

EDUCATIONAL DEVELOPMENT CORP

Form 10-Q

July 15, 2010

**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, 2010

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**

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(Exact name of registrant as specified in its charter)

**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.

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, 2010 there were 3,884,020 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, 2010	February 28, 2010
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 1,182,900	\$ 1,196,900
Accounts receivable, less allowance for doubtful accounts and sales returns \$216,400 (May 31) and \$231,300 (February 28)	3,155,800	3,305,500
Inventories Net	10,300,600	11,285,300
Prepaid expenses and other assets	276,100	268,400
Income tax receivable		8,000
Deferred income taxes	256,900	256,900
Total current assets	15,172,300	16,321,000
INVENTORIES Net	621,000	659,000
PROPERTY, PLANT AND EQUIPMENT Net	2,115,700	2,147,500
OTHER ASSETS	172,500	172,500
DEFERRED INCOME TAXES	61,900	60,400
TOTAL ASSETS	\$ 18,143,400	\$ 19,360,400
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 1,540,900	\$ 2,259,100
Accrued salaries and commissions	400,900	531,600
Current maturities of long-term debt	75,000	75,000
Income taxes payable	105,600	
Dividends payable	465,300	466,400
Other current liabilities	444,000	531,200
Total current liabilities	3,031,700	3,863,300
LONG-TERM NOTES PAYABLE, net of current maturities	75,000	75,000
<b>COMMITMENTS</b>		
<b>SHAREHOLDERS EQUITY:</b>		
Common stock, \$0.20 par value; Authorized 8,000,000 shares; Issued 6,039,040 (May 31 and February 28) shares; Outstanding 3,874,804 (May 31) and 3,887,030 (February 28) shares	1,207,800	1,207,800
Capital in excess of par value	8,544,000	8,544,000
Retained earnings	17,114,600	17,391,700
	26,866,400	27,143,500

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Less treasury stock, at cost		(11,829,700)		(11,721,400)
		15,036,700		15,422,100
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	\$	18,143,400	\$	19,360,400

See notes to financial statements.

**EDUCATIONAL DEVELOPMENT CORPORATION**  
**CONDENSED STATEMENTS OF EARNINGS (UNAUDITED)**

	<b>Three Months Ended May 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>GROSS SALES</b>	\$ 8,776,000	\$ 8,753,100
Less discounts and allowances	(2,744,400)	(2,640,400)
Transportation revenue	263,800	277,900
<b>NET REVENUES</b>	<b>6,295,400</b>	<b>6,390,600</b>
<b>COST OF SALES</b>	<b>2,321,200</b>	<b>2,300,200</b>
Gross margin	3,974,200	4,090,400
<b>OPERATING EXPENSES:</b>		
Operating and selling	1,707,500	1,583,500
Sales commissions	1,304,500	1,362,000
General and administrative	477,600	505,900
Casualty loss	188,500	
	<b>3,678,100</b>	<b>3,451,400</b>
<b>OTHER INCOME</b>	<b>4,200</b>	<b>27,000</b>
<b>EARNINGS BEFORE INCOME TAXES</b>	<b>300,300</b>	<b>666,000</b>