

EMERGING VISION INC  
Form 10-Q  
November 15, 2010

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 September 30, 2010

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: 1-14128

EMERGING VISION, INC.  
(Exact name of Registrant as specified in its charter)

NEW YORK  
(State or other jurisdiction of incorporation or organization)

11-3096941  
(I.R.S. Employer Identification No.)

520 Eighth Avenue, 23rd Floor  
New York, NY 10018  
(Address and zip code of principal executive offices)

Registrant's telephone number, including area code: (646) 737-1500

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.

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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 Act):

Yes

No

As of November 15, 2010, there were 125,292,806 outstanding shares of the Issuer's Common Stock, par value \$0.01 per share.

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## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

EMERGING VISION, INC. AND SUBSIDIARIES  
CONSOLIDATED CONDENSED BALANCE SHEETS  
(In Thousands, Except Share Data)

ASSETS	September 30, 2010 (unaudited)	December 31, 2009
<b>Current assets:</b>		
Cash and cash equivalents	\$1,246	\$1,576
Franchise receivables, net of allowance of \$129 and \$188, respectively	1,718	1,665
Optical purchasing group receivables, net of allowance of \$186 and \$155, respectively	5,952	4,594
Other receivables, net of allowance of \$44 and \$15, respectively	259	237
Current portion of franchise notes receivable, net of allowance of \$30 and \$42, respectively	256	221
Inventories, net	353	309
Prepaid expenses and other current assets	466	447
Deferred tax assets	171	276
<b>Total current assets</b>	<b>10,421</b>	<b>9,325</b>
Property and equipment, net	754	872
Franchise notes receivable	326	290
Deferred tax asset, net of current portion	614	534
Goodwill	3,651	3,651
Intangible assets, net	2,704	2,839
Other assets	257	238
<b>Total assets</b>	<b>\$18,727</b>	<b>\$17,749</b>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$4,347	\$4,564
Optical purchasing group payables	5,407	4,336
Put option liability – related party	700	700
Short-term debt	3,721	1,116
Related party obligations	336	334
<b>Total current liabilities</b>	<b>14,511</b>	<b>11,050</b>
Long-term debt	24	3,792
Related party borrowings, net of current portion	-	83
Franchise deposits and other liabilities	299	262
<b>Total liabilities</b>	<b>14,834</b>	<b>15,187</b>
Commitments and contingencies		

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Shareholders' equity:

Preferred stock, \$0.01 par value per share; 5,000,000 shares authorized: Senior Convertible Preferred Stock, \$100,000 liquidation preference per share; 0.74 shares issued and outstanding	74	74
Common stock, \$0.01 par value per share; 150,000,000 shares authorized; 125,475,143 and 128,992,938 shares issued, respectively, and 125,292,806 and 128,810,601 shares outstanding, respectively	1,254	1,289
Additional paid-in capital	128,059	128,024
Accumulated comprehensive loss	(292 )	(150 )
Accumulated deficit	(124,998 )	(126,471 )
Treasury stock, at cost, 182,337 shares	(204 )	(204 )
Total shareholders' equity	3,893	2,562
Total liabilities and shareholders' equity	\$18,727	\$17,749

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

EMERGING VISION, INC. AND SUBSIDIARIES  
 CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS  
 AND COMPREHENSIVE INCOME (LOSS)

(Unaudited) (In Thousands, Except Per Share Data)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2010	2009	2010	2009
<b>Revenues:</b>				
Optical purchasing group sales	\$14,247	\$13,657	\$42,259	\$39,022
Franchise royalties	1,358	1,350	4,229	4,250
Membership fees – VisionCare of California	915	893	2,696	2,640
Retail sales – Company-owned stores	644	551	2,277	1,581
Franchise related fees and other revenues	42	67	283	210
<b>Total revenues</b>	<b>17,206</b>			