

Natural Grocers by Vitamin Cottage, Inc.  
Form 10-Q  
May 05, 2016  
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**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, 2016;**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT  
OF 1934**

**COMMISSION FILE NUMBER: 001-35608**

**Natural Grocers by Vitamin Cottage, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**45-5034161**

(I.R.S. Employer Identification Number)

**12612 West Alameda Parkway**                      **80228**  
**Lakewood, Colorado**

(Zip code)

(Address of principal executive offices)

**(303) 986-4600**

(Registrant's telephone number, including area code)

Indicate by checkmark 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 checkmark 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 checkmark 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).

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller Reporting Company

(Do not check if a smaller reporting company)

Indicate by checkmark 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, \$0.001 par value, outstanding as of May 3, 2016 was 22,503,644.



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**Natural Grocers by Vitamin Cottage, Inc.**

**Quarterly Report on Form 10-Q**

**For the Quarterly Period Ended March 31, 2016**

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*Except where the context otherwise requires or where otherwise indicated, all references herein to “we,” “us,” “our,” “Natural Grocers,” and the “Company” refer collectively to Natural Grocers by Vitamin Cottage, Inc. and its consolidated subsidiaries.*

**Forward-Looking Statements**

This Quarterly Report on Form 10-Q (this Form 10-Q) includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 in addition to historical information. These forward-looking statements are included throughout this Form 10-Q, including in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” All statements that are not statements of historical fact, including those that relate to matters such as our industry, business strategy, goals and expectations concerning our market position, future operations, margins, profitability, capital expenditures, liquidity and capital resources and other financial and operating information are forward-looking statements. We may use the words “anticipate,” “assume,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “future,” “target” and phrases to identify forward-looking statements in this Form 10-Q.

The forward-looking statements contained in this Form 10-Q are based on management’s current expectations and are subject to uncertainty and changes in circumstances. We cannot assure you that future developments affecting us will be those that we have anticipated. Actual results may differ materially from these expectations due to changes in global, regional or local political, economic, business, competitive, market, regulatory and other factors, many of which are beyond our control. We believe that these factors include those referenced in “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended September 30, 2015 (the Form 10-K). Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, our actual results may vary in material respects from those projected in these forward-looking statements.

Any forward-looking statement made by us in this Form 10-Q speaks only as of the date of this report. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by any applicable securities laws. You are advised, however, to consult any further disclosures we may make in our future reports filed with the Securities and Exchange Commission (the SEC). Such reports may be read and copied at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 and may also be accessed on the SEC’s website at [www.sec.gov](http://www.sec.gov). Our filings with the SEC are also available, free of charge, through our website at [www.naturalgrocers.com](http://www.naturalgrocers.com).

Table Of Contents**PART I. Financial Information****Item 1. Financial Statements****NATURAL GROCERS BY VITAMIN COTTAGE, INC.****Consolidated Balance Sheets****(Unaudited)***(Dollars in thousands, except per share data)*

	<b>March 31, 2016</b>	<b>September 30, 2015</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$5,600	2,915
Accounts receivable, net	2,270	2,576
Merchandise inventory	82,519	74,818
Prepaid expenses and other current assets	2,722	1,108
Deferred income tax assets	—	866
Total current assets	93,111	82,283
Property and equipment, net	158,813	145,219
Other assets:		
Deposits and other assets	902	778
Goodwill and other intangible assets, net of accumulated amortization of \$362 and \$683, respectively	5,607	5,623
Deferred financing costs, net	55	21
Total other assets	6,564	6,422
Total assets	\$258,488	233,924
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$55,188	49,896
Accrued expenses	14,671	19,649
Capital and financing lease obligations, current portion	418	333
Total current liabilities	70,277	69,878
Long-term liabilities:		
Capital and financing lease obligations, net of current portion	29,803	27,274

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Deferred income tax liabilities	9,987	6,073
Revolving credit facility	8,577	—
Deferred compensation	532	314
Deferred rent	7,760	6,922
Leasehold incentives	8,313	7,975
Total long-term liabilities	64,972	48,558
Total liabilities	135,249	118,436
Commitments (Note 5 and 11)		
Stockholders' equity:		
Common stock, \$0.001 par value, 50,000,000 shares authorized, 22,503,644 and 22,496,628 shares issued and outstanding, respectively	23	22
Additional paid-in capital	55,407	54,982
Retained earnings	67,809	60,484
Total stockholders' equity	123,239	115,488
Total liabilities and stockholders' equity	\$258,488	233,924

See accompanying notes to unaudited interim consolidated financial statements.

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**NATURAL GROCERS BY VITAMIN COTTAGE, INC.**

**Consolidated Statements of Income**

**(Unaudited)**

*(Dollars in thousands, except per share data)*

	<b>Three months ended March 31,</b>		<b>Six months ended March 31,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Net sales	\$177,395	157,744	345,181	303,631
Cost of goods sold and occupancy costs				