

TANDY LEATHER FACTORY INC
Form 10-Q
November 14, 2011

UNITED STATES
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 September 30, 2011

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-12368

TANDY LEATHER FACTORY, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of Incorporation or Organization)

75-2543540
(I.R.S. Employer Identification No.)

1900 Southeast Loop 820, Fort Worth, Texas 76140
(Address of Principal Executive Offices) (Zip Code)

(817) 872-3200
(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 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 during the preceding 12 months (or for a 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 definition 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

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes [] No [X]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Shares outstanding as of November 11, 2011
Common Stock, par value \$0.0024 per share	10,156,442

TANDY LEATHER FACTORY, INC.

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2011

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

Tandy Leather Factory, Inc.
Consolidated Balance Sheets

	September 30, 2011 (unaudited)	December 31, 2010 (audited)
ASSETS		
CURRENT ASSETS:		
Cash	\$5,991,628	\$4,293,746
Short-term investments, including certificates of deposit	336,000	1,621,593
Accounts receivable-trade, net of allowance for doubtful accounts of \$85,000 and \$147,000 in 2011 and 2010, respectively	1,539,229	1,253,639
Inventory	20,551,287	20,236,028
Prepaid income taxes	4,765	-
Deferred income taxes	293,351	307,509
Other current assets	1,450,867	1,056,201
Total current assets	30,167,127	28,768,716
PROPERTY AND EQUIPMENT, at cost	14,955,482	14,390,662
Less accumulated depreciation and amortization	(4,475,331)	(4,106,121)
	10,480,151	10,284,541
GOODWILL	984,344	990,368
OTHER INTANGIBLES, net of accumulated amortization of \$527,000 and \$495,000 in 2011 and 2010, respectively	198,693	232,416
Other assets	342,169	319,533
	\$42,172,484	\$40,595,574
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable-trade	\$1,844,920	\$1,247,821
Accrued expenses and other liabilities	3,425,716	4,893,236
Income taxes payable	-	554,380
Current maturities of long-term debt	202,500	202,500
Total current liabilities	5,473,136	6,897,937
DEFERRED INCOME TAXES	892,311	628,543
LONG-TERM DEBT, net of current maturities	3,155,625	3,307,500
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, \$0.10 par value; 20,000,000 shares authorized;		

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none issued or outstanding; attributes to be determined on issuance	-	-
Common stock, \$0.0024 par value; 25,000,000 shares authorized; 11,150,065 shares issued at 2011 and 2010;		
10,156,442 shares outstanding at 2011 and 2010	26,760	26,760
Paid-in capital	5,736,543	5,703,387
Retained earnings	29,485,373	26,429,335
Treasury stock at cost (993,623 shares at 2011 and 2010)	(2,894,068)	(2,894,068)
Accumulated other comprehensive income	296,804	496,180
Total stockholders' equity	32,651,412	29,761,594
	\$42,172,484	\$40,595,574

The accompanying notes are an integral part of these consolidated financial statements.

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Tandy Leather Factory, Inc.
Consolidated Statements of Income
(Unaudited)
For the Three and Nine Months Ended September 30, 2011 and 2010

	THREE MONTHS		NINE MONTHS	
	2011	2010	2011	2010
NET SALES	\$15,385,421	\$13,640,193	\$47,198,382	\$42,579,553
COST OF SALES	6,147,143	5,457,668	18,590,002	16,705,466
Gross profit	9,238,278	8,182,525	28,608,380	25,874,087
OPERATING EXPENSES	8,016,441	7,106,669	23,704,740	21,817,552
INCOME FROM CONTINUING OPERATIONS	1,221,837	1,075,856	4,903,640	4,056,535
OTHER INCOME (EXPENSE):				
Interest expense	(61,550)	(67,565)	(185,685)	(198,784)
Other, net	176,374	77,887	81,775	161,095
Total other income (expense)	114,824	10,322	(103,910)	(37,689)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	1,336,661	1,086,178	4,799,730	4,018,846
PROVISION FOR INCOME TAXES	506,187	493,532	1,742,324	1,417,513
NET INCOME FROM CONTINUING OPERATIONS	830,474	592,646	3,057,406	2,601,333
INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX	(1,368)	1,259	(1,368)	1,795
NET INCOME	\$829,106	\$593,905	\$3,056,038	\$2,603,128
NET INCOME FROM CONTINUING OPERATIONS PER COMMON SHARE:				
Basic	\$0.08	\$0.06	\$0.30	\$0.26
Diluted	\$0.08	\$0.06	\$0.30	\$0.25
NET INCOME FROM DISCONTINUED OPERATIONS PER COMMON SHARE:				
Basic	\$0.00	\$0.00	\$0.00	\$0.00
Diluted	\$0.00	\$0.00	\$0.00	\$0.00

NET INCOME PER COMMON
SHARE:

Basic	\$0.08
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