PHOENIX FOOTWEAR GROUP INC Form 10-Q August 12, 2010 Table of Contents

### **UNITED STATES**

## SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## **FORM 10-Q**

(Mark One)

## **b** QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 3, 2010

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: 001-31309

## **Phoenix Footwear Group, Inc.**

(Exact name of registrant as specified in its charter)

#### Edgar Filing: PHOENIX FOOTWEAR GROUP INC - Form 10-Q

**Delaware** (State or other jurisdiction of

incorporation or organization)

5840 El Camino Real, Suite 106

Carlsbad, CA 92008

(Address of principal executive offices, including zip code)

(760) 602-9688

(Registrant s telephone number, including area code)

#### (Former name, former address and former fiscal year, if changed since last report)

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 b 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 (§232.405 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 the 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 þ

 (Do not check if a 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 þ

As of August 2, 2010, the number of shares of the registrant s common stock outstanding was 8,166,191.

15-0327010 (I.R.S. Employer

Identification No.)

#### PHOENIX FOOTWEAR GROUP, INC.

#### **QUARTERLY REPORT ON FORM 10-Q**

#### TABLE OF CONTENTS

	Page
PART I - FINANCIAL INFORMATION	C
Item 1. Financial Statements	1
Condensed Consolidated Balance Sheets as of July 3, 2010 (unaudited) and January 2, 2010	1
Condensed Consolidated Statements of Operations and Comprehensive Earnings (Loss) for the Three and Six Months Ended July 3,	
2010 and July 4, 2009 (unaudited)	2
Condensed Consolidated Statements of Cash Flows for the Six Months Ended July 3, 2010 and July 4, 2009 (unaudited)	3
Notes to Condensed Consolidated Financial Statements (unaudited)	4
Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations	12
Item 4T. Controls and Procedures	21
PART II - OTHER INFORMATION	22
Item 1. Legal Proceedings	22
Item 1A. Risk Factors	22
Item 6. Exhibits	22
SIGNATURES	23

Part I Financial Information

#### Item 1. Financial Statements.

#### PHOENIX FOOTWEAR GROUP, INC.

#### CONDENSED CONSOLIDATED BALANCE SHEETS

#### (In thousands, except for per share data)

	(Unaudited) July 3, 2010 January 2, 2010		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$	436	\$ 356
Accounts receivable (less allowances of \$538 and \$768 in 2010 and 2009, respectively)		1,904	2,559
Inventories (less provision of \$303 and \$350 in 2010 and 2009, respectively)		7,005	6,392
Other current assets		1,630	2,108
Income tax receivable		156	2,205
Current assets of discontinued operations		4	13
Total current assets		11,135	13,633
PROPERTY, PLANT AND EQUIPMENT, net		876	1,021
OTHER ASSETS		22	48
TOTAL ASSETS	\$	12,033	\$ 14,702
LIABILITIES AND STOCKHOLDERS EQUITY			
CURRENT LIABILITIES:			
Short-term borrowings	\$	2,158	\$ 2,956
Accounts payable		2,937	3,124
Accrued expenses		770	1,216
Other current liabilities		456	453
Current liabilities of discontinued operations		245	2,076
Total current liabilities		6,566	9,825
OTHER LONG-TERM LIABILITIES		316	376
Total liabilities		6,882	10,201
Commitments and contingencies (Note 4)			
STOCKHOLDERS EQUITY:			
Common stock, \$0.01 par value 50,000 shares authorized; 8,383 and 8,383 shares issued and			
outstanding in 2010 and 2009, respectively		84	84
Additional paid-in-capital		46,100	46,092
Accumulated deficit		(38,190)	(38,831)
Accumulated other comprehensive loss		(200)	(201)
Treasury stock at cost, 217 and 217 shares in 2010 and 2009, respectively		(2,643)	(2,643)
Total stockholders equity		5,151	4,501
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$	12,033	\$ 14,702

### Edgar Filing: PHOENIX FOOTWEAR GROUP INC - Form 10-Q

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

#### PHOENIX FOOTWEAR GROUP, INC.

#### CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE EARNINGS (LOSS)

#### (In thousands, except per share data)

	(Unaudited) Three Months Ended		(Unaudited) Six Months Ended	
	July 3, 2010	July 4, 2009	July 3, 2010	July 4, 2009
Net sales	\$ 3,779	\$ 3,961	\$ 9,672	\$ 10,052
Cost of goods sold	3,041	3,443	6,857	7,467
Gross profit	738	518	2,815	2,585
Operating expenses:				
Selling, general and administrative	1,767	2,480	4,458	6,262
Other expense, net				1,018
Total operating expenses	1,767	2,480	4,458	7,280
Operating loss	(1,020)	(1.062)	(1 6 4 2)	(4 605)
Operating loss	(1,029) 75	(1,962) 135	(1,643) 136	(4,695)
Interest expense, net	/5	155	150	151
Loss before income taxes and discontinued operations	(1,104)	(2,097)	(1,779)	(4,846)
Income tax expense (benefit)	(8)	37	(),,	9
Loss from continuing emercians	(1,096)	(2,134)	(1.770)	(1 955)
Loss from continuing operations Earnings (loss) from discontinued operations, net of tax (including net gain	(1,090)	(2,134)	(1,779)	(4,855)
(loss) on sale of $\$1,201$ and $\$(1,495)$ and $\$2,534$ and $\$(1,531)$ for the three and				
six months ended July 3, 2010 and July 4, 2009, respectively)	1,297	(2,981)	2,420	(3,222)
Net earnings (loss)	\$ 201	\$ (5,115)	\$ 641	\$ (8,077)
Net earnings (loss) per share, basic and diluted:				
Continuing Operations	\$ (0.13)	\$ (0.26)	\$ (0.22)	\$ (0.59)
Discontinued Operations	0.16	(0.37)	0.30	(0.40)
Net earnings (loss)	\$ 0.03	\$ (0.63)	\$ 0.08	\$ (0.99)
Weighted average shares outstanding used to calculate per share information,				
basic and diluted	8,166	8,166	8,166	8,166
Net earnings (loss)	\$ 201	\$ (5,115)	\$ 641	\$ (8,077)
Other comprehensive earnings (loss), net of tax:	φ 201	φ (3,113)	φ 0 <del>4</del> 1	φ (0,077)
Foreign currency translation adjustments, net of zero income taxes	(26)	68	1	55
r orong n currency translation augustinents, net of 2010 income taxes	(20)	00	1	55
Comprehensive earnings (loss)	\$ 175	\$ (5,047)	\$ 642	\$ (8,022)

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

#### PHOENIX FOOTWEAR GROUP, INC.

#### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

#### (In thousands)

July 3, 2000         July 4, 2000           CASH FLOWS FROM OPERATING ACTIVITIES:         8         641         \$         8, 03222           Loss from continuing operations         (1,779)         (4,855)           Adjustments to reconcile loss from continuing operations to net cash (used in) provided by operating activities:         (1,779)         (4,855)           Depreciation and anortization         145         173           Provision for losses on accounts receivable         (230)         (105)           Loss on diposation of deputyment         2         2           Non-cash strack-based compensation         8         8           Amortization of deferred debt issuance costs         31         151           Changes in assets and liabilities:		(Unaudited) Six Months Ended	
Net camings (loss)       \$ 641       \$ 8,077         Earnings (loss) from discontinued operations       2,420       (3,222)         Loss from continuing operations       (1,779)       (4,855)         Adjustments to reconcile loss from continuing operations to net cash (used in) provided by operating activities:       145       173         Depreciation and amorization       145       173       2000       (105)         Loss on disposal of property and equipment       2000 <t< th=""><th></th><th>July 3, 2010</th><th>July 4, 2009</th></t<>		July 3, 2010	July 4, 2009
Earnings (loss) from discontinued operations2,420(3,222)Loss from continuing operations(1,779)(4,855)Adjustments to reconcile loss from continuing operations to net cash (used in) provided by operating activities:145173Provision of Porses on accounts receivable(20)(105)Loss on disposal of property and equipment2(105)Lorses on accounts receivable88Amoritzation of deferred debt issuance costs31151Charges in assets and liabilities: (Increase) decrease in: Accounts receivable866813Inventories, net(612)3.061Other assets457(362)Other assets457(362)Other assets(443)421Other one-current assets(443)421Other one-current assets(60)(2)Income taxes payable(167)588Accounts payable(167)588Accounts payable(443)421Other onserved expenses(443)421Other onserved provided by (used in) operating activities from continuing operations265(54)Earnings (loss) from discontinued operations on et cash (used in) provided by 			
Loss from continuing operations (1,779) (4,855) Adjustments to reconcile loss from continuing operations to net cash (used in) provided by operating activities: Depreciation and amortization 145 173 Provision for losses on accounts receivable (230) (105) Loss on disposal of property and equipment 2 Non-cash stock-based compensation 8 8 Amortization of deferred debt issuance costs 31 151 Changes in assets and liabilities: (Increase) decrease in: Accounts receivable 886 813 Inventories, net (612) 3,061 Other non-current assets (10,000) Accounts receivable 1,000) Increase (decrease) in: Accounts receivable 2,049 34 Increase (decrease) in: Accounts receivable 1,000 Charlen set asset (11,000) Accounts provided by (used in) operating activities from continuing operations 2,034 and 2,034 (232) Income taxes provided by (used in) operating activities from continuing operations 2,034 and 2,049 (3,222) Adjustments to reconcile earnings (loss) from discontinued operations 1,053,0151 CASH FLOWS FROM INVESTING ACTIVITIES: Purchases of equipment (28) Proceeds from sale of discontinued operations 3,073 Net cash provided by (used in) investing activities from continuing operations 3,073 CASH FLOWS FROM INVESTING ACTIVITIES: Purchases of equipment (28) Proceeds from sale of discontinued operations 3,073 CASH FLOWS FROM INVESTING ACTIVITIES: Purchases of equipment (28) Proceeds from sale of discontinue discutifies (20,013) CASH FLOWS FROM INVESTING ACTIVITIES: Purchases of equipment (28) Proceeds from sale of discontinue discutifies (28) Proceeds from sale of discontinue discutifies (28) Proceeds from sale of discontinue discutifies (28) Proceeds from notes payable and line of credit (10,24) (29,353)			
Adjustments to reconcile loss from continuing operations to net cash (used in) provided by operating activities:Depreciation and amortization145173Provision for losses on accounts receivable(230)(105)Loss on disposal of property and equipment22Non-cash stock-based compensation88Amortization of deferred debt issuance costs31151Changes in assets and liabilities: (Increase) decrease in: Accounts receivable886813Inventories, net(612)3,061Other assets457(362)Other assets457(362)Other assets(187)588Increase (decrease) in: Accounts receivable(187)588Accounts progenes(443)421Other long-term liabilities(60)(2)Increase (decrease) in: Accured expenses(443)421Other long-term liabilities(60)(2)Increase (decrease) in: Accured expenses(25(54)Earnings (loss) from discontinued operations265(54)Earnings (loss) from discontinued operations(2,420)(3,222)Adjustments to reconcile earnings (loss) from discontinued operations(2,435)(3,222)Adjustments to reconcile earnings (loss) from discontinued operations(2,475)3,105Net cash (used in) provided by operating activities from discontinued operations(2,475)3,217Net cash (used in) provided by operating activities from discontinued operations(2,475)3,073N	Earnings (loss) from discontinued operations	2,420	(3,222)
Adjustments to reconcile loss from continuing operations to net cash (used in) provided by operating activities:Depreciation and amortization145173Provision for losses on accounts receivable(230)(105)Loss on disposal of property and equipment22Non-cash stock-based compensation88Amortization of deferred debt issuance costs31151Changes in assets and liabilities: (Increase) decrease in: Accounts receivable886813Inventories, net(612)3,061Other assets457(362)Other ansets457(362)Other assets(187)588Increase (decrease) in: Accounts precisable(187)588Accounts precisable(60)(2)Increase (decrease) in: Accounts payable(660)(2)Accured expenses(443)421Other long-term liabilities (Increase) (decrease) in: Accured expenses265(54)Earnings (loss) from discontinued operations265(54)Earnings (loss) from discontinued operations(2,420)(3,222)Adjustments to reconcile earnings (loss) from discontinued operations(2,475)3,105Net cash (used in) provided by operating activities from discontinued operations(2,475)3,105Net cash (used in) provided by operating activities from discontinued operations(2,475)3,105Net cash (used in) provided by operating activities from discontinued operations(2,475)3,105Net cash (used in) provided by operat	Loss from continuing operations	(1,779)	(4,855)
Provision for losses on accounts receivable (230) (105) Loss on disposal of property and equipment 2 2 Non-cash stock-based compensation 8 8 Amortization of deferred debt issuance costs 31 151 Changes in assets and liabilities: (Increase) decrease in: Accounts receivable 6(12) 3.061 Other assets (12) (12) (12) (12) (12) (12) (12) (12)	Adjustments to reconcile loss from continuing operations to net cash (used in) provided by operating		
Loss on disposal of property and equipment2Non-cash stock-based compensation88Amortization of deferred debt issuance costs31151Changes in assets and liabilities:31151Changes in assets and liabilities:66123.061Uncrease) decrease in:886813Inventories, net(612)3.061Other assets457(362)Other assets2.04934Increase (accrease) in:2Accounts payable(187)588Accrued expenses(443)421Other long-term liabilities(60)(2)Income taxes receivable(66)(2)Increase (decrease) in:(60)(2)Accounts payable(187)588Accrued expenses(60)(2)Income taxes receivable(60)(2)Income taxes payable(74)Net cash provided by (used in) operating activities from continuing operations265(54)(51,531), respectively)2,420Adjustments to reconcile earnings (loss) from discontinued operations to net cash (used in) provided by operating activities:(4.895)Net cash (used in) provided by operating activities from discontinued operations(2,475)Net cash (used in) provided by operating activities(2,210)Net cash (used in) provided by operating activities3,073Net cash (used in) provided by operating activities3,073Net cash provided by (used in) investing activities3,073Net cash provided	Depreciation and amortization	145	173
Non-cash stock-based compensation         8         8           Amortization of deferred debt issuance costs         31         151           Changes in assets and liabilities:         (Increase) decrease in:         366         813           Accounts receivable         (612)         3.061         366         813           Inventories, net         (612)         3.061         362         362           Other non-current assets         457         (362)         314         151           Income taxes receivable         2.049         34         34         31         151           Income taxes receivable         2.049         34         34         31         151           Accounts payable         (187)         588         Accruned sepenses         (443)         421           Other long-term liabilities         (60)         (2)         Income taxes payable         (74)           Net cash provided by (used in) operating activities from continuing operations         265         (54)           Earnings (loss) from discontinued operations to net cash (used in) provided by operating activities from discontinued operations         2,420         (3,222)           Adjustments to reconcile earnings (loss) from discontinued operations         2,475         3,105         Ste cash (used in) provided by o	Provision for losses on accounts receivable	(230)	(105)
Amorization of deferred debt issuance costs31151Changes in assets and liabilities: (Increase) decrease in: Accounts receivable886813Inventories, net(612)3.061Other assets457(362)Other assets93Increase (decrease) in: Accounts preceivable2.04934Increase (decrease) in: Accounts payable(187)588Accrued expenses(443)421Other long-term liabilities(60)(2)Income taxes payable(60)(2)Income taxes payable(60)(2)Income taxes payable(60)(2)Income taxes payable(60)(2)Income taxes payable(60)(2)Income taxes payable(60)(2)Income taxes payable(443)421Other long-term liabilities(60)(2)Income taxes payable(443)421Other long-term liabilities(60)(2)Income taxes payable(443)421Other long-term liabilities(60)(2)Income taxes payable(443)421Other long-term liabilities(60)(2)Income taxes payable(54)(3,222)Adjustments to reconcile earnings (loss) from discontinued operations to net cash (used in) provided by operating activities from discontinued operations(2,475)Net cash (used in) provided by operating activities from discontinued operations(2,475)3,105Net cash (used in) provided by operating activitie	Loss on disposal of property and equipment		2
Changes in assets and liabilities: (Increase) decrease in: Accounts receivable886813Inventories, net(612)3,061Other assets457(662)Other non-current assets93Increase (decrease) in: Accounts receivable(187)588Accounts receivable(187)588Accounts receivable(187)588Accounts payable(187)588Accounts payable(187)588Accounts payable(187)588Accounts payable(187)588Accounts payable(187)588Accounts payable(187)588Accounts payable(187)588Accounts payable(187)588Accounts payable(187)588Accounts receivable(187)588Accounts receivable(143)421Other long-term liabilities(60)(2)Income taxes payable(74)(74)Net cash provided by (used in) operating activities from continuing operations265(54)Earnings (loss) from discontinued operations to net cash (used in) provided by operating activities:(4,895)6,327Net cash (used in) provided by operating activities from discontinued operations(2,475)3,105Net cash (used in) provided by operating activities from discontinued operations(2,475)3,051Net cash (used in) provided by operating activities3,073(28)Proceeds from sale of discontinued operations3,073(28) <td>Non-cash stock-based compensation</td> <td>8</td> <td>8</td>	Non-cash stock-based compensation	8	8
(Increase) decrease in:886813Accounts receivable886813Inventoris, net(612)3.061Other assets457(362)Other non-current assets93Income taxes receivable2.04934Increase (decrease) in:1187)588Accrued expenses(443)421Other long-term liabilities(60)(2)Income taxes payable(60)(2)Income taxes payable(60)(2)Income taxes payable(74)Net cash provided by (used in) operating activities from continuing operations265(54)Earnings (loss) from discontinued operations to net cash (used in) provided by operating activities from discontinued operations2,420(3,222)Adjustments to reconcile earnings (loss) from discontinued operations(2,475)3,105Net cash (used in) provided by operating activities from discontinued operations(2,475)3,105Net cash (used in) provided by operating activities from discontinued operations(2,475)3,105Net cash (used in) provided by operating activities from discontinued operations(2,475)3,051CASH FLOWS FROM INVESTING ACTIVITIES: Purchases of equipment Proceeds from sale of discontinued operations3,073(28)CASH FLOWS FROM FINANCING ACTIVITIES: Proceeds from notes payable and line of credit Repayments of notes payable and line of credit10,48626,503Repayments of notes payable and line of credit (11,284)(29,835)10,48626,503	Amortization of deferred debt issuance costs	31	151
Accounts receivable886813Inventories, net(612)3,061Other assets457(362)Other non-current assets93Increase (decrease) in:93Accounts payable(187)588Accounts payable(187)588Accounts payable(60)(2)Income taxes payable(60)(2)Income taxes payable(60)(2)Income taxes payable(60)(2)Income taxes payable(60)(2)Net cash provided by (used in) operating activities from continuing operations265(54)Earnings (loss) from discontinued operations, net of tax (including net gain (loss) on sale of \$2,534 and \$(1,531), respectively)2,420(3,222)Adjustments to reconcile earnings (loss) from discontinued operations to net cash (used in) provided by operating activities from discontinued operations(2,475)3,105Net cash (used in) provided by operating activities from discontinued operations(2,475)3,105Net cash (used in) provided by operating activities(2,210)3,051CASH FLOWS FROM INVESTING ACTIVITIES:(28)Purchases of equipment(28)Proceeds from sale of discontinued operations3,073(28)Net cash provided by (used in) investing activities3,073(28)CASH FLOWS FROM FINANCING ACTIVITIES:55Proceeds from notes payable and line of credit10,48626,503Repayments of notes payable and line of credit(11,284)(29,835)	Changes in assets and liabilities:		
Inventories, net         (612)         3,061           Other assets         457         (362)           Income taxes receivable         2,049         34           Increase (decrease) in:	(Increase) decrease in:		
Other assets457(362)Other non-current assets93Income taxes receivable2,049Increase (decrease) in:Accounds payable(187)Accound expenses(443)Other long-term liabilities(60)(2)Income taxes payableAccound expenses(60)(2)(60)(2)(60)(2)Income taxes payableNet cash provided by (used in) operating activities from continuing operations(2,531), respectively)2,420(3,222)Adjustments to reconcile earnings (loss) from discontinued operations to net cash (used in) provided by operating activities:(4,895)6,327Net cash (used in) provided by operating activities from discontinued operations(2,475)(2,210)3,051CASH FLOWS FROM INVESTING ACTIVITIES:Purchases of equipment(28)Proceeds from sale of discontinued operations3,073Net cash provided by (used in) investing activities3,073(28)CASH FLOWS FROM FINANCING ACTIVITIES:Purchases of equipment(28)Proceeds from notes payable and line of credit10,486(26,503Repayments of notes payable and line of credit(11,284)(29,835)		886	813
Other non-current assets93Income taxes receivable2,04934Increase (decrease) in:(187)588Accounts payable(187)588Accounts payable(443)421Other long-term liabilities(60)(2)Income taxes payable(74)Net cash provided by (used in) operating activities from continuing operations265(54)Earnings (loss) from discontinued operations, net of tax (including net gain (loss) on sale of \$2,534 and \$(1,53), respectively)2,420(3,222)Adjustments to reconcile earnings (loss) from discontinued operations to net cash (used in) provided by operating activities from discontinued operations(2,475)3,105Net cash (used in) provided by operating activities from discontinued operations(2,210)3,051CASH FLOWS FROM INVESTING ACTIVITIES:(28)Proceeds from sale of discontinued operations3,073(28)CASH FLOWS FROM FINANCING ACTIVITIES:22Proceeds from sale of discontinued operations3,073(28)CASH FLOWS FROM FINANCING ACTIVITIES:10,48626,503Proceeds from notes payable and line of credit(10,284)(29,835)	Inventories, net	(612)	3,061
Other non-current assets93Income taxes receivable2,04934Increase (decrease) in:187)588Accounts payable(187)588Accourde expenses(443)421Other long-term liabilities(60)(2)Income taxes payable(74)(74)Net cash provided by (used in) operating activities from continuing operations265(54)Earnings (loss) from discontinued operations, net of tax (including net gain (loss) on sale of \$2,534 and \$1,153), respectively2,420(3,222)Adjustments to reconcile earnings (loss) from discontinued operations to net cash (used in) provided by operating activities from discontinued operations(2,475)3,105Net cash (used in) provided by operating activities from discontinued operations(2,210)3,051CASH FLOWS FROM INVESTING ACTIVITIES:(28)Proceeds from sale of discontinued operations3,073(28)CASH FLOWS FROM FINANCING ACTIVITIES:2,0452,045Proceeds from sale of discontinued operations3,073(28)CASH FLOWS FROM FINANCING ACTIVITIES:10,48626,503Proceeds from notes payable and line of credit10,48626,503Repayments of notes payable and line of credit(11,284)(29,835)	Other assets	457	(362)
Income taxes receivable2,04934Increase (decrease) in: Accounts payable(187)588Accounts payable(143)421Other long-term liabilities(60)(2)Increase (accounts payable(60)(2)Increase taxes payable(60)(2)Increase taxes payable(74)Net cash provided by (used in) operating activities from continuing operations265(54)Earnings (loss) from discontinued operations, net of tax (including net gain (loss) on sale of \$2,534 and \$(1,531), respectively)2,420(3,222)Adjustments to reconcile earnings (loss) from discontinued operations to net cash (used in) provided by operating activities from discontinued operations(2,475)3,105Net cash (used in) provided by operating activities from discontinued operations(2,210)3,051CASH FLOWS FROM INVESTING ACTIVITIES: Purchases of equipment Proceeds from sale of discontinued operations3,073(28)CASH FLOWS FROM FINANCING ACTIVITIES: Proceeds from notes payable and line of credit10,48626,503Repayments of notes payable and line of credit(11,284)(29,835)	Other non-current assets		
Increase (decrease) in: Accounts payable (187) 588 Accrued expenses (443) 421 (60) (2) Income taxes payable (60) (2) Income taxes payable (74) Net cash provided by (used in) operating activities from continuing operations (165) on sale of \$2,534 and \$(1,53), respectively) (2,420) (3,222) Adjustments to reconcile earnings (loss) from discontinued operations to net cash (used in) provided by operating activities: (4,895) 6,327 Net cash (used in) provided by operating activities from discontinued operations (2,475) 3,105 Net cash (used in) provided by operating activities from discontinued operations (2,475) 3,105 Net cash (used in) provided by operating activities from discontinued operations (2,475) 3,051 CASH FLOWS FROM INVESTING ACTIVITIES: Purchases of equipment (2,210) 3,051 Net cash provided by (used in) investing activities (2,210) 3,073 Net cash provided by (used in) investing activities (2,210) 3,073 Net cash provided by (used in) investing activities (2,210) 3,073 Net cash provided by (used in) investing activities (2,210) 3,073 Net cash provided by (used in) investing activities (2,210) 3,073 Net cash provided by (used in) investing activities (2,210) 3,073 Net cash provided by (used in) investing activities (2,210) 3,073 Net cash provided by (used in) investing activities (2,210) 3,073 Net cash provided by (used in) investing activities (2,210) 3,073 Net cash provided by (used in) investing activities (2,210) 3,073 Net cash provided by (used in) investing activities (2,210) 3,073 Net cash provided by (used in) investing activities (2,210) 3,073 Net cash provided by (used in) investing activities (2,210) 4,203 Net cash provided by (used in) investing activities (2,210) 4,203 Net cash provided by (used in) investing activities (2,210) 4,203 Net cash provided by (used in) investing activities (2,210) 4,203 Net cash provided by (used in) investing activities (2,210) 4,203 Net cash provided by (2,210) 4,203 Net cash provided by (2,210) 4,203 Net cash provided by (2,210) 4,	Income taxes receivable	2,049	
Accrued expenses(443)421Other long-term liabilities(60)(2)Income taxes payable(74)Net cash provided by (used in) operating activities from continuing operations265(54)Earnings (loss) from discontinued operations, net of tax (including net gain (loss) on sale of \$2,534 and \$(1,531), respectively)2,420(3,222)Adjustments to reconcile earnings (loss) from discontinued operations to net cash (used in) provided by operating activities:(4,895)6,327Net cash (used in) provided by operating activities from discontinued operations(2,475)3,105Net cash (used in) provided by operating activities(2,210)3,051CASH FLOWS FROM INVESTING ACTIVITIES: Purchases of equipment Proceeds from sale of discontinued operations3,073(28)CASH FLOWS FROM FINANCING ACTIVITIES: Proceeds from notes payable and line of credit10,48626,503Repayments of notes payable and line of credit10,48626,503Repayments of notes payable and line of credit(11,284)(29,835)		,	
Accrued expenses(443)421Other long-term liabilities(60)(2)Income taxes payable(74)Net cash provided by (used in) operating activities from continuing operations265(54)Earnings (loss) from discontinued operations, net of tax (including net gain (loss) on sale of \$2,534 and \$(1,531), respectively)2,420(3,222)Adjustments to reconcile earnings (loss) from discontinued operations to net cash (used in) provided by operating activities:(4,895)6,327Net cash (used in) provided by operating activities from discontinued operations(2,475)3,105Net cash (used in) provided by operating activities(2,210)3,051CASH FLOWS FROM INVESTING ACTIVITIES: Purchases of equipment Proceeds from sale of discontinued operations3,073(28)CASH FLOWS FROM FINANCING ACTIVITIES: Proceeds from notes payable and line of credit10,48626,503Repayments of notes payable and line of credit10,48626,503Repayments of notes payable and line of credit(11,284)(29,835)	Accounts payable	(187)	588
Other long-term liabilities(60)(2)Income taxes payable(74)Net cash provided by (used in) operating activities from continuing operations265(54)Earnings (loss) from discontinued operations, net of tax (including net gain (loss) on sale of \$2,534 and \$(1,531), respectively)2,420(3,222)Adjustments to reconcile earnings (loss) from discontinued operations to net cash (used in) provided by operating activities:(4,895)6,327Net cash (used in) provided by operating activities from discontinued operations(2,475)3,105Net cash (used in) provided by operating activities(2,210)3,051CASH FLOWS FROM INVESTING ACTIVITIES: Purchases of equipment Proceeds from sale of discontinued operations3,073(28)CASH FLOWS FROM FINANCING ACTIVITIES: Proceeds from notes payable and line of credit10,48626,503Repayments of notes payable and line of credit(11,284)(29,835)			421
Income taxes payable(74)Net cash provided by (used in) operating activities from continuing operations265(54)Earnings (loss) from discontinued operations, net of tax (including net gain (loss) on sale of \$2,534 and \$(1,531), respectively)2,420(3,222)Adjustments to reconcile earnings (loss) from discontinued operations to net cash (used in) provided by operating activities:(4,895)6,327Net cash (used in) provided by operating activities from discontinued operations(2,475)3,105Net cash (used in) provided by operating activities(2,210)3,051CASH FLOWS FROM INVESTING ACTIVITIES: Purchases of equipment(28)Proceeds from sale of discontinued operations3,073(28)CASH FLOWS FROM FINANCING ACTIVITIES: Proceeds from notes payable and line of credit10,48626,503Repayments of notes payable and line of credit(11,284)(29,835)			(2)
Earnings (loss) from discontinued operations, net of tax (including net gain (loss) on sale of \$2,534 and \$(1,531), respectively)2,420(3,222)Adjustments to reconcile earnings (loss) from discontinued operations to net cash (used in) provided by operating activities:(4,895)6,327Net cash (used in) provided by operating activities from discontinued operations(2,475)3,105Net cash (used in) provided by operating activities(2,210)3,051CASH FLOWS FROM INVESTING ACTIVITIES: Purchases of equipment(28)Proceeds from sale of discontinued operations3,073(28)CASH FLOWS FROM FINANCING ACTIVITIES: Proceeds from notes payable and line of credit10,48626,503Repayments of notes payable and line of credit(11,284)(29,835)		. ,	
\$(1,531), respectively)2,420(3,222)Adjustments to reconcile earnings (loss) from discontinued operations to net cash (used in) provided by operating activities:(4,895)6,327Net cash (used in) provided by operating activities from discontinued operations(2,475)3,105Net cash (used in) provided by operating activities(2,210)3,051CASH FLOWS FROM INVESTING ACTIVITIES: Purchases of equipment(28)Proceeds from sale of discontinued operations3,073(28)CASH FLOWS FROM FINANCING ACTIVITIES: Proceeds from notes payable and line of credit10,48626,503Repayments of notes payable and line of credit(11,284)(29,835)	Net cash provided by (used in) operating activities from continuing operations	265	(54)
Adjustments to reconcile earnings (loss) from discontinued operations to net cash (used in) provided by operating activities:(4,895)6,327Net cash (used in) provided by operating activities from discontinued operations(2,475)3,105Net cash (used in) provided by operating activities(2,210)3,051CASH FLOWS FROM INVESTING ACTIVITIES: Purchases of equipment(28)Proceeds from sale of discontinued operations3,073(28)Net cash provided by (used in) investing activities3,073(28)CASH FLOWS FROM FINANCING ACTIVITIES: Proceeds from notes payable and line of credit10,48626,503Repayments of notes payable and line of credit(11,284)(29,835)	Earnings (loss) from discontinued operations, net of tax (including net gain (loss) on sale of \$2,534 and		
operating activities:(4,895)6,327Net cash (used in) provided by operating activities from discontinued operations(2,475)3,105Net cash (used in) provided by operating activities(2,210)3,051CASH FLOWS FROM INVESTING ACTIVITIES: Purchases of equipment(28)Proceeds from sale of discontinued operations3,073Net cash provided by (used in) investing activities3,073CASH FLOWS FROM FINANCING ACTIVITIES: Proceeds from notes payable and line of credit10,48626,503 Repayments of notes payable and line of credit(29,835)	\$(1,531), respectively)	2,420	(3,222)
Net cash (used in) provided by operating activities from discontinued operations(2,475)3,105Net cash (used in) provided by operating activities(2,210)3,051CASH FLOWS FROM INVESTING ACTIVITIES: Purchases of equipment(28)Proceeds from sale of discontinued operations3,073(28)Net cash provided by (used in) investing activities3,073(28)CASH FLOWS FROM FINANCING ACTIVITIES: Proceeds from notes payable and line of credit10,48626,503Repayments of notes payable and line of credit(11,284)(29,835)	Adjustments to reconcile earnings (loss) from discontinued operations to net cash (used in) provided by		
Net cash (used in) provided by operating activities(2,210)3,051CASH FLOWS FROM INVESTING ACTIVITIES: Purchases of equipment(28)Proceeds from sale of discontinued operations3,073Net cash provided by (used in) investing activities3,073CASH FLOWS FROM FINANCING ACTIVITIES: Proceeds from notes payable and line of credit10,48626,503 Repayments of notes payable and line of credit(11,284)(29,835)	operating activities:	(4,895)	6,327
CASH FLOWS FROM INVESTING ACTIVITIES: Purchases of equipment (28) Proceeds from sale of discontinued operations 3,073 Net cash provided by (used in) investing activities 3,073 (28) CASH FLOWS FROM FINANCING ACTIVITIES: Proceeds from notes payable and line of credit 10,486 26,503 Repayments of notes payable and line of credit (11,284) (29,835)	Net cash (used in) provided by operating activities from discontinued operations	(2,475)	3,105
Purchases of equipment(28)Proceeds from sale of discontinued operations3,073Net cash provided by (used in) investing activities3,073CASH FLOWS FROM FINANCING ACTIVITIES:10,486Proceeds from notes payable and line of credit10,48626,503(11,284)Repayments of notes payable and line of credit(11,284)	Net cash (used in) provided by operating activities	(2,210)	3,051
Proceeds from sale of discontinued operations3,073Net cash provided by (used in) investing activities3,073CASH FLOWS FROM FINANCING ACTIVITIES: Proceeds from notes payable and line of credit10,48626,503 Repayments of notes payable and line of credit(11,284)(29,835)	CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of discontinued operations3,073Net cash provided by (used in) investing activities3,073(28)CASH FLOWS FROM FINANCING ACTIVITIES: Proceeds from notes payable and line of credit10,48626,503Repayments of notes payable and line of credit(11,284)(29,835)	Purchases of equipment		(28)
CASH FLOWS FROM FINANCING ACTIVITIES:Proceeds from notes payable and line of credit10,48626,503Repayments of notes payable and line of credit(11,284)(29,835)	Proceeds from sale of discontinued operations	3,073	
Proceeds from notes payable and line of credit10,48626,503Repayments of notes payable and line of credit(11,284)(29,835)	Net cash provided by (used in) investing activities	3,073	(28)
Repayments of notes payable and line of credit(11,284)(29,835)	CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of notes payable and line of credit(11,284)(29,835)	Proceeds from notes payable and line of credit	10,486	26,503
	Debt issuance costs	16	