

NOBLE ROMANS INC
Form 10-Q
November 14, 2016

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 September 30, 2016

Commission file number: 0-11104

NOBLE ROMAN'S, INC.
(Exact name of registrant as specified in its charter)

Indiana 35-1281154
(State or other jurisdiction of organization) (I.R.S. Employer Identification No.)

One Virginia Avenue, Suite 300 46204
Indianapolis, Indiana
(Address of principal executive offices) (Zip Code)

(317) 634-3377
(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 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

As of November 9, 2016, there were 20,783,032 shares of Common Stock, no par value, outstanding.

PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

The following unaudited condensed consolidated financial statements are included herein:

Condensed consolidated balance sheets as of December 31, 2015 and September 30, 2016 (unaudited)	Page 3
Condensed consolidated statements of operations for the three-month and nine-month periods ended September 30, 2015 and 2016 (unaudited)	Page 4
Condensed consolidated statements of changes in stockholders' equity for the nine-month period ended September 30, 2016 (unaudited)	Page 5
Condensed consolidated statements of cash flows for the nine-month period ended September 30, 2015 and 2016 (unaudited)	Page 6
Notes to condensed consolidated financial statements (unaudited)	Page 8

Noble Roman's, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(Unaudited)

Assets	December 31, 2015	September 30, 2016
Current assets:		
Cash	\$194,021	\$175,235
Accounts receivable - net	2,007,751	2,323,301
Inventories	492,222	743,022
Prepaid expenses	634,016	869,853
Deferred tax asset - current portion	925,000	925,000
Total current assets	4,253,010	5,036,411
Property and equipment:		
Equipment	1,376,190	1,829,736
Leasehold improvements	88,718	88,718
	1,464,908	1,918,454
Less accumulated depreciation and amortization	1,092,785	1,157,927
Net property and equipment	372,123	760,527
Deferred tax asset (net of current portion)	8,158,523	8,536,518
Other assets including long-term portion of receivables - net	5,681,272	4,545,092
Total assets	\$18,464,928	\$18,878,548
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of term loan payable to bank	\$601,081	\$1,530,385
Current portion of loan payable to Super G Funding, LLC	-	1,250,000
Note payable to Kingsway America	-	600,000
Accounts payable and accrued expenses	847,418	337,254
Total current liabilities	1,448,499	3,717,639
Long-term obligations:		
Term loans payable to bank – net of current portion	1,366,454	-
Loan payable to Super G Funding, LLC (net of current portion)	-	576,418
Notes payable to officers	175,000	310,000
Note payable to Kingsway America	600,000	-
Total long-term liabilities	2,141,454	886,418
Stockholders' equity:		
Common stock – no par value (25,000,000 shares authorized, 20,775,921 issued and outstanding as of December 31, 2015 and 20,783,032 issued and outstanding as of September 30, 2016)	24,294,002	24,304,841
Accumulated deficit	(9,419,027)	(10,030,350)
Total stockholders' equity	14,874,975	14,274,491

Total liabilities and stockholders' equity	\$18,464,928	\$18,878,548
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See accompanying notes to condensed consolidated financial statements (unaudited).

Noble Roman's, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)

	Three-Months Ended September 30,		Nine-Months Ended September 30,	
	2015	2016	2015	2016
Revenue:				
Royalties and fees	\$1,848,207	\$1,953,843	\$5,647,290	\$5,544,389
Administrative fees and other	18,544	12,459	45,178	34,168
Restaurant revenue	51,689	55,691	148,763	162,737
Total revenue	1,918,440	2,021,993	5,841,231	5,741,294
Operating expenses:				
Salaries and wages	287,972	275,694	859,846	759,603
Trade show expenses	143,016	124,209	405,601	383,086
Travel expenses	57,145	57,010	171,698	152,684
Broker commissions	-	10,421	-	32,241
Other operating expenses	202,624	200,367	604,215	575,651
Restaurant expenses	47,539	51,270	148,974	141,175
Depreciation and amortization	26,354	31,675	79,063	92,763
General and administrative	418,784			