

NORTECH SYSTEMS INC
Form 10-Q
May 04, 2016
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**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 March 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

NORTECH SYSTEMS INCORPORATED

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Commission file number **0-13257**

State of Incorporation: **Minnesota**

IRS Employer Identification No. **41-1681094**

Executive Offices: **7550 Meridian Circle N, Suite # 150, Maple Grove, MN 55369**

Telephone number: **(952) 345-2244**

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 Regulations 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

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 shares of \$.01 par value common stock outstanding at April 28, 2016 - 2,747,831

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	MARCH 31 2016 (Unaudited)	DECEMBER 31 2015
ASSETS		
Current Assets		
Cash	\$ 740,884	\$ 887
Accounts Receivable, Less Allowance for Uncollectible Accounts	16,192,500	18,431,746
Inventories, Less Reserve for Excess and Obsolete	21,246,345	20,185,445
Prepaid Expenses	1,276,416	1,452,656
Income Taxes Receivable	288,254	302,005
Total Current Assets	39,744,399	40,372,739
Property and Equipment, Net	10,770,830	10,507,748
Other Intangible Assets, Net	2,004,756	2,052,420
Goodwill	3,283,454	3,283,454
Deferred Tax Assets	341,501	341,000
Other Assets	7,726	7,726
Total Assets	\$ 56,152,666	\$ 56,565,087
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Current Maturities of Long-Term Debt	\$ 1,454,407	\$ 1,495,513
Accounts Payable	12,197,858	13,041,377
Accrued Payroll and Commissions	3,709,601	3,139,698
Other Accrued Liabilities	1,662,739	1,987,740
Income Taxes Payable	(20,700)	7,382
Total Current Liabilities	19,003,905	19,671,710
Long-Term Liabilities		
Line of Credit	\$ 8,223,127	\$ 7,691,237
Long-Term Debt, Net of Current Maturities	5,673,259	5,954,669
Other Long-Term Liabilities	916,599	975,615
Total Long-Term Liabilities	14,812,985	14,621,521
Total Liabilities	33,816,890	34,293,231
Shareholders' Equity		
Preferred Stock, \$1 par value; 1,000,000 Shares Authorized: 250,000 Shares Issued and Outstanding	250,000	250,000
Common Stock - \$0.01 par value; 9,000,000 Shares Authorized: 2,746,325 Shares Issued and Outstanding	27,463	27,463
Additional Paid-In Capital	15,767,007	15,766,013

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Accumulated Other Comprehensive Loss		(62,936)		(62,936)
Retained Earnings		6,354,242		6,291,316
Total Shareholders' Equity		22,335,776		22,271,856
Total Liabilities and Shareholders' Equity	\$	56,152,666	\$	56,565,087

See Accompanying Condensed Notes to Consolidated Financial Statements

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NORTECH SYSTEMS INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

	THREE MONTHS ENDED	
	2016	2015
	MARCH 31	
Net Sales	\$ 28,950,042	\$ 26,539,622
Cost of Goods Sold	25,571,481	23,673,467
Gross Profit	3,378,561	2,866,155
Operating Expenses		
Selling Expenses	1,303,490	1,363,442
General and Administrative Expenses	1,854,123	1,704,314
Total Operating Expenses	3,157,613	3,067,756
Income (Loss) From Operations	220,948	(201,601)
Other Expense		
Interest Expense		