

WINMARK CORP
Form 10-Q
April 24, 2013
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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 30, 2013

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
(Do not check if a smaller reporting company)

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, 5,000,585 shares outstanding as of April 17, 2013.

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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)

ASSETS	March 30, 2013	December 29, 2012
Current Assets:		
Cash and cash equivalents	\$ 2,191,500	\$ 2,233,400
Marketable securities	89,300	85,900
Receivables, less allowance for doubtful accounts of \$17,200 and \$17,300	1,211,100	1,237,100
Net investment in leases - current	14,599,400	13,461,200
Income tax receivable		1,400,700
Inventories	72,000	71,200
Prepaid expenses	422,500	445,200
Total current assets	18,585,800	18,934,700
Net investment in leases - long-term	21,237,200	22,697,100
Long-Term investments (See Note 4)		
Property and equipment, net	1,176,100	1,229,500
Other assets	677,500	677,500
	\$ 41,676,600	\$ 43,538,800
LIABILITIES AND SHAREHOLDERS EQUITY		
Current Liabilities:		
Line of credit	\$ 4,500,000	\$ 10,800,000
Accounts payable	1,828,500	2,203,700
Income tax payable	759,400	
Accrued liabilities	1,632,700	1,286,300
Discounted lease rentals	815,100	896,800
Rents received in advance	82,000	134,800
Deferred revenue	1,547,800	1,641,700
Deferred income taxes	3,549,900	3,549,900
Total current liabilities	14,715,400	20,513,200
Long-Term Liabilities:		
Discounted lease rentals	180,700	177,900
Rents received in advance	112,200	117,700
Deferred revenue	954,000	953,000
Other liabilities	1,219,700	1,254,700
Deferred income taxes	2,594,300	2,594,300
Total long-term liabilities	5,060,900	5,097,600
Shareholders Equity:		
Common stock, no par, 10,000,000 shares authorized, 4,999,647 and 4,996,459 shares issued and outstanding	112,700	
Accumulated other comprehensive loss	(1,900)	(4,000)
Retained earnings	21,789,500	17,932,000
Total shareholders equity	21,900,300	17,928,000

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\$ 41,676,600 \$ 43,538,800

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 30, 2013	March 31, 2012
REVENUE:		
Royalties	\$ 8,474,900	\$ 8,288,500
Leasing income	3,407,800	2,392,100
Merchandise sales	665,700	709,800
Franchise fees	414,600	285,000
Other	185,400	158,000
Total revenue	13,148,400	11,833,400
COST OF MERCHANDISE SOLD	641,100	664,300
LEASING EXPENSE	279,700	239,800