

SHOPSMITH INC
Form 10-K
June 23, 2004

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

(Mark One)

FORM 10-K

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

For the fiscal year ended April 3, 2004

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 0-9318

SHOPSMITH, INC.

(Exact name of registrant as specified in its charter)

Ohio

31-0811466

(State or other jurisdiction of
incorporation or organization)

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

6530 Poe Avenue, Dayton, Ohio

45414

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (937) 898-6070

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class
None

Name of Each Exchange on which registered
None

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Securities registered pursuant to Section 12(g) of the Act:
Common Shares

(Title of Class)

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2 of the act). Yes No

The aggregate market value of the voting stock held by non-affiliates of the registrant as of October 3, 2003 was \$807,622.

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of May 15, 2004. Common Shares, without par value: 2,605,233 shares.

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DOCUMENTS INCORPORATED BY REFERENCE

Shopsmith, Inc. Annual Report to Shareholders for the year ended April 3, 2004 Only such portions of the Annual Report as are specifically incorporated by reference under Part I and II of this Report shall be deemed filed as part of this Report.

Shopsmith, Inc. Proxy Statement for its Annual Meeting of Shareholders to be held July 28, 2004 Definitive copies of the Proxy Statement will be filed with the Commission within 120 days after the end of the Company's fiscal year. Only such portions of the Proxy Statement as are specifically incorporated by reference under Parts II and III of this Report shall be deemed filed as part of this Report.

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PART I

ITEM 1. Business

Shopsmith, Inc., an Ohio corporation organized in 1972 (the Company), is engaged in the production and marketing of power woodworking tools designed primarily for the home workshop. The principal line of power tools marketed under the name Shopsmith, a registered trademark, dates back to 1946 and was purchased by the Company in 1972.

The line is built around the Shopsmith MARK V, a multi-purpose tool, and includes separate function special purpose tools that may be mounted on the MARK V or used independently. The Company distributes these tools directly to consumers through demonstration programs (at which sales representatives solicit orders), telephone sales solicitation, Internet and mail order. During the fiscal year ended April 3, 2004, Shopsmith branded products accounted for substantially all of the Company's net sales. The Company manufactures a substantial majority of its products sold (as measured by sales dollar volume).

Shopsmith MARK V, Special Purpose Tools and Major Accessories

The Shopsmith MARK V is a compact power woodworking tool which performs the functions of five separate tools: a table saw, a wood lathe, a disc sander, a horizontal boring machine, and a vertical drill press. The engineering of the MARK V is such that special purpose tools may be mounted on and powered by the MARK V. The special purpose tools, a jointer, a beltsander, a bandsaw, a planer, a scroll saw, and a strip sander, may also be operated as free standing tools with a stand and power system.

Other products include MARK V accessories such as a lathe duplicator, which allows a woodworker to duplicate original turnings and a dust collector that, when used with the appropriate fixtures for the MARK V and other Shopsmith products, provides for virtually dust-free woodworking.

The Company also offers a line of accessories to its power tool line. These accessories, only a few of which are manufactured by the Company, include casters, custom saw blades, and molding attachments. Shopsmith accessories are sold directly to the consumer through the same marketing channels used for the Shopsmith power tool line.

Seasonality and Working Capital

The Company's business is seasonal, with the rate of incoming orders being lowest during the summer months. Consequently, cash requirements are higher during this period of the fiscal year at which time the Company generally experiences a tightening of its liquidity position.

Raw Materials and Components

The principal components and materials used by the Company in the production of its products include aluminum die-castings, iron sand castings, metal stampings, screw machine products, plastics and electric motors. The Company relies on sole sources of supply for some of its components and materials. To reduce costs, the Company uses foreign producers as sources for some parts and products.

Competition

The power woodworking equipment business is highly competitive and the MARK V and the Company's other products must compete against the single purpose tools sold by Delta, Power Matic, Black and Decker, Sears and other domestic and foreign corporations.

The Company considers quality, customer service, method of marketing, price and value to be the principal bases of competition in the power woodworking equipment industry.

Research and Development

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From time to time, the Company engages in limited research and development programs to develop new products, and to improve existing products and current operating methods. Research and development costs were not material in 2004, 2003, and 2002.

Employees

The total number of persons employed by the Company (both full and part time) as of May 26, 2004 was 100. The Company considers its employee relations to be satisfactory, and to date the Company has not experienced a work stoppage due to a labor dispute. The Company has no collective bargaining contracts.

Environmental Compliance

The Company believes that it materially complies with all statutory and administrative requirements related to the environment and pollution control. For a discussion of certain environmental related contingencies to which the Company is subject, reference is made to Note 11 to the Consolidated Financial Statements which are incorporated into this Report pursuant to Item 8 below.

Internet Website Address and SEC Filings

The Company maintains an internet website, www.Shopsmith.com. The Company files reports with the Securities and Exchange Commission, including an Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K. Those reports and other information concerning the Company are available at the SEC website, www.SEC.gov. The Company's SEC filings are also available via an electronic link from the Company's website to the SEC's EDGAR database.

Table of Contents**ITEM 2. Properties**

Information concerning the facilities of the Company is set forth below.

| Location | Use | Approximate Square Feet |
|-----------------|--|--------------------------------|
| Dayton, Ohio | Manufacturing, Headquarters, Distribution and Retail Store | 115,000 |

The buildings and the Company's machinery and equipment are well maintained. The Company's production facility currently operates one shift per day. The Company purchased its manufacturing and headquarters building from its former landlord in December 1998.

ITEM 3. Legal Proceedings

The Company is not a party to any legal proceedings other than litigation which, under the instructions to this item, need not be described. For a discussion of certain environmental related contingencies to which the Company is subject, reference is made to Note 11 to the Consolidated Financial Statements which are incorporated into this Report pursuant to Item 8 below.

ITEM 4. Submission of Matters to a Vote of Security Holders

None.

Table of Contents**EXECUTIVE OFFICERS OF THE COMPANY**

Officers are elected annually by the Board of Directors. The executive officers of the Company are as follows:

| Name | Age | Position |
|--------------------|------------|---|
| John R. Folkerth | 71 | Chairman of the Board and Chief Executive Officer |
| Robert L. Folkerth | 47 | President, Chief Operating Officer, and Director |
| Lawrence L. Jones | 65 | Vice President of Operations |
| Mark A. May | 45 | Vice President of Finance, Treasurer, and Chief Financial Officer |

John R. Folkerth is the founder of the Company and has been a director and the Chief Executive Officer of the Company since 1972.

Robert L. Folkerth was named President and Chief Operating Officer in July 2001. He was Vice President of Sales and Marketing from 1996 to July 2001. Before accepting that position with the Company, Mr. Folkerth was Vice President of Finance of Digitron, a manufacturer of automotive components, from 1991 until 1996. He has been a director of the Company since 1994.

Lawrence R. Jones was named Vice President of Operations in August 1999. He served as president of Superay Tool Co., a manufacturer of Air tools from 1996 through 1998. After 1998 and before employment with the Company, Mr. Jones served as President of ZLL Marketing, a consulting/sourcing firm.

Mark A. May was named Vice President of Finance and Chief Financial Officer in February 2000. Mr. May has served the Company's finance department since 1980.

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PART II

ITEM 5. Market for Registrant's Common Equity and Related Stockholder Matters.

The market and shareholder information required by Item 5 is set forth under the heading "Shareholders' Information" p.26 in the Company's Annual Report to Shareholders for the year ended April 3, 2004 (which report is included as Exhibit 13.1 to this Report). Such information is incorporated herein by reference.

The Company paid no dividends during the fiscal year ended April 3, 2004 or April 5, 2003.

As more fully indicated in Note 6 to the consolidated financial statements included in the Company's Annual Report to Shareholders for the year ended April 3, 2004, during the fiscal years ended March 30, 2002, April 5, 2003, and April 3, 2004 the Company issued to certain key employees and non-employee directors stock options to purchase Common Shares of the Company under the Company's 1995 Stock Option Plan, 1997 Stock Option Plan and 2000 Director Stock Option Plan. Shares issuable under the 1997 Stock Option Plan and the 2000 Director Stock Option Plan have not been registered under the Securities Act of 1933, and none of the options under either of such plans have as yet been exercised. The grant of options pursuant to the 1997 Stock Option Plan and the 2000 Director Stock Option Plan was exempt from the registration provisions of the Securities Act of 1933 (i) as a transaction not involving a sale of securities, since no investment decision was required on the part of the option recipients, and/or (ii) under Section 4(2) of such Act as a transaction not involving a public offering. It is anticipated that the Common Shares subject to the options will be registered under the Securities Act of 1933 prior to exercise of the options.

ITEM 6. Selected Financial Data

The information required by Item 6 is set forth under the heading "Selected Financial Data" (p.25) in the Company's Annual Report to Shareholders for the year ended April 3, 2004 and is incorporated herein by reference.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information required by Item 7 is set forth under the heading "Management's Discussion and Analysis" (p.21) of the Company's Annual Report to Shareholders for the year ended April 3, 2004 and is incorporated herein by reference.

ITEM 7A. Quantitative and Qualitative Disclosure about Market Risk

Not Applicable.

ITEM 8. Financial Statements and Supplementary Data

The information required by Item 8 is set forth at pages 5 through 20 of the Company's Annual Report to Shareholders for the year ended April 3, 2004 and is incorporated herein by reference.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

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ITEM 9A. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

The Company's Chairman and Chief Executive Officer, John R. Folkerth, and the Company's Chief Financial Officer, Mark A. May, have evaluated the Company's disclosure controls and procedures within 90 days of the filing of this report. Messrs. Folkerth and May have concluded that the Company's disclosure controls and procedures are functioning effectively to provide reasonable assurance that the Company can meet its disclosure obligations. The reporting process is designed to ensure that information required to be disclosed by the Company in the reports that it files or submits with the Commission is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms.

(b) Changes in Internal Controls

There were no significant changes in the Company's internal controls over financial reporting that could materially affect these controls subsequent to the date of the above reference evaluation.

Table of Contents**PART III****ITEM 10. Directors and Executive Officers of the Registrant**

The information required by Item 10 is incorporated herein by reference from the Company's Proxy Statement for its Annual Meeting of Shareholders to be held July 28, 2004 except for certain information concerning the executive officers of the Company which is set forth in Part I of this Report.

ITEM 11. Executive Compensation

The information required by Item 11 is incorporated herein by reference from the Company's Proxy Statement for its Annual Meeting of Shareholders to be held July 28, 2004.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Equity Compensation Plan Information

The following table shows certain information as of April 3, 2004 with respect to compensation plans under which common shares of the Company are authorized for issuance:

| Plan category | Number of shares to be issued upon exercise of outstanding options | Weighted average exercise price of outstanding options | Number of shares remaining available for future issuance under equity compensation plans (excluding shares in column (a)) |
|--|---|---|--|
| | (a) | (b) | (c) |
| Equity compensation plans approved by shareholders | 367,000 | \$ 0.54 | 103,000 |
| Equity compensation plans not approved by shareholders | 30,000 | \$ 0.51 | 42,000 |

The remaining information required by Item 12 is incorporated herein by reference from the Company's Proxy Statement for its Annual Meeting of Shareholders to be held July 28, 2004.

ITEM 13. Certain Relationships and Related Transactions

The information required by item 13 is incorporated herein by reference from the Company's Proxy Statement for its Annual Meeting of Shareholders to be held July 28, 2004.

ITEM 14. Principal Accountant Fees and Services

The information required by item 14 is incorporated herein by reference from the Company's Proxy Statement for its Annual Meeting of Shareholders to be held July 28, 2004.

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PART IV

ITEM 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) 1. Financial Statements

The following consolidated financial statements of Shopsmith, Inc. and its subsidiaries are incorporated by reference as part of this Report at Item 8 hereof.

Report of Independent Registered Public Accounting Firm.

Consolidated Balance Sheets as of April 3, 2004 and April 5, 2003.

Consolidated Statements of Operations for the years ended April 3, 2004, April 5, 2003, and March 30, 2002.

Consolidated Statements of Changes in Shareholders' Equity for the years ended April 3, 2004, April 5, 2003, and March 30, 2002.

Consolidated Statements of Cash Flows for the years ended April 3, 2004, April 5, 2003, and March 30, 2002.

Notes to Consolidated Financial Statements.

2. Financial Statement Schedules

The following Financial Statement Schedule for the years ended April 3, 2004, April 5, 2003, and March 30, 2002 is included in this report.

Report of Independent Registered Public Accounting Firm
Schedule II- Valuation and Qualifying Accounts

Other schedules are omitted because of the absence of conditions under which they are required or because the required information is given in the financial statements or notes thereto.

Individual financial statements of the registrant have been omitted since the registrant is primarily an operating company and all consolidated subsidiaries are wholly owned.

3. Exhibits

The Exhibits that are filed with this Report are listed in the Exhibit Index. All management contracts or compensatory plans or arrangements are indicated on the Exhibit Index.

(b) Reports on Form 8-K

During the quarter ended April 3, 2004, the Company filed the following reports on Form 8-K:

A Form 8-K filed on January 30, 2004 included the text of the Company's press release reporting the results of its operations for the quarter ended January 3, 2004.

A Form 8-K filed on March 17, 2004 announced the change of the Company's stock ticker symbol to SHPS.
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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SHOPSMITH, INC.

/s/ John R. Folkerth

John R. Folkerth
Chairman of the Board and Chief Executive Officer

June 1, 2004

Date

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ John R. Folkerth

John R. Folkerth
Chairman of the Board
Chief Executive Officer and Director
(Principal Executive Officer)

June 1, 2004

Date

/s/ Robert L. Folkerth

Robert L. Folkerth
President and Director

June 1, 2004

Date

/s/ Mark A. May

Mark A. May

/s/ Edward A. Nicholson

Edward A. Nicholson
Director

June 1, 2004

Date

/s/ Brady L. Skinner

Brady L. Skinner
Director

June 1, 2004

Date

/s/ J. Michael Herr

J. Michael Herr

Vice President of Finance
(Principal Financial and Accounting Officer)

Director

June 1, 2004

June 1, 2004

Date

Date

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REPORT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM ON
FINANCIAL STATEMENT SCHEDULE

Shareholders and Board of Directors
Shopsmith, Inc.
Dayton, Ohio

Our audits of the consolidated financial statements referred to in our report dated May 11, 2004 appearing in the Annual Report to Shareholders of Shopsmith, Inc. for the year ended April 3, 2004 (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the financial statement schedule listed in Item 15(a)(2) of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

Crowe Chizek and Company LLC

Columbus, Ohio
May 11, 2004

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SHOPSMITH INC. AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS

FOR THE YEARS ENDED April 3, 2004, April 5, 2003, and March 30, 2002

| DESCRIPTION | BALANCE AT BEGINNING OF PERIOD | TRANSFERS | CHARGED TO COST AND EXPENSES | DEDUCTIONS FROM RESERVE | BALANCE AT END OF PERIOD |
|---|---|------------|---------------------------------------|-------------------------------|-----------------------------------|
| YEAR ENDED | | | | | |
| April 3, 2004 | | | | | |
| Accrued recourse liability | \$ 351,055 | \$(39,287) | \$ | \$ | \$ 311,768 |
| Allowance for doubtful accounts receivable | 1,121,198 | 39,287 | 280,184 | 770,678 | 669,991 |
| YEAR ENDED | | | | | |
| April 5, 2003 | | | | | |
| Accrued recourse liability | 147,786 | (16,342) | 219,611 | | 351,055 |
| Allowance for doubtful accounts receivable | 891,140 | 16,342 | 313,599 | 99,883 | 1,121,198 |
| YEAR ENDED | | | | | |
| March 30, 2002 | | | | | |
| Accrued recourse liability | 235,303 | (87,517) | | | 147,786 |
| Allowance for doubtful accounts receivable | 924,250 | 87,517 | 245,426 | 366,053 | 891,140 |

Transfers are made from the accrued recourse liability account to the allowance for doubtful accounts receivable as accounts financed by the Company with Household Retail Services on a recourse basis are purchased by the Company.

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SHOPSMITH, INC.

INDEX TO EXHIBITS

Exhibit No. and Document

3. Articles of Incorporation and By-laws

- | | | |
|------|---|----|
| 3.1. | Amended Articles of Incorporation of Shopsmith, Inc., filed as Exhibit 4.1 to the Company's Registration Statement on Form S-8 (Reg. No. 33-26463). | ** |
| 3.2. | Amended Code of Regulations of Shopsmith, Inc., filed as Exhibit 4.2 to the Company's Registration Statement on Form S-8 (Reg. No. 33-26463). | ** |

4. Instruments Defining the Rights of Security Holders, Including Indentures

- | | | |
|-------|--|---|
| 4.10. | Promissory note and mortgage dated December 31, 1998 between Mid-States Development Company and the Company related to the purchase of the 6530 Poe Avenue, Dayton, Ohio property. Filed as exhibit 4.10 to the Company's quarterly report on Form 10-Q for the quarter ended January 2, 1999. | * |
| 4.11. | Amendment dated March 11, 2002 to promissory note between Mid-States Development Company and the Company. Filed as exhibit 4.11 to the Company's Annual Report on Form 10-K for the year ended April 5, 2003. | * |
| 4.13. | Demand promissory note and Security Agreement with John Folkerth dated November 13, 2001. Filed as exhibit 4.13 to the Company's quarterly report on Form 10Q for the quarter ended December 29, 2001. | * |
| 4.14. | Promissory note and Loan Agreement with Provident Bank dated December 31, 2002. Filed as exhibit 4.14 to the Company's quarterly report on Form 10Q for the quarter ended December 28, 2002. | * |
| 4.15. | First amendment to loan agreement, promissory note, and security agreement with Provident Bank dated July 17, 2003. Filed as exhibit 4.15 to the Company's quarterly report on Form 10Q for the quarter ended July 5, 2003. | * |

10. Material Contracts

Management Contracts and Compensatory Plans or Arrangements

- | | | |
|-------|---|---|
| 10.1. | Plan for Providing Tax Return Preparation for Chief Executive Officer, as adopted by the Company's Board of Directors on February 14, 1985. Filed as exhibit 10.3 to the Company's Annual Report on Form 10-K for the year ended April 3, 1993. | * |
| 10.4. | Disability Plan for Executive Officers, as adopted by the Company's Board of Directors on November 5, 1991. Filed as Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended March 31, 1992. | * |

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| | | |
|--------|---|----|
| 10.5. | Nonstatutory Stock Option granted by the Company on June 21, 1993 to John R. Folkerth for the purchase, for a period of 10 years from the date of grant of 20,000 Common Shares of the Company at a purchase price of \$3.00 per share. Filed as Exhibit 10.7.1 to the Company's Annual Report on Form 10-K for the year ended April 2, 1994. | * |
| 10.7. | 1995 Stock Option Plan. Filed as exhibit 4.3 to the Company's Registration Statement on Form S-8 (Reg. No. 33-64663). | * |
| 10.8. | Amendment to Shopsmith, Inc. 1995 Stock Option Plan dated November 5, 1996. Filed as exhibit 10.9 to the Company's Annual Report on Form 10-K for the year ended April 5, 1997. | * |
| 10.9. | 1997 Stock Option Plan. Filed as exhibit 10.10 to the Company's Annual Report on Form 10-K for the year ended April 4, 1998. | * |
| 10.10. | 2000 Director Stock Option Plan. Filed as exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended April 1, 2000. | * |
| 10.11. | Shopsmith, Inc. Savings Plan, effective April 1, 1997. Filed as exhibit 10.10 to the Company's annual report on Form 10-K for the year ended April 5, 1997. | * |
| 10.12. | Fiscal 2004 Bonus Plan for Executive Officers. | ** |

Other Material Contracts

| | | |
|--------|--|---|
| 10.14. | Consumer Finance agreement dated November 15, 2000 between CitiFinancial and the Company. Filed as exhibit 10.14 to the Company's quarterly report on Form 10-Q for the quarter ended December 30, 2000. | * |
| 10.15. | Receivables factoring agreement with Metro Financial Services dated December 27, 2001. Filed as exhibit 10.15 to the Company's quarterly report on Form 10-Q for the quarter ended December 29, 2001. | * |

13. Annual Report to Security Holders

| | | |
|-------|--|----|
| 13.1. | Shopsmith, Inc. Annual Report to Shareholders for the year ended April 3, 2004. Only such portions of the Annual Report as are specifically incorporated by reference under Parts I, II, and IV of this Report shall be deemed filed as part of this Report. | ** |
|-------|--|----|

14. Code of Ethics

| | | |
|-------|---|----|
| 14.1. | Code of Ethics adopted January 26, 2004 | ** |
|-------|---|----|

21. Subsidiaries of the Registrant

| | | |
|-------|---------------------------------|----|
| 21.1. | Subsidiaries of the Registrant. | ** |
|-------|---------------------------------|----|

23. Consents of Experts and Counsel

- 23.1. Consent of Crowe Chizek and Company LLC, Independent Registered Public Accounting Firm to incorporation by reference. **

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31. Certifications

| | | |
|-------|--|----|
| 31.1. | Certification of the Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | ** |
| 31.2. | Certification of the Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | ** |
| 32.1. | Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | ** |
| 32.2. | Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | ** |

99. Additional Exhibits

| | | |
|-------|--|---|
| 99.1. | Shopsmith, Inc. Employee Stock Purchase Plan. Filed as Exhibit 99.1 to the Company's Current Report on Form 8-K dated August 26, 1993. | * |
|-------|--|---|

* Previously filed

** Filed herewith