

WESTERN SIZZLIN CORP

Form 10-Q

August 14, 2008

[Table of Contents](#)

**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, 2008, 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 number 0-25366

Western Sizzlin Corporation

Edgar Filing: WESTERN SIZZLIN CORP - Form 10-Q

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

416 South Jefferson Street, Suite 600, Roanoke, Virginia

(Address of Principal Executive Offices)

86-0723400

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

24011

(Zip Code)

(540) 345-3195

Edgar Filing: WESTERN SIZZLIN CORP - Form 10-Q

(Registrant's Telephone Number Including Area Code)

Edgar Filing: WESTERN SIZZLIN CORP - Form 10-Q

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. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

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 August 14, 2008, there were 2,831,884 shares of common stock outstanding.

Table of Contents

Western Sizzlin Corporation

Form 10-Q
Six Months Ended June 30, 2008
Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

<u>Consolidated Balance Sheets – June 30, 2008 and December 31, 2007</u>	3
<u>Consolidated Statements of Operations – Three Months and Six Months Ended June 30, 2008 and 2007</u>	4
<u>Consolidated Statement of Changes in Stockholders’ Equity – Six Months Ended June 30, 2008</u>	5
<u>Consolidated Statements of Cash Flows – Six Months Ended June 30, 2008 and 2007</u>	6
<u>Notes to Consolidated Financial Statements</u>	7-16
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	16-24
<u>Item 3. Quantitative and Qualitative Disclosure about Market Risk</u>	24-25
<u>Item 4T. Controls and Procedures</u>	25

PART II. OTHER INFORMATION

<u>Item 1. Legal Proceedings</u>	26
<u>Item 1.A. Risk Factors</u>	26
<u>Item 4. Submission of Matters to a Vote of Security Holders</u>	26
<u>Item 6. Exhibits</u>	26
<u>Signatures</u>	27
<u>Exhibit Index</u>	28

Table of Contents

PART I. FINANCIAL INFORMATION

WESTERN SIZZLIN CORPORATION

Consolidated Balance Sheets

June 30, 2008 and December 31, 2007

Edgar Filing: WESTERN SIZZLIN CORP - Form 10-Q

	June 30, 2008 (unaudited)	December 31, 2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 638,931	\$ 727,378
Trade accounts receivable, net of allowance for doubtful accounts of \$254,990 in 2008 and \$198,425 in 2007	926,029	994,085
Current installments of notes receivable, less allowance for impaired notes of \$62,926 in 2008 and \$50,904 in 2007	214,692	219,501
Other receivables	105,281	132,283
Income taxes receivable	108,551	90,161
Inventories	87,948	73,017
Prepaid expenses	223,521	228,396
Deferred income taxes	427,094	404,334
Total current assets	2,732,047	2,869,155
Notes receivable, less allowance for impaired notes receivable of \$6,980 in 2008 and \$15,501 in 2007, excluding current installments	549,637	625,231
Property and equipment, net	1,678,131	1,877,694
Investment in real estate	3,745,152	3,745,152
Investments in marketable securities	11,196,845	15,896,865
Franchise royalty contracts, net of accumulated amortization of \$9,139,283 in 2008 and \$8,824,135 in 2007	315,148	630,296
Goodwill	4,310,200	4,310,200
Financing costs, net of accumulated amortization of \$193,970 in 2008 and \$192,832 in 2007	6,240	7,378
Investment in unconsolidated joint venture	332,322	304,996
Deferred income taxes	363,728	235,655
Other assets	5,760	6,450
	\$ 25,235,210	\$ 30,509,072
Liabilities and Stockholders Equity		
Current liabilities:		
Note payable line of credit	\$	\$ 2,000,000
Due to broker	368	342,022
Current installments of long-term debt	104,433	118,783
Current installment of long-term debt, secured by land held for investment	264,122	
Accounts payable	739,901	733,983
Accrued expenses and other	1,388,650	1,283,237
Total current liabilities	2,497,474	4,478,025
Long-term debt, excluding current installments	512,800	566,272
Long-term debt, secured by land held for investment, excluding current installments	2,377,098	
Other long-term liabilities	97,597	89,039
	5,484,969	5,133,336
Minority interest	1,462,920	1,873,748
Commitments and contingencies		
Stockholders equity:		
Convertible preferred stock, series A, \$10 par value (involuntary liquidation preference of \$10 per share). Authorized 25,000 shares; none issued and outstanding		
Convertible preferred stock, series B, \$1 par value (involuntary liquidation preference of \$1 per share). Authorized 875,000 shares; none issued and outstanding		
Common stock, \$0.01 par value. Authorized 10,000,000 shares; issued and outstanding 2,762,321 in 2008 and 2,696,625 in 2007	27,624	26,967
Additional paid-in capital	21,274,929	20,415,785
Retained earnings (accumulated deficit)	(2,828,830)	2,978,189
Accumulated other comprehensive income (loss) unrealized holding gains (losses), net of taxes	(186,402)	81,047
Total stockholders equity	18,287,321	23,501,988
	\$ 25,235,210	\$ 30,509,072

See accompanying notes to consolidated financial statements.