

ARTS WAY MANUFACTURING CO INC  
Form 10-Q  
October 06, 2016  
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 August 31, 2016  
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 No. 0-5131

ART'S-WAY MANUFACTURING CO., INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation or organization)

42-0920725

(I.R.S. Employer Identification No.)

5556 Highway 9

Armstrong, Iowa 50514

(Address of principal executive offices)

(712) 864-3131

(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.:

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a 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

Number of common shares outstanding as of September 16, 2016: 4,109,052

**Art's-Way Manufacturing Co., Inc.**

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**PART I – FINANCIAL INFORMATION****Item 1. Financial Statements****ART’S-WAY MANUFACTURING CO., INC.**

## Condensed Consolidated Balance Sheets

	(Unaudited)	
	<b>August 31, 2016</b>	<b>November 30, 2015</b>
<b>Assets</b>		
Current assets:		
Cash	\$ 501,053	\$ 447,231
Accounts receivable-customers, net of allowance for doubtful accounts of \$42,317 and \$18,778 in 2016 and 2015, respectively	2,700,314	1,882,528
Inventories, net	13,666,869	15,184,436
Deferred taxes	1,158,079	1,146,242
Cost and profit in excess of billings	331,969	206,672
Income taxes receivable	153,871	345,912
Assets of discontinued operations	430,451	694,556
Other current assets	272,871	54,742
Total current assets	19,215,477	19,962,319
Property, plant, and equipment, net	7,408,921	7,824,263
Assets held for sale, net	114,858	1,245,432
Goodwill	375,000	375,000
Other assets of discontinued operations	1,803,235	1,870,649
Other assets	65,944	53,945
Total assets	\$ 28,983,435	\$ 31,331,608
<b>Liabilities and Stockholders’ Equity</b>		
Current liabilities:		
Line of credit	\$ 3,434,114	\$ 3,959,656
Current portion of long-term debt	1,845,690	1,195,839
Accounts payable	1,118,261	495,867
Customer deposits	62,166	162,797
Billings in Excess of Cost and Profit	64,799	86,858
Accrued expenses	944,025	1,191,364
Liabilities of discontinued operations	245,427	245,733
Total current liabilities	7,714,482	7,338,114
Long-term liabilities		
Deferred taxes	793,828	846,960
Long-term liabilities of discontinued operations	618,194	715,946

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Long-term debt, excluding current portion	1,530,097	3,910,722
Total liabilities	10,656,601	12,811,742
Commitments and Contingencies (Notes 7 and 8)		
Stockholders' equity:		
Undesignated preferred stock - \$0.01 par value. Authorized 500,000 shares in 2016 and 2015; issued and outstanding 0 shares in 2016 and 2015.	-	-
Common stock – \$0.01 par value. Authorized 9,500,000 shares in 2016 and 2015; issued and outstanding 4,109,052 in 2016 and 4,061,052 in 2015	41,091	40,611
Additional paid-in capital	2,737,376	2,667,010
Retained earnings	15,548,367	15,812,245
Total stockholders' equity	18,326,834	18,519,866
Total liabilities and stockholders' equity	\$28,983,435	\$31,331,608

See accompanying notes to condensed consolidated financial statements.

**ART'S-WAY MANUFACTURING CO., INC.**

Condensed Consolidated Statements of Operations

(Unaudited)

	Three Months Ended		Nine Months Ended	
	<b>August 31,</b>	<b>August 31,</b>	<b>August 31,</b>	<b>August 31,</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Sales	\$6,431,217	\$6,514,327	\$17,441,869	\$20,604,932
Cost of goods sold	5,189,532	5,252,241	13,088,340	