

KOSS CORP
Form 10-Q
November 02, 2018

Index

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 30, 2018

OR

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

Commission File Number 0-3295

KOSS CORPORATION
(Exact Name of Registrant as Specified in its Charter)

DELAWARE 39-1168275
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

4129 North Port Washington Avenue, Milwaukee, Wisconsin 53212
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (414) 964-5000

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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth 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)
Emerging growth company

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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

At October 29, 2018, there were 7,404,831 shares outstanding of the registrant's common stock.

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FORM 10-Q
September 30, 2018

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IndexPART I
FINANCIAL INFORMATION

Item 1. Financial Statements

KOSS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

| | (Unaudited) | |
|--|-----------------------|------------------|
| | September 30, 2018 | June 30, 2018 |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,698,455 | \$ 1,081,533 |
| Accounts receivable, less allowance for doubtful accounts of \$94,793 and \$51,854, respectively | 3,587,068 | 4,709,745 |
| Inventories, net | 6,396,687 | 6,138,679 |
| Prepaid expenses and other current assets | 322,461 | 206,776 |
| Income taxes receivable | 32,350 | 32,375 |
| Total current assets | 12,037,021 | 12,169,108 |
| Equipment and leasehold improvements, net | 1,021,147 | 1,132,105 |
| Other assets: | | |
| Operating lease right-of-use assets | 3,039,667 | 3,102,263 |
| Cash surrender value of life insurance | 6,521,575 | 6,374,372 |
| Total other assets | 9,561,242 | 9,476,635 |
| Total assets | \$ 22,619,410 | \$ 22,777,848 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 1,132,599 | \$ 1,429,491 |
| Accrued liabilities | 885,738 | 788,961 |
| Deferred revenue | 583,244 | 690,905 |
| Operating lease liability | 257,130 | 254,418 |
| Total current liabilities | 2,858,711 | 3,163,775 |
| Long-term liabilities: | | |
| Deferred compensation | 2,400,497 | 2,394,009 |
| Deferred revenue | 163,022 | 168,465 |
| Operating lease liability | 2,782,537 | 2,847,845 |
| Total long-term liabilities | 5,346,056 | 5,410,319 |
| Total liabilities | 8,204,767 | 8,574,094 |
| Stockholders' equity: | | |
| Common stock, \$0.005 par value, authorized 20,000,000 shares; issued and outstanding 7,404,831 and 7,382,706 shares, respectively | 37,024 | 36,914 |
| Paid in capital | 5,895,638 | 5,752,270 |

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| | | |
|--|---------------|---------------|
| Retained earnings | 8,481,981 | 8,414,570 |
| Total stockholders' equity | 14,414,643 | 14,203,754 |
| Total liabilities and stockholders' equity | \$ 22,619,410 | \$ 22,777,848 |

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

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KOSS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)