

CRAFT BREW ALLIANCE, INC.
Form 10-Q
May 07, 2014

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 March 31, 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 0-26542

CRAFT BREW ALLIANCE, INC.
(Exact name of registrant as specified in its charter)

Washington 91-1141254
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

929 North Russell Street
Portland, Oregon 97227
(Address of principal executive offices)

(503) 331-7270
(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). Check one:

Large Accelerated Filer

Accelerated Filer

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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

The number of shares of the registrant's common stock outstanding as of April 29, 2014 was 19,015,782.

CRAFT BREW ALLIANCE, INC.
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CRAFT BREW ALLIANCE, INC.

CONSOLIDATED BALANCE SHEETS

(Unaudited)

(Dollars in thousands, except per share amounts)

	March 31, 2014	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$2,894	\$2,726
Accounts receivable, net	11,035	11,370
Inventories	18,490	16,639
Deferred income tax asset, net	1,553	1,345
Other current assets	4,047	3,403
Total current assets	38,019	35,483
Property, equipment and leasehold improvements, net	103,917	104,193
Goodwill	12,917	12,917
Intangible and other assets, net	17,412	17,693
Total assets	\$172,265	\$170,286
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$16,749	\$14,742
Accrued salaries, wages and payroll taxes	4,938	4,616
Refundable deposits	7,774	8,252
Other accrued expenses	1,685	1,381
Current portion of long-term debt and capital lease obligations	491	710
Total current liabilities	31,637	29,701
Long-term debt and capital lease obligations, net of current portion	11,088	11,050
Fair value of derivative financial instruments	239	-
Deferred income tax liability, net	17,510	17,719
Other liabilities	598	584
Total liabilities	61,072	59,054
Commitments and contingencies		
Common shareholders' equity:		
Common stock, \$0.005 par value. Authorized 50,000,000 shares; issued and outstanding 18,993,053 and 18,972,247	95	95
Additional paid-in capital	137,282	136,972
Accumulated other comprehensive loss	(148)	-
Accumulated deficit	(26,036)	(25,835)
Total common shareholders' equity	111,193	111,232

Total liabilities and common shareholders' equity	\$172,265	\$170,286
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The accompanying notes are an integral part of these financial statements.

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CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except per share amounts)

	Three Months Ended March 31,	
	2014	2013
Sales	\$47,017	\$39,381
Less excise taxes	3,191	2,772
Net sales	43,826	36,609
Cost of sales	31,986	27,666
Gross profit	11,840	8,943
Selling, general and administrative expenses	12,062	11,760
Operating loss	(222)	(2,817)
Interest expense	(101)	(156)
Other income (expense), net	(6)	(23)
Loss before income taxes	(329)	(2,996)
Income tax benefit	(128)	(1,222)
Net loss	\$(201)	\$(1,774)
Basic and diluted net loss per share	\$(0.01)	\$(0.09)
Shares used in basic per share calculations	18,976	18,884
Shares used in diluted per share calculations	18,976	18,884

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

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CRAFT BREW ALLIANCE, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited)

(In thousands)

	Three Months Ended March 31,	
	2014	2013
Net loss	\$(201)	\$(1,774)
Unrealized gain (loss) on derivative hedge transactions, net of tax	(148)	57
Comprehensive loss	\$(349)	\$(1,717)

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

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CRAFT BREW ALLIANCE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2014	2013
Cash flows from operating activities:		
Net loss	\$(201)	\$(1,774)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,096	