

Burlington Coat Factory Investments Holdings, Inc.

Form 10-Q

June 12, 2014

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended May 3, 2014

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 333-137916-110

BURLINGTON COAT FACTORY

INVESTMENTS HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

20-4663833
(I.R.S. Employer
Identification No.)

1830 Route 130 North

Burlington, New Jersey
(Address of Principal Executive Offices)

08016
(Zip Code)

Registrant's Telephone Number, Including Area Code: (609) 387-7800

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 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.

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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

As of June 12, 2014, the registrant has 1,000 shares of common stock outstanding, all of which are owned by Burlington Coat Factory Holdings, LLC, the registrant's parent holding company, and are not publicly traded.

* The Registrant has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934, but is not required to file such reports under such sections.

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Table of Contents**Part I. FINANCIAL INFORMATION****Item 1. Financial Statements****BURLINGTON COAT FACTORY INVESTMENTS HOLDINGS, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****(Unaudited)****(All amounts in thousands, except share and per share data)**

	May 3, 2014	February 1, 2014	May 4, 2013
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 68,461	\$ 129,460	\$ 102,348
Restricted Cash and Cash Equivalents	32,100	32,100	34,800
Accounts Receivable, Net of Allowances for Doubtful Accounts	44,072	35,678	46,362
Merchandise Inventories	707,627	720,052	727,219
Deferred Tax Assets	14,850	13,475	9,337
Prepaid and Other Current Assets	77,492	77,701	74,294
Prepaid Income Taxes	5,326	4,523	7,002
Total Current Assets	949,928	1,012,989	1,001,362
Property and Equipment Net of Accumulated Depreciation and Amortization	907,772	902,657	871,610
Tradenames	238,000	238,000	238,000
Favorable Leases Net of Accumulated Amortization	285,933	292,553	313,200
Goodwill	47,064	47,064	47,064
Other Assets	116,073	120,673	111,209
Total Assets	\$ 2,544,770	\$ 2,613,936	\$ 2,582,445
LIABILITIES AND STOCKHOLDER S DEFICIT			
Current Liabilities:			
Accounts Payable	\$ 575,912	\$ 542,987	\$ 630,660
Other Current Liabilities	265,443	312,343	217,544
Current Maturities of Long Term Debt	1,070	1,026	9,737
Total Current Liabilities	842,425	856,356	857,941
Long Term Debt	1,297,258	1,301,012	1,328,352
Other Liabilities	255,296	255,555	230,337
Deferred Tax Liabilities	235,986	242,708	251,167
Commitments and Contingencies (Notes 3, 4, 7, 8, 9 and 12)			
Stockholder s Deficit:			
Common Stock (Par Value \$0.01; 1,000 Shares Issued and Outstanding)			
Capital in Excess of Par Value	414,045	474,396	475,191
Accumulated Deficit	(500,240)	(516,091)	(560,543)
Total Stockholder s Deficit	(86,195)	(41,695)	(85,352)
Total Liabilities and Stockholder s Deficit	\$ 2,544,770	\$ 2,613,936	\$ 2,582,445

See Notes to Condensed Consolidated Financial Statements.

Table of Contents**BURLINGTON COAT FACTORY INVESTMENTS HOLDINGS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)****(Unaudited)****(All amounts in thousands, except per share data)**

	Three Months Ended	
	May 3, 2014	May 4, 2013
REVENUES:		
Net Sales	\$ 1,128,269	\$ 1,065,013
Other Revenue	7,589	7,976
Total Revenue	1,135,858	1,072,989
COSTS AND EXPENSES:		
Cost of Sales	698,461	667,653
Selling and Administrative Expenses	346,969	327,704
Costs Related to Debt Amendments and Secondary Offering	366	8,855
Stock Option Modification Expense	828	
Restructuring and Separation Costs (Note 4)		1,625
Depreciation and Amortization	41,208	43,992
Impairment Charges Long-Lived Assets	19	51
Other Income, Net	(1,896)	(2,548)
Loss on Extinguishment of Debt	87	
Interest Expense (Inclusive of Gain (Loss) on Interest Rate Cap Agreements)	23,760	26,589
Total Costs and Expenses	1,109,802	1,073,921
Income (Loss) Before Income Tax Expense (Benefit)	26,056	(932)
Income Tax Expense (Benefit)	10,205	(230)
Net Income (Loss)	\$ 15,851	\$ (702)
Total Comprehensive Income (Loss)	\$ 15,851	\$ (702)

See Notes to Condensed Consolidated Financial Statements.

Table of Contents**BURLINGTON COAT FACTORY INVESTMENTS HOLDINGS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)****(All amounts in thousands)**

	Three Months Ended	
	May 3, 2014	May 4, 2013
OPERATING ACTIVITIES		
Net Income (Loss)	\$ 15,851	\$ (702)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	41,208	43,992
Amortization of Deferred Financing Costs	2,041	1,520
Impairment Charges Long-Lived Assets	19	51
Accretion of Senior Notes	461	488
Interest Rate Cap Contracts Adjustment to Market	1	60
Provision for Losses on Accounts Receivable	37	34
Deferred Income Tax (Benefit)	(8,098)	(5,376)
Loss (Gain) on Disposition of Fixed Assets and Leasehold Improvements	194	(39)
Non-Cash Loss on Extinguishment of Debt Write-off of Deferred Financing Costs and Original Issue Discount	87	
Non-Cash Stock Compensation Expense	1,367	510
Non-Cash Rent Expense	(5,539)	(3,284)
Deferred Rent Incentives	8,729	7,386
Excess Tax Benefit (Expense) from Stock Based Compensation	3,404	(64)
Insurance Recoveries		830
Changes in Assets and Liabilities:		
Accounts Receivable	(10,426)	(7,338)
Merchandise Inventories	12,425	(47,029)
Prepaid and Other Current Assets	(592)	(7,835)
Accounts Payable	32,925	130,254
Other Current Liabilities	(40,797)	(18,732)
Other Long Term Assets and Long Term Liabilities	898	654
Net Cash Provided by Operating Activities	54,195	95,380
INVESTING ACTIVITIES		
Cash Paid for Property and Equipment	(45,985)	(29,764)
Proceeds from Sale of Property and Equipment and Assets Held for Sale	108	114
Net Cash Used in Investing Activities	(45,877)	(29,650)
FINANCING ACTIVITIES		
Proceeds from Long Term Debt ABL Line of Credit	115,000	155,000
Principal Payments on Long Term Debt ABL Line of Credit	(115,000)	(155,000)
Principal Payments on Long Term Debt Term Loan	(3,955)	
Payment of Dividends	(65,789)	(4,955)
Proceeds from Direct Parent Investment	667	
Repayment of Capital Lease Obligations	(240)	(253)
Stock Option Exercises and Related Tax Benefits		64
Deferred Financing Costs		(1,574)

Net Cash Used in Financing Activities	(69,317)	(6,718)
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(Decrease) Increase in Cash and Cash Equivalents