

GOOD TIMES RESTAURANTS INC
Form 10-Q
August 15, 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 June 30, 2016

OR

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

Commission File Number: 0-18590

(Exact Name of
Registrant as Specified in
Its Charter)

NEVADA
(State or Other
Jurisdiction of
Incorporation or
Organization)

84-1133368
(I.R.S. Employer
Identification
Number)

141 UNION BLVD, SUITE 400, LAKEWOOD, CO 80228
(Address of Principal Executive Offices, Including Zip Code)
(303) 384-1400
(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 is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company, as defined in Rule 12b-2 of the Exchange Act

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a
shell company (as defined in Rule 12b-2 Yes No
of the Exchange Act).

As of August 15, 2016, there were 12,282,625 shares of the Registrant's
common stock, par value \$0.001 per share, issued and outstanding.

Form 10-Q
 Quarter Ended June 30, 2016

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ITEM 1. FINANCIAL STATEMENTS
 GOOD TIMES RESTAURANTS INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
 (In thousands except share and per share data)

	June 30, 2016	September 30, 2015
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$7,214	\$ 13,809
Receivables, net of allowance for doubtful accounts of \$0	743	189
Prepaid expenses and other	349	161
Inventories	602	510
Notes receivable	50	59
Total current assets	8,958	14,728
PROPERTY AND EQUIPMENT:		
Land and building	5,068	5,054
Leasehold improvements	13,930	10,294
Fixtures and equipment	14,693	12,096
Total property and equipment	33,691	27,444
Less accumulated depreciation and amortization	(14,853)	(13,222)
Total net property and equipment	18,838	14,222
Assets held for sale	93	0
OTHER ASSETS:		
Notes receivable	62	71
Trademarks	3,900	3,900
Other intangibles, net	96	117
Goodwill	15,076	15,066
Deposits and other assets	120	124
Total other assets	19,254	19,278
TOTAL ASSETS	\$47,143	\$ 48,228
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Current maturities of long-term debt and capital lease obligations	\$191	\$ 2,617
Accounts payable	2,293	2,733
Deferred income	25	25
Other accrued liabilities	2,540	1,883
Total current liabilities	5,049	7,258
LONG-TERM LIABILITIES:		
Long-term debt due after one year	962	1,093
Capital lease obligations due after one year	1	11
Deferred and other liabilities	3,696	1,609
Total long-term liabilities	4,659	2,713
STOCKHOLDERS' EQUITY:		
Good Times Restaurants Inc. stockholders' equity:		
Preferred stock, \$.01 par value; 5,000,000 shares authorized, no shares issued and outstanding as of June 30, 2016 and September 30, 2015	0	0

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Common stock, \$.001 par value; 50,000,000 shares authorized, 12,282,625 and 12,259,550 shares issued and outstanding as of June 30, 2016 and September 30, 2015, respectively	12	12
Capital contributed in excess of par value	58,005	57,434
Accumulated deficit	(22,054)	(20,804)
Total Good Times Restaurants Inc. stockholders' equity	35,963	36,642
Non-controlling interests	1,472	1,615
Total stockholders' equity	37,435	38,257
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$47,143	\$ 48,228

See accompanying notes to condensed consolidated financial statements

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands except share and per share data)

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
NET REVENUES:				
Restaurant sales	\$17,879	\$12,772	\$46,676	\$29,165
Franchise royalties and fees	187	165	546	342
Total net revenues	18,066	12,937	47,222	29,507
RESTAURANT OPERATING COSTS:				
Food and packaging costs	5,563	4,137	14,853	9,760
Payroll and other employee benefit costs	6,064	4,107	16,230	9,553
Restaurant occupancy and other operating costs	2,855	2,003	7,732	4,797
Preopening costs	127	156	1,428	578
Depreciation and amortization	584	351	1,592	813
Total restaurant operating costs	15,193	10,754	41,835	25,501
General and administrative costs	1,585	1,131	4,701	2,926
Advertising costs	419	327	1,137	848
Acquisition costs	0	365	0	562
Franchise costs	28	32	82	85
Gain on restaurant asset sale	(7	) (7	) (19	) (19
INCOME (LOSS) FROM OPERATIONS	848	335	(514)	(396)
Other Income (Expenses):				
Interest income (expense), net	(24	) (21	) (90	) (22
Affiliate investment expense	0	(18	) 0	(5
Other income (loss)	(1	) (2	) (1	) (5
Total other expenses, net	(25	) (41	) (91	) (32
NET INCOME (LOSS)	\$823	\$294	\$(605)	\$(428)
Income attributable to non-controlling interests	(276	) (188	) (645	) (311
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$547	\$106	\$(1,250)	\$(739)
BASIC AND DILUTED INCOME (LOSS) PER SHARE:				
Net income (loss) attributable to Common Shareholders	\$.04	\$.01	\$ (.10	) \$(.07
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic	12,270,900	11,144,262	12,264,622	9,924,190
Diluted	12,544,001	11,534,951	N/A	N/A

See accompanying notes to condensed consolidated financial statements

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GOOD TIMES RESTAURANTS INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (Unaudited)
 (In thousands)

	Nine months Ended June 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$(605)	\$(428)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	1,669	868
Accretion of deferred rent	288	91
Amortization of lease incentive obligation	(161)	(26)
Stock-based compensation expense	532	317
Affiliate investment income	0	5
Recognition of deferred gain on sale of restaurant building	(19)	(19)
Changes in operating assets and liabilities:		
Change in:		
Receivables and other	(554)	35
Inventories	(92)	(38)
Deposits and other	(192)	(96)
Change in:		
Accounts payable	115	209
Deferred liabilities	1,989	166
Accrued and other liabilities	637	(77)
Net cash provided by operating activities	3,607	1,007
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for the purchase of property and equipment	(6,910)	(4,372)
Proceeds from sale leaseback transaction	0	1,521
Proceeds from sale of assets	6	0
Acquisition of BDI, net of cash acquired	0	(17,612)
Payments received from franchisees and others	18	7
Net cash used in investing activities	(6,886)	(20,456)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from stock sale	0	20,651
Proceeds from warrant exercises, net	0	3,221
Proceeds from stock option exercises	39	45
Principal payments on notes payable and long-term debt	(2,567)	(88)
Borrowings on notes payable and long-term debt	0	1,118
Distributions to non-controlling interests	(788)	(205)
Net cash provided by (used in) financing activities	(3,316)	24,742
NET CHANGE IN CASH AND CASH EQUIVALENTS	(6,595)	5,293
CASH AND CASH EQUIVALENTS, beginning of period	13,809	9,894
CASH AND CASH EQUIVALENTS, end of period	\$7,214	