

EMERGING VISION INC
Form 10-Q
November 14, 2007

**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, 2007

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.)

**100 Quentin Roosevelt Boulevard
Garden City, NY 11530**

(Address and zip code of principal executive offices)

Telephone Number: (516) 390-2100

(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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer__

Accelerated filer__

Non-accelerated filer X

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):

Yes __

No X

As of November 14, 2007, there were 125,286,805 outstanding shares of the Issuer's Common Stock, par value \$0.01 per share.

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, 2007 (unaudited)	December 31, 2006 (audited)
Current assets:		
Cash and cash equivalents	\$ 1,486	\$ 1,289
Restricted cash	250	250
Franchise receivables, net of allowance of \$149 and \$110, respectively	2,363	1,620
Settlement receivable	1,062	-
Optical purchasing group receivables, net of allowance of \$40	6,228	1,914
Other receivables, net of allowance of \$2	425	312
Current portion of franchise notes receivable, net of allowance of \$39 and \$44, respectively	147	79
Inventories, net	495	431
Prepaid expenses and other current assets	796	398
Deferred tax assets, current portion	709	600
Total current assets	13,961	6,893
Property and equipment, net	1,452	923
Franchise notes receivable, net of allowance of \$0 and \$5, respectively	78	214
Deferred tax asset, net of current portion	1,052	800
Goodwill, net	2,544	2,745
Excess cost over net tangible assets acquired	3,380	-
Intangible assets, net	814	808
Other assets	261	214
Total assets	\$ 23,542	\$ 12,597
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 5,917	\$ 4,632
Optical purchasing group payables	5,689	1,760
Short-term debt	132	396
Related party obligations	747	778
Total current liabilities	12,485	7,566
Long-term debt	4,364	20
Related party borrowings, net of current portion	1,094	1,173
Franchise deposits and other liabilities	438	487
Commitments and contingencies		
Shareholders' equity:		

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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; 97,326,890 shares issued and 97,144,553 shares outstanding	973	705
Treasury stock, at cost, 182,337 shares	(204)	(204)
Additional paid-in capital	126,898	127,062
Accumulated comprehensive loss	(10)	-
Accumulated deficit	(122,570)	(124,286)
Total shareholders' equity	5,161	3,351
Total liabilities and shareholders' equity	\$ 23,542	\$ 12,597

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

EMERGING VISION, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF INCOME (UNAUDITED)
(In Thousands, Except Per Share Data)

	For the Three Months		For the Nine Months	
	Ended September 30,		Ended September 30,	
	2007	2006	2007	2006
Revenues:				
Net sales	\$ 2,324	\$ 1,854	\$ 6,656	\$ 5,450
Optical purchasing group sales	11,603	2,775	20,525	2,775
Franchise royalties	1,632	1,797	5,138	5,279
Other franchise related fees	103	38	231	171
Total revenue	15,662	6,464	32,550	13,675