

GOLFSMITH INTERNATIONAL HOLDINGS INC

Form 10-Q

November 06, 2008

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# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 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 September 27, 2008

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 000-52041

## GOLFSMITH INTERNATIONAL HOLDINGS, INC.

(Exact Name of Registrant as Specified in Its Charter)

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**Delaware**

(State or Other Jurisdiction of Incorporation or Organization)

**16-1634847**

(I.R.S. Employer Identification No.)

**11000 N. IH-35, Austin, Texas**

(Address of Principal Executive Offices)

**78753 3195**

(zip code)

Registrant's Telephone Number, Including Area Code: **(512) 837-8810**

Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report: **Not Applicable**

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 is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company filer. See definition of "accelerated filer and large accelerated filer" 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

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

**Class of Common Stock**  
\$.001 par value

**Outstanding at November 1, 2008**  
15,777,145 Shares

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**GOLFSMITH INTERNATIONAL HOLDINGS, INC.**  
**QUARTERLY REPORT ON FORM 10-Q**  
**FOR THE QUARTER ENDED SEPTEMBER 27, 2008**

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****Golfsmith International Holdings, Inc.****Condensed Consolidated Balance Sheets**

	September 27, 2008 (unaudited)	December 29, 2007
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,768,539	\$ 4,025,299
Receivables, net of allowances of \$282,626 at September 27, 2008 and \$206,396 at December 29, 2007	1,477,980	1,600,844
Inventories	86,645,177	98,509,444
Prepaid expenses and other current assets	9,581,890	10,531,017
<b>Total current assets</b>	<b>100,473,586</b>	<b>114,666,604</b>
Property and equipment:		
Land and buildings	22,173,502	21,719,245
Equipment, furniture and fixtures	34,230,754	37,292,454
Leasehold improvements and construction in progress	37,615,572	35,039,300
	94,019,828	94,050,999
Less: accumulated depreciation and amortization	(36,464,782)	(33,309,807)
<b>Net property and equipment</b>	<b>57,555,046</b>	<b>60,741,192</b>
Tradename	11,158,000	11,158,000
Trademarks	13,972,251	13,972,251
Customer database, net of accumulated amortization of \$2,266,136 at September 27, 2008 and \$1,982,869 at December 29, 2007	1,133,069	1,416,336
Debt issuance costs, net of accumulated amortization of \$313,911 at September 27, 2008 and \$190,792 at December 29, 2007	451,436	574,556
Other long-term assets	357,658	391,097
<b>Total assets</b>	<b>\$ 185,101,046</b>	<b>\$ 202,920,036</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 40,573,186	\$ 49,008,389
Accrued expenses and other current liabilities	15,900,006	21,165,752
Line of credit	39,455,000	50,736,236
<b>Total current liabilities</b>	<b>95,928,192</b>	<b>120,910,377</b>
Deferred rent liabilities	12,236,230	11,771,043
<b>Total liabilities</b>	<b>108,164,422</b>	<b>132,681,420</b>
Stockholders Equity:		
Common stock \$.001 par value; 100,000,000 shares authorized at September 27, 2008 and December 29, 2007, respectively; 15,777,145 and 15,777,145 shares issued and outstanding at September 27, 2008 and December 29, 2007, respectively	15,778	15,778
Preferred stock \$.001 par value; 10,000,000 shares authorized at September 27, 2008 and December 29, 2007, respectively; no shares issued and outstanding		

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Deferred Stock Units -\$.001 par value; 254,998 and 41,189 shares issued and outstanding at September 27, 2008 and December 29, 2007, respectively	255	41
Additional paid-in capital	123,113,311	122,125,565
Accumulated other comprehensive income	84,801	346,259
Accumulated deficit	(46,277,521)	(52,249,027)
Total stockholders' equity	76,936,624	70,238,616
<b>Total liabilities and stockholders' equity</b>	<b>\$ 185,101,046</b>	<b>\$ 202,920,036</b>

See accompanying notes to unaudited condensed consolidated financial statements

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**Golfsmith International Holdings, Inc.**

**Condensed Consolidated Statements of Operations**

**(Unaudited)**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 27, 2008</b>	<b>September 29, 2007</b>	<b>September 27, 2008</b>	<b>September 29, 2007</b>
Net revenues	\$ 101,701,696	\$ 106,526,847	\$ 310,931,792	\$ 309,188,103