

ARTS WAY MANUFACTURING CO INC  
Form 10-Q  
October 09, 2018

**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, 2018

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 every Interactive Data File required to be submitted 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 such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 October 2, 2018: 4,207,144

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**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, 2018</b>	<b>November 30, 2017</b>
<b>Assets</b>		
Current assets:		
Cash	\$4,888	\$212,400
Accounts receivable-customers, net of allowance for doubtful accounts of \$24,630 and \$32,298 in 2018 and 2017, respectively	2,141,167	1,910,294
Inventories, net	10,668,767	11,966,722
Cost and profit in excess of billings	79,602	65,146
Net investment in sales-type leases, current	142,242	-
Assets of discontinued operations	-	2,454
Other current assets	175,735	275,755
Total current assets	13,212,401	14,432,771
Property, plant, and equipment, net	5,654,140	5,946,957
Assets held for lease, net	1,663,855	1,217,164
Deferred income taxes	1,005,250	901,396
Goodwill	375,000	375,000
Net investment in sales-type leases, long-term	186,779	-
Other assets of discontinued operations	-	1,425,000
Other assets	77,824	81,545
Total assets	\$22,175,249	\$24,379,833
<b>Liabilities and Stockholders’ Equity</b>		
Current liabilities:		
Line of credit	\$2,693,530	\$2,462,530
Current portion of long-term debt	225,405	221,230
Accounts payable	846,596	673,653
Customer deposits	133,924	600,325
Billings in Excess of Cost and Profit	71,723	48,211
Accrued expenses	1,234,306	981,558
Liabilities of discontinued operations	-	59,149

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Income taxes payable	3,500	3,100
Total current liabilities	5,208,984	5,049,756
Long-term liabilities		
Long-term liabilities of discontinued operations	-	590,366
Long-term debt, excluding current portion	2,580,387	2,748,677
Total liabilities	7,789,371	8,388,799
Commitments and Contingencies (Notes 8 and 9)		
Stockholders' equity:		
Undesignated preferred stock - \$0.01 par value. Authorized 500,000 shares in 2018 and 2017; issued 0 shares in 2018 and 2017.	-	-
Common stock – \$0.01 par value. Authorized 9,500,000 shares in 2018 and 2017; issued 4,216,430 in 2018 and 4,158,752 in 2017	42,164	41,587
Additional paid-in capital	3,016,565	2,859,052
Retained earnings	11,354,884	13,353,830
Accumulated other comprehensive income	-	(257,010 )
Treasury stock, at cost (9,286 in 2018 and 1,954 in 2017 shares)	(27,735 )	(6,425 )
Total stockholders' equity	14,385,878	15,991,034
Total liabilities and stockholders' equity	\$22,175,249	\$24,379,833

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>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Sales	\$5,280,269	\$6,549,772	\$15,940,268	\$15,660,294
Cost of goods sold	4,105,012	5,104,826	12,504,621	12,290,041
Gross profit	1,175,257	1,444,946	3,435,647	3,370,253
Expenses:				