

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10QSB

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d)

Filing Date: **1996-08-26** | Period of Report: **1996-07-31**  
SEC Accession No. **0000095898-96-000010**

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### FILER

#### SWISS CHALET INC

CIK: **95898** | IRS No.: **660200307** | State of Incorporation: **PR** | Fiscal Year End: **0430**  
Type: **10QSB** | Act: **34** | File No.: **000-02825** | Film No.: **96620675**  
SIC: **7011** Hotels & motels

Mailing Address  
BOX 12038  
LOIZA ST STATION  
SAN JUAN PR 00914

Business Address  
BOX 12038  
LOIZA ST STATION  
SAN JUAN PR 00914  
8097211200

FORM 10-QSB  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

( X ) Quarterly Report Under Section 13 or 15(d) of  
The Securities Exchange Act of 1934

For the Quarterly period Ended: July 31, 1996.

OR

( ) Transition Report Under Section 13 or 15(d)  
The Securities Exchange Act of 1934

Commission File Number 0-2825

SWISS CHALET, INC.

(Exact name of Registrant as specified in its charter)

COMMONWEALTH OF PUERTO RICO	66-020-0307
(State or other jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

105 De Diego Avenue  
Santurce, Puerto Rico 00911  
(Address of principal executive offices) (Zip Code)

(787) 721-1200  
(Registrant's telephone number, including area code)

Unchanged  
(Former name, former address and former fiscal year, if changed since last report)

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 requirements for the past 90 days.

Yes  No

Indicate by check mark whether the Registrant has filed all documents and reports required to be filed by Sections 12,13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock as of the latest practical date :

Number of shares of Common Stock outstanding at July 31,1996: 1,401,162

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL INFORMATION

SWISS CHALET, INC.  
CONDENSED STATEMENTS OF INCOME  
FOR THE THREE MONTHS ENDED JULY 1996 AND 1995

(UNAUDITED) - NOTE A

	THREE MONTHS ENDED JULY 31	
	1996	1995
Net Sales and Other Income	\$1,149,647	\$1,040,711
COST AND EXPENSES		
Cost of Sales	22,513	20,120
Operating Expenses and other deductions	861,988	821,578
NET INCOME	<u>\$ 265,146</u>	<u>199,013</u>
Weighted Average Number of Common Shares Outstanding	1,401,162	1,401,162
NET INCOME PER SHARE	0.19c	0.14c

SWISS CHALET, INC.  
CONDENSED BALANCE SHEET  
JULY 31, 1996  
(UNAUDITED) - NOTE A

	JULY 31 1996
ASSETS	
CURRENT ASSETS	
Cash and Cash equivalents	\$2,056,760
C.D. (over 3 months)	110,000
Accounts Receivable, Net	238,111
Inventories	25,621
Other Current Assets	( 941)
TOTAL CURRENT ASSETS	<u>\$2,429,551</u>
INVESTMENT IN CONDOMINIUM AND LAND PROPERTY, PLANT AND EQUIPMENT, Net	2,848,855
OTHER ASSETS	50,124
TOTAL ASSETS	<u>\$5,328,530</u>
LIABILITIES AND SHAREHOLDER'S EQUITY	
CURRENT LIABILITIES	
Accounts Payable and Accrued Expenses	\$ 393,454
Dividends Payable	82,484
TOTAL CURRENT LIABILITIES	<u>\$ 475,938</u>

Deferred Compensation Liability

39,600

SHAREHOLDER'S EQUITY

Common Stock at stated value	\$ 700,581
Additional paid in capital	24,069
Retained Earnings	4,088,342

\$4,812,992

TOTAL LIABILITIES

\$5,328,530

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SWISS CHALET, INC.

CONDENSED STATEMENTS OF CHANGES IN CASH FLOWS

FOR THE THREE MONTHS ENDED JULY 31, 1996 AND 1995

(UNAUDITED) - NOTE A

	THREE MONTHS ENDED JULY 31	
	1996	1995
Cash Flow from Operations :		
Net Income	\$ 265,146	\$ 199,013
Adjustments (net)	556	43,504
Net Cash from operations	<u>\$ 265,702</u>	<u>\$ 242,517</u>
Cash Flow from Investing activities	( 50,145)	\$ 557,808
Cash Flow from Financing activities	( 899,183)	( 761,100)
Increase/(Decrease) in Cash Flow	<u>\$ ( 683,626)</u>	<u>\$ 39,225</u>
Cash and Cash equivalents - beginning	2,740,386	1,208,013

Cash and Cash equivalents - ending	<u>\$2,056,760</u>	<u>\$1,247,238</u>
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SWISS CHALET, INC.  
NOTES TO CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited Condensed Financial Statements have been prepared in accordance with the instructions to Form 10-QSB and, therefore, do not include all information and footnotes necessary for a fair presentation of financial position in conformity with generally accepted accounting principles. The unaudited Condensed Financial Statements contain all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of Management, necessary to a fair statement of the results for the period presented. The interim results are not necessarily indicative of the results which may be expected for the full year. The subject Condensed Financial Statements should be read in conjunction with the summary of significant accounting policies set forth in Note 1 to the Financial Statements included in the Company's Annual Report to Shareholders for the year ended April 30, 1996.

Depreciation of the original building is spread over a 50 year life while equipment is depreciated over useful lives ranging from 5 to 10 years depending on its type.

NOTE B - PROVISIONS FOR INCOME TAX

Local Income Tax is not provided for until the year end. however, if such provision had been made it would have amounted to less than \$20,000.00 for the three month period.

NOTE C - REPAYMENT OF LONG TERM DEBT

Even through the outstanding debt with the Government Development Bank and PRIDCO was to be amortised monthly until 1995 the Company elected to make early repayment on September 1, 1993 thus avoiding further interest at 10%.

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PART I

SWISS CHALET, INC.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL  
CONDITION AND RESULTS OF OPERATIONS

The following is Management's discussion and analysis of certain significant factors which have affected the Company's earnings during the periods included in the accompanying Condensed Statements of Income.

A summary of the period to period changes in the principal items included in the Condensed Statement of Income is shown below:

THREE MONTHS ENDED  
JANUARY 31

	INCREASE (DECREASE)	%
	-----	-----
Net Sales & Other Income	\$ 108,936	10.5
Cost of Sales	2,393	11.9
Operation Expenses and Other Deductions	40,410	4.9
Net Income	66,133	33.2

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SWISS CHALET, INC.

The comparative table of occupancies and average rates is shown below for the three month period.

	Occupancy		Average Rate	
	1996	1995	1996	1995
May	66%	65%	\$86.96	\$85.99
June	70%	62%	87.16	84.03
July	70%	69%	85.35	78.64
Average 3 mon.	68%	65%	\$86.48	\$82.76

The Company continues to pursue its policy of lower rates both for groups and special weekends packages. Payroll costs remain reasonably well contained while other expense has increased a modest amount from the prior

year.

The Company's primary source of working capital is from funds provided from operations. Working capital increased over the three month period by \$297,271 and, as mentioned above, all long term debt has been repaid. The Company believes that it's excess cash from operations will be sufficient to finance it's long and short term capital needs including the payment of accrued dividends.

PART II

6. EXHIBITS AND REPORTS ON FORM 8K

NONE

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SWISS CHALET, INC.

SIGNATURES

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

SWISS CHALET, INC.

DATE : \_\_\_\_\_

BY: \_\_\_\_\_  
PETER D. SOMECH  
Treasurer, Director and  
Principal Financial Officer

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE 10QSB REPORT FOR THE QUARTER AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH 10QSB.

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<CIK> 0000095898

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