

COMMSCOPE INC
Form 10-Q
November 05, 2008
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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 September 30, 2008

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 001-12929

CommScope, Inc.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

36-4135495
(I.R.S. Employer
Identification No.)

1100 CommScope Place, SE

P.O. Box 339

Hickory, North Carolina

(Address of principal executive offices)

28602

(Zip Code)

(828) 324-2200

(Registrant's telephone number, including area code)

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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, a non-accelerated filer, or a smaller reporting company. See 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

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 October 30, 2008 there were 70,369,591 shares of Common Stock outstanding.

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CommScope, Inc.

September 30, 2008

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Signature

Table of Contents**CommScope, Inc.****Condensed Consolidated Statements of Operations****(Unaudited In thousands, except per share amounts)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Net sales	\$ 1,062,297	\$ 513,608	\$ 3,154,768	\$ 1,468,204
Operating costs and expenses:				
Cost of sales	765,824	354,324	2,331,209	1,014,382
Selling, general and administrative	108,768	68,082	368,401	193,036
Research and development	33,551	8,288	103,785	24,610
Amortization of purchased intangibles	24,294	1,334	73,398	3,623
Restructuring costs	2,356	215	25,124	1,113
Total operating costs and expenses	934,793	432,243	2,901,917	1,236,764
Operating income	127,504	81,365	252,851	231,440
Other income (expense), net	(23)	2,824	(16,017)	2,542
Interest expense	(37,007)	(1,665)	(112,215)	(5,339)
Interest income	5,958	5,962	15,543	16,248
Income before income taxes	96,432	88,486	140,162	244,891
Income tax expense	(11,745)	(28,213)	(26,308)	(77,634)
Net income	\$ 84,687	\$ 60,273	\$ 113,854	\$ 167,257
Earnings per share:				
Basic	\$ 1.20	\$ 0.98	\$ 1.64	\$ 2.74
Diluted	\$ 1.05	\$ 0.81	\$ 1.43	\$ 2.27
Weighted average shares outstanding:				
Basic	70,287	61,661	69,230	61,105
Diluted	81,175	74,978	80,843	74,500

See notes to unaudited condensed consolidated financial statements.

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CommScope, Inc.

Condensed Consolidated Balance Sheets

(Unaudited In thousands, except share amounts)

	September 30, 2008	December 31, 2007		
Assets				
Cash and cash equivalents	\$ 496,251	\$ 649,451		
Accounts receivable, less allowance for doubtful accounts of \$18,847 and \$22,154, respectively	825,374	793,366		
Inventories, net	475,981	548,360		
Prepaid expenses and other current assets	67,538	133,737		
Deferred income taxes	80,551	106,476		
Total current assets	1,945,695	2,231,390		
Property, plant and equipment, net			Spartan 500 Institutional Index Fund	
	499,145			19,154 18,264
Common/Collective Trust:				
Fidelity Managed Income Portfolio Fund (1)(2)	\$	\$	16,408	
Employer securities:				
NVR, Inc. common stock	\$ 91,986	\$ 74,236		

(1) Investment amount did not exceed 5% of the Plan's net assets at December 31, 2015.

(2) Investment amount at contract value. The fair value of the investment was \$16,651 at December 31, 2014.

4. Tax Status

The Plan received its latest determination letter on May 17, 2012 which stated that the Plan is qualified under section 401(a) of the Internal Revenue Code (the Code) and its related Trust is exempt from tax under section 501(a) of the Code. The Plan has been amended since receiving the determination letter; however, in the opinion of the Plan Administrator, the Plan and its underlying trust have operated within the terms of the Plan and remain qualified under the applicable provisions of the Code. On February 26, 2016, the Company was notified by the IRS that their application for an updated determination letter was in process.

GAAP requires plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2015, there are no uncertain positions taken or expected to be taken. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2012.

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PROFIT SHARING PLAN OF NVR, INC.

AND AFFILIATED COMPANIES

Notes to Financial Statements

December 31, 2015 and 2014

(dollars in thousands)

5. The Stable Value Fund

The Plan invests in fully benefit-responsive synthetic guaranteed investment contracts (GICs) as part of offering the Fidelity Managed Income Portfolio Fund (the Fund). Contributions to the Fund are invested in a portfolio of high quality short- and intermediate-term U.S. bonds, including U.S. government treasuries, corporate debt securities, and other high-credit quality asset-backed securities.

Participant accounts in the Fund are credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The GIC issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

As discussed in Note 2, because the GICs are fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the GICs. The average yield of the Fund based on actual earnings was 1.93% and 1.67% at December 31, 2015 and 2014, respectively. The average yield of the Fund based on interest rates credited to participants was 1.17% and 1.07% at December 31, 2015 and 2014, respectively.

6. Plan Termination

Although it has not expressed any intent to do so, the Plan Administrator has the right under the Plan to discontinue contributions at any time and terminate the Plan subject to the provisions of ERISA. In the event of a Plan termination, partial Plan termination or if the Sponsor suspends contributions indefinitely, affected participants will become fully vested in their accounts.

7. Parties-In-Interest

At December 31, 2015 and 2014, Plan investments of \$232,495 and \$227,315, respectively, are with parties-in-interest as they are investment funds of the trustee and recordkeeper, Fidelity Management Trust Company and Fidelity Investments Institutional Operations Company, Inc.

At December 31, 2015 and 2014, investments held by the Plan included 55,987 shares and 58,209 shares of NVR, Inc. common stock, with a fair value of approximately \$91,986 and \$74,236 , respectively. These qualify as exempt parties-in-interest transactions.

8. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

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Notes to Financial Statements

December 31, 2015 and 2014

(dollars in thousands)

9. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation from the financial statements to the Form 5500 of plan interest in master trust:

	As of December 31,	
	2015	2014
Plan interest in master trust as reported in the financial statements	\$ 341,583	\$ 319,602
Other receivables		8
Plan interest in master trust as reported in the Form 5500	\$ 341,583	\$ 319,610

The following is a reconciliation from the financial statements to the Form 5500 of net assets available for plan benefits:

	As of December 31,	
	2015	2014
Net assets available for plan benefits as reported in the financial statements	\$ 348,564	\$ 325,430
Fully benefit responsive investment contracts (a)	91	243
Deemed distributions	(192)	(179)
Net assets available for plan benefits as reported in the Form 5500	\$ 348,463	\$ 325,494

The following is a reconciliation from the financial statements to the Form 5500 of total additions/income:

	Year ended	
	December 31, 2015	
Total additions to plan assets as reported in the financial statements	\$	50,638

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Fully benefit responsive investment contracts, prior year adjustment (a)	(243)
Fully benefit responsive investment contracts, current year adjustment (a)	91
Interest accrued on deemed distributions (b)	(12)
Corrective distributions (c)	139
Total additions to plan assets as reported in the Form 5500	\$ 50,613

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Notes to Financial Statements

December 31, 2015 and 2014

(dollars in thousands)

The following is a reconciliation from the financial statements to the Form 5500 of benefits paid to participants:

	Year ended December 31, 2015	
Benefit payments to participants as reported in the financial statements	\$	27,474
Corrective distributions (c)		139
Benefit payments to participants as reported in the Form 5500	\$	27,613

- (a) Fully benefit-responsive investment contracts are included in the financial statements at contract value as opposed to at fair value in the Form 5500. See Note 2 for additional discussion of fully benefit-responsive investment contracts.
- (b) Deemed distributions represent defaulted loan balances for which there were no post-default payment activity. These distributions are not included in the loan balance, and in turn, are not included in the net assets available for plan benefits, for reporting purposes in the Form 5500 but are reflected in the total loan balance for financial statement reporting purposes.
- (c) Corrective distributions relate to amounts due to participants for current plan year excess contributions and are reported as a reduction to employee contributions in the financial statements and as distributions in the Form 5500.

10. Subsequent Events

The Company evaluated all subsequent events through June 27, 2016, the date the financials statements were available to be issued.

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PROFIT SHARING PLAN OF NVR, INC.

AND AFFILIATED COMPANIES

EIN: 54-1394360

Plan Number: 333

Schedule H, Line 4(i) Schedule of Assets (Held at End of Year)

December 31, 2015

(dollars in thousands)

Column A	Column B Identity of issue, borrower, lessor, or similar party	Column C	Column E
		Description of investment	Current Value
*	Participant loans other	Participant loans with various rates of interest from 4.25% to 9.50% and maturity dates through November 2030	\$ 7,211
*	Party-in-interest.		

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SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Plan Administrator has duly caused this annual report to be signed on behalf of the Plan by the undersigned thereunto duly authorized.

NVR, Inc.

Date: June 27, 2016

By: /s/ Kevin N. Reichard
Kevin N. Reichard
Profit Sharing Committee Chairman

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EXHIBIT INDEX

Exhibit Number	Description
23.1	Consent of Independent Registered Public Accounting Firm