50,400 225,500 Prepaid expenses and other assets 235,200 3.06,800 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 LABILITIES \$ 3,682,700 \$ 2,653,200 Accounts payable \$ 3,682,700 \$ 2,653,200 Accounts payable \$ 3,682,700 \$ 2,653,200 Accounts payable \$ 3,682,700 \$ 2,			May 31, 2009		February 28, 2009
Cash and cash equivalents \$ 1,204,300 \$ 2,896,200 Accounts receivable, less allowance for doubtful accounts and sales returns \$194,900 3,642,800 3,253,000 Inventories Net 11,433,400 10,302,600 Income taxes receivable \$0,400 Prepaid expenses and other assets 236,500 306,800 Deferred income taxes 232,300 222,500 225,500 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 60,400 60,400 DEFERRED INCOME TAXES \$ 19,591,500 \$ CURRENT LIABILITIES * * 2,653,200 Accounts payable \$ 3,682,700 \$ 2,653,200 Accounts payable \$ 3,682,700 \$ 2,653,200 Accounts payable \$ 3,682,700 \$	ASSETS				
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LIABILITIES AND SHAREHOLDERS EQUITY CURRENT LIABILITIES: Accounts payable Accrued salaries and commissions Accrued salaries and commissions Current maturities of long-term debt 150,000 Income taxes payable 102,200 Other current liabilities 260,800 486,200 Total current liabilities 260,800 486,200 LONG-TERM NOTES PAYABLE, net of current maturities 150,000 ISUMMITMENTS 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	TOTAL ASSETS	¢	10 501 500	¢	10 041 400
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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			474,900		
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Other current liabilities260,800486,200Total current liabilities4,568,4003,896,100LONG-TERM NOTES PAYABLE, net of current maturities150,000150,000COMMITMENTSSHAREHOLDERS 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) shares1,207,8001,207,800Capital in excess of par value8,508,4008,508,4008,508,400					102,200
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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 1,207,800 Capital in excess of par value 8,508,400 8,508,400	Total current liabilities		4,568,400		3,896,100
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 1,207,800 Capital in excess of par value 8,508,400 8,508,400					
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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 1,207,800 1,207,800 (February 28) shares 1,207,800 1,207,800 8,508,400 Capital in excess of par value 8,508,400 8,508,400	SHAREHOLDERS EQUITY:				
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Capital in excess of par value 8,508,400 8,508,400			1,207.800		1,207,800
	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 M 2009	Three Months Ended May 31,20092008		
GROSS SALES	\$ 8,753,1	00 \$	9,816,200	
Less discounts and allowances	(2,640,4	HOO)	(2,792,300)	
Transportation revenue	277,9	00	350,900	
NET REVENUES	6,390,6	600	7,374,800	
COST OF SALES	2,300,2	.00	2,671,100	
Gross margin	4,090,4	r00	4,703,700	
OPERATING EXPENSES:				
Operating and selling	1,583,5	00	1,842,200	
Sales commissions	1,362,0	00	1,667,100	
General and administrative	505,9	00	440,800	
	3,451,4	+00	3,950,100	
OTHER INCOME	27,0	00	14,400	
EARNINGS BEFORE INCOME TAXES	666,0	00	768,000	
INCOME TAXES	250,0	00	288,300	
NET EARNINGS	\$ 415,4	400 \$	479,700	