

WINMARK CORP
Form 10-Q
April 25, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2012

or

o 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: 000-22012

WINMARK CORPORATION

(Exact name of registrant as specified in its charter)

Minnesota

(State or other jurisdiction of incorporation or organization)

41-1622691

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

605 Highway 169 North, Suite 400, Minneapolis, MN 55441

(Address of principal executive offices) (Zip Code)

(763) 520-8500

(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 (§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

(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

Common stock, no par value, 5,075,954 shares outstanding as of April 18, 2012.

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WINMARK CORPORATION AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

ITEM 1: Financial Statements

WINMARK CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

(Unaudited)

	March 31, 2012	December 31, 2011
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2,093,400	\$ 9,020,100
Marketable securities		1,043,800
Receivables, less allowance for doubtful accounts of \$16,700 and \$15,100	1,282,400	1,316,200
Net investment in leases - current	11,465,300	11,746,900
Income tax receivable		116,500
Inventories	69,100	68,500
Prepaid expenses	437,400	362,000
Total current assets	15,347,600	23,674,000
Net investment in leases - long-term	18,096,700	18,102,000
Long-term investments, less allowance for losses of \$883,100 and \$883,100	3,780,000	3,817,400
Property and equipment, net	1,384,000	1,474,800
Other assets	677,500	677,500
	\$ 39,285,800	\$ 47,745,700
LIABILITIES AND SHAREHOLDERS EQUITY		
Current Liabilities:		
Line of credit	\$ 12,100,000	\$
Accounts payable	1,269,800	1,460,300
Income tax payable	58,200	
Accrued liabilities	1,709,900	1,346,000
Discounted lease rentals	13,900	20,800
Rents received in advance	282,000	274,700
Deferred revenue	1,376,800	1,212,400
Deferred income taxes	3,487,900	3,464,800
Total current liabilities	20,298,500	7,779,000
Long-Term Liabilities:		
Rents received in advance	194,500	269,400
Deferred revenue	847,300	844,300
Other liabilities	1,314,200	1,389,200
Deferred income taxes	2,607,100	2,355,100
Total long-term liabilities	4,963,100	4,858,000
Shareholders Equity:		
Common stock, no par, 10,000,000 shares authorized, 5,075,954 and 4,987,643 shares issued and outstanding	1,565,800	629,800

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Accumulated other comprehensive income			17,000
Retained earnings	12,458,400		34,461,900
Total shareholders' equity	14,024,200		35,108,700
	\$ 39,285,800	\$	47,745,700

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

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WINMARK CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended	
	March 31, 2012	March 26, 2011
REVENUE:		
Royalties	\$ 8,288,500	\$ 7,052,800
Leasing income	2,392,100	3,235,000
Merchandise sales	709,800	501,400
Franchise fees	285,000	75,000
Other	158,000	240,700
Total revenue	11,833,400	11,104,900
COST OF MERCHANDISE SOLD	664,300	482,900
LEASING EXPENSE	239,800	518,700
PROVISION FOR CREDIT LOSSES	(53,000)	