

SECURITIES AND EXCHANGE COMMISSION

FORM 11-K

Annual report of employee stock purchase, savings and similar plans

Filing Date: **1999-09-10** | Period of Report: **1999-08-18**
SEC Accession No. **0000891618-99-004127**

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GYMBOREE CORP

CIK: **786110** | IRS No.: **942615258** | State of Incorpor.: **DE** | Fiscal Year End: **0131**
Type: **11-K** | Act: **34** | File No.: **000-21250** | Film No.: **99709381**
SIC: **2300** Apparel & other finishd prods of fabrics & similar matt

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FORM 11-K
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

ANNUAL REPORT

PURSUANT TO SECTION 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

(X) Annual report pursuant to Section 15(d) of the Securities Exchange Act
of 1934

Commission file number: 0-21250

A. Full title of the plan and the address of the plan, if different from that
of the issuer named below:

Gymboree 401(k) Plan

B. Name of issuer of the securities held pursuant to the plan and the address
of its principal executive office:

Gymboree Corporation
700 Airport Boulevard
Suite 200
Burlingame, CA 94010-1912

SIGNATURE

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934,
the administrator has duly caused this annual report to be signed on its behalf
by the undersigned hereunto duly authorized.

GYMBOREE
401(k) PLAN

Date: August 18, 1999

By /s/ L. H. Meyer

L. H. Meyer

GYMBOREE
401(k) PLAN

FINANCIAL STATEMENTS

DECEMBER 31, 1998 AND 1997

GYMBOREE
401(k) PLAN

Financial Statements and
Supplemental Schedules

Years ended December 31, 1998 and 1997

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To the Participants and
Plan Administrator of
Gymboree
401(k) Plan

INDEPENDENT ACCOUNTANTS' REPORT

We have audited the financial statements and supplemental schedules of Gymboree 401(k) Plan (the Plan) as of December 31, 1998 and 1997, and for the years then ended, as listed in the accompanying table of contents. These financial statements and supplemental schedules are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Plan's management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The supplemental information included in Schedule G - Financial Schedules does not disclose 5% reportable transactions. Disclosure of this information is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information included in Schedule G - Financial Schedules (IRS Form 5500) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information in Schedule G is the responsibility of the Plan's management. The fund information in the statement of changes in net assets available for plan benefits is presented for purposes of additional analysis rather than to present the changes in net

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assets available for plan benefits for each fund. The supplemental information in Schedule G and fund information have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion except for the omission of the information discussed in the preceding paragraph, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

MOHLER, NIXON & WILLIAMS
Accountancy Corporation

Campbell, California
August 18, 1999

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the use of our name on our report, dated August 18, 1999, with respect to the financial statements of the Gymboree 401(k) Plan for the years ended December 31, 1998 and 1997, included in the Annual Report on Form 11-K which is filed electronically with the Securities and Exchange Commission.

MOHLER, NIXON & WILLIAMS
Accountancy Corporation

Campbell, California
August 18, 1999

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GYMBOREE
401(k) PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

<TABLE>

<CAPTION>

	December 31,	
	1998	1997
<S>	<C>	<C>
Investments, at fair value	\$4,319,889	\$3,201,278
Investments, at contract value		184,530
Net assets available for plan benefits	\$4,319,889	\$3,385,808

</TABLE>

See independent accountants' report and accompanying notes to financial statements.

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GYMBOREE
401(k) PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS,
WITH FUND INFORMATION

<TABLE>

<CAPTION>

	For the year ended December 31, 1998				
	Net assets available for plan benefits at December 31, 1997	Employer's contribution	Participants' contributions/ rollovers	Withdrawals and distributions	Dividends and interest
<S>	<C>	<C>	<C>	<C>	<C>
Merrill Lynch Funds	\$3,095,372				
Van Kampen:					
Enterprise Fund	--	\$ 22,244	\$ 154,401	(\$446,495)	\$ 12,286
Emerging Growth Fund	--	36,619	242,364	(41,495)	
Corporate Bond Fund	--	8,683	60,690	(15,267)	1,623
Stable Value Fund	--	46,545	372,155	(49,602)	15,741
American Value Fund	--	20,472	139,034	(28,552)	
International Magnum Fund	--	10,564	64,967	(175,107)	
Value Fund	--	14,957	82,694	(116,064)	4,249
Putnam:					
The George Putnam Fund of Boston	--	246	5,263		
Investors Fund	--	1,007	14,114	(190)	42,136
Voyager Fund	--	718	10,088		34,495
Diversified Income Fund	--	238	3,314	(11)	388

New Opportunities Fund	--	449	8,237	(108)	15,267
International Growth Fund	--	86	5,028	(77)	20,009
Stable Value Fund	--	1,430	11,000	(18)	19
The Gymboree Stock Fund	193,076	6,039	31,677	(11,936)	20,070
Participant loans	97,360			(12,174)	4,226
	-----	-----	-----	-----	-----
Total	\$3,385,808	\$ 170,297	\$1,205,026	(\$897,096)	\$170,509
	=====	=====	=====	=====	=====

<CAPTION>

For the year ended December 31, 1998

	Net appreciation (depreciation) in fair value of investments	Net loan activities	Administrative fees	Transfers in (out)	Increase (decrease) in net assets	Net assets available for plan benefits at December 31, 1998
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Merrill Lynch Funds				(\$3,095,372)	(\$3,095,372)	\$ --
Van Kampen:						
Enterprise Fund	\$ 204,075	(\$19,033)	(\$405)	72,927		--
Emerging Growth Fund	13,390	(2,963)	(1,201)	(246,714)		--
Corporate Bond Fund	612	(3,406)		(52,935)		--
Stable Value Fund	2,758	(61,787)		(325,810)		--
American Value Fund	178	1,047	(384)	(131,795)		--
International Magnum Fund	47,744	(7,346)	(99)	59,277		--
Value Fund	(1,329)	(1,743)	(15)	17,251		--
Putnam:						
The George Putnam Fund of Boston	56				5,565	5,565
Investors Fund	107,724			1,531,027	1,695,818	1,695,818
Voyager Fund	15,393			465,021	525,715	525,715
Diversified Income Fund	(694)			62,623	65,858	65,858
New Opportunities Fund	39,751			438,379	501,975	501,975
International Growth Fund	23,829			651,074	699,949	699,949
Stable Value Fund	2,798			556,024	571,253	571,253
The Gymboree Stock Fund	(168,836)	1,308		(977)	(122,655)	70,421
Participant loans		93,923			85,975	183,335
	-----	-----	-----	-----	-----	-----
Total	\$ 287,449	\$ --	(\$2,104)	\$ -	\$ 934,081	\$4,319,889
	=====	=====	=====	=====	=====	=====

</TABLE>

See independent accountants' report and
accompanying notes to financial statements

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GYMBOREE
401(k) PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS,
WITH FUND INFORMATION

<TABLE>

<CAPTION>

For the year ended December 31, 1997

	Net assets available for plan benefits at December 31, 1996	Employer's contribution	Participants' contributions/ rollovers	Withdrawals and distributions	Dividends and interest
<S>	<C>	<C>	<C>	<C>	<C>
Merrill Lynch:					
Capital Fund	\$337,858	\$20,629	\$122,197	(\$56,955)	\$35,527
Growth Fund	1,195,396	75,793	440,149	(302,033)	125,237
Global Allocation Fund	598,540	34,129	203,527	(175,159)	88,166
Retirement Preservation Trust Fund	166,070	9,746	92,546	(58,383)	10,256
CMA Money Fund	59,700				
The Gymboree Stock Fund	149,748	10,451	66,146	(61,254)	94
Participant loans	112,635			(63,711)	8,323
Receivables	38,114				
Payables	(49,119)				
	-----	-----	-----	-----	-----
Total	\$2,608,942	\$150,748	\$924,565	(\$717,495)	\$267,603
	=====	=====	=====	=====	=====

<CAPTION>

	For the year ended December 31, 1997				
	Net appreciation (depreciation) in fair value of investments	Net loan activities	Transfers in (out)	Increase (decrease) in net assets	Net assets available for plan benefits at December 31, 1997
<S>	<C>	<C>	<C>	<C>	<C>
Merrill Lynch:					
Capital Fund	\$39,410	\$ 4,702	(\$22,890)	\$142,620	\$ 480,478
Growth Fund	108,116	(27,082)	5,276	425,456	1,620,852
Global Allocation Fund	(22,705)	(367)	(714)	126,877	725,417
Retirement Preservation Trust Fund		(17,611)	(18,094)	18,460	184,530
CMA Money Fund			24,395	24,395	84,095
The Gymboree Stock Fund	26,624	245	1,022	43,328	193,076
Participant loans		40,113		(15,275)	97,360
Receivables			(38,114)	(38,114)	--
Payables			49,119	49,119	--
Total	\$151,445	\$ --	\$ --	\$776,866	\$3,385,808
	=====	=====	=====	=====	=====

</TABLE>

See independent accountants' report and
accompanying notes to financial statements.

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GYMBOREE
401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 1998 and 1997

NOTE 1 - THE PLAN AND ITS SIGNIFICANT ACCOUNTING POLICIES:

The following description of the Gymboree 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

The Plan is a defined contribution plan that was established in 1992 by the The Gymboree Corporation (the Company) to provide benefits to eligible employees. The Plan covers all full-time employees of the Company who have completed one year of service and are age 21 or older. Effective December 1, 1998, the Company amended and restated the Plan and Trust Agreement designating Putnam Fiduciary Trust Company (Putnam) successor trustee of the Plan.

The Plan administrator believes that the Plan is currently designed and operated in compliance with the applicable requirements of the Internal Revenue Code and the provisions of the Employee Retirement Income Security Act (ERISA).

ADMINISTRATION -

The Company has appointed an Administrative Committee (the Committee) to manage the operation and administration of the Plan. Concurrent with the appointment of Putnam as successor trustee, the Committee designated Putnam to replace Van Kampen American Capital as custodian and third-party administrator. Substantially all expenses incurred for administering the Plan are paid by the Company.

INVESTMENTS -

Plan assets are invested in mutual funds and Gymboree Corporation common stock, The Gymboree Stock Fund, based solely on instructions received from participants. For the year ended December 31, 1997, Merrill Lynch Pierce Fenner and Smith (Merrill Lynch) was custodian of Plan assets and Plan investments included five mutual funds sponsored by Merrill Lynch. Effective January 1, 1998, Plan assets were transferred to the custody of Van Kampen American Capital (Van Kampen) and Merrill Lynch investment funds were replaced with seven new funds sponsored by Van Kampen. In conjunction with the appointment of Putnam as successor trustee of the Plan on December 1, 1998, Van Kampen funds were

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Plan investments in mutual funds as well as The Gymboree Stock Fund are valued at fair value as of the last day of the Plan year, as measured by quoted market prices.

VESTING -

Participants are immediately vested in their entire account balance.

INCOME TAXES -

The Plan has been amended since receiving its latest favorable determination letter dated June 1995. However, the Company intends that the Plan continue to qualify under the applicable requirements of the Internal Revenue Code and related state statutes, and is exempt from federal income and state franchise taxes.

ESTIMATES -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

RISKS AND UNCERTAINTIES -

The Plan provides for various investment options in any combination from among seven different Putnam mutual funds as well as The Gymboree Stock Fund. Investment securities are exposed to various risks, such as interest rate, market fluctuations and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statements of net assets available for plan benefits and the statements of changes in net assets available for plan benefits.

NOTE 2 - PARTICIPATION AND BENEFITS:

PARTICIPANT CONTRIBUTIONS -

Participants may elect to have the Company contribute a percentage, from 1% to 20%, of their eligible pre-tax compensation up to the amount allowable under current income tax regulations. Participants who elect to have the Company contribute a portion of their compensation to the Plan agree to accept an equivalent reduction in taxable compensation. Contributions withheld are invested in accordance with the participant's direction and are allocated to funds in 1% increments.

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Participants are also allowed to make rollover contributions of amounts received from other tax-qualified employer-sponsored retirement plans. Such contributions are deposited in the appropriate investment funds in accordance with the participant's direction and the Plan's provisions.

EMPLOYER CONTRIBUTIONS -

The Company is allowed to make discretionary matching contributions as defined in the Plan and as approved by the Board of Directors. In 1998 and 1997, the Company matched 50% of each eligible participant's contribution up to a maximum of \$500.

PARTICIPANT ACCOUNTS -

Each participant's account is credited with the participant's contribution, Plan earnings or losses and an allocation of the Company's contribution. Allocation of the Company's contribution is based on participant contributions.

PAYMENT OF BENEFITS -

Upon termination, the participant or beneficiary will receive the benefits in a lump-sum amount equal to the value of the participant's account. The Plan allows for automatic lump-sum distribution of participant account balances that do not exceed \$5,000.

The Plan allows participants to borrow not less than \$1,000 and up to the lesser of \$50,000 or 50% of their account balance. The loans are secured by the participant's account balance. Such loans bear interest at rates established by the Committee and must be repaid to the Plan within a five-year period, unless the loan is used for the purchase of a residence in which case the maximum repayment period may be extended. The Committee establishes the specific terms and conditions of such loans.

NOTE 3 - PLAN TERMINATION AND/OR MODIFICATION:

The Company intends to continue the Plan indefinitely for the benefit of its employees; however, it reserves the right to terminate and/or modify the Plan at any time by resolution of its Board of Directors and subject to the provisions of ERISA.

NOTE 4 - INVESTMENTS:

The following table includes the contract or fair values of investments and investment funds that represent 5% or more of the Plan's net assets at December 31:

<TABLE>
<CAPTION>

	1998	1997
	-----	-----
<S>	<C>	<C>
Putnam:		
The George Putnam Fund of Boston	\$ 5,565	
Investors Fund	1,695,818	
Voyager Fund	525,715	
Diversified Income Fund	65,858	
New Opportunities Fund	501,975	
International Growth Fund	699,949	
Stable Value Fund	571,253	
Merrill Lynch:		
Capital Fund		\$ 480,478
Growth Fund		1,620,852
Global Allocation Fund		725,417
Retirement Preservation Trust Fund		184,530
CMA Money Market Fund		84,095
The Gymboree Stock Fund	70,421	193,076
Participant loans	183,335	97,360
	-----	-----
Total investments at contract or fair value	\$4,319,889	\$3,385,808
	=====	=====

</TABLE>

NOTE 5 - PARTY IN INTEREST TRANSACTIONS:

As allowed by the Plan, participants may elect to invest a portion of their accounts in the common stock of the Company. The aggregate investment in Company common stock at December 31, 1998 and 1997 was as follows:

<TABLE>
<CAPTION>

	1998	1997
	-----	-----
<S>	<C>	<C>
Number of shares	11,045	7,053
Cost	\$224,931	\$191,372
Fair value	\$ 70,421	\$193,076

</TABLE>

NOTE 6 - YEAR 2000 COMPLIANCE (UNAUDITED):

The Plan, as with most users of computer software, was required to modify significant portions of its internally used software to enable it to function properly in the year 2000. In addition, the Plan must also insure that its service providers are in compliance with the year 2000 issue. Since the Plan uses mainly third-party software and service providers, it does not anticipate a

problem in resolving the year 2000 issue in a timely manner.

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the Registration Statement (Form S-8) pertaining to the Gymboree 401(k) Plan of our report dated August 18, 1999, with respect to the financial statements and schedules of the Gymboree 401(k) Plan included in this Annual Report (Form 11-K) for the year ended December 31, 1998.

MOHLER, NIXON & WILLIAMS
Accountancy Corporation

Campbell, California
August 18, 1999

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