

ARTS WAY MANUFACTURING CO INC  
Form 10-Q  
October 14, 2011

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, 2011
- 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 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  (Do not check if a smaller reporting company)

Smaller reporting company

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

Number of common shares outstanding as of August 31, 2011: 4,023,852

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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

Assets	(Unaudited) August 31, 2011	November 30, 2010
Current assets:		
Cash	\$213,893	\$317,103
Accounts receivable-customers, net of allowance for doubtful accounts of \$67,081 and \$114,834 in 2011 and 2010, respectively	3,345,467	2,493,624
Inventories, net	13,136,600	13,795,816
Deferred taxes	877,113	821,000
Cost and Profit in Excess of Billings	-	256,739
Other current assets	297,962	245,774
Total current assets	17,871,035	17,930,056
Property, plant, and equipment, net	8,278,901	8,038,733
Assets held for lease, net	472,095	313,773
Covenant not to Compete, net	75,000	120,000
Goodwill	375,000	375,000
Total assets	\$27,072,031	\$26,777,562
Liabilities and Stockholders' Equity		
Current liabilities:		
Notes payable to bank	\$2,475,387	\$2,084,000
Current portion of term debt	638,528	615,294
Accounts payable	698,745	1,008,688
Customer deposits	285,767	440,888
Billings in Excess of Cost and Profit	340,481	41,571
Accrued expenses	1,320,566	1,381,098
Income taxes payable	55,540	594,816
Total current liabilities	5,815,014	6,166,355
Long-term liabilities		
Deferred taxes	739,425	568,000
Term debt, excluding current portion	5,976,073	6,452,750
Total liabilities	12,530,512	13,187,105
Stockholders' equity:		
Common stock – \$0.01 par value. Authorized 5,000,000 shares; issued and outstanding 4,023,852 and 4,008,352 shares in 2011 and 2010	40,238	40,084
Additional paid-in capital	2,453,574	2,328,668
Retained earnings	12,047,707	11,221,705
Total stockholders' equity	14,541,519	13,590,457
Total liabilities and stockholders' equity	\$27,072,031	\$26,777,562

See accompanying notes to unaudited condensed consolidated financial statements.



ART'S-WAY MANUFACTURING CO., INC.  
Condensed Consolidated Statements of Operations  
(Unaudited)

	Three Months Ended		Nine Months Ended	
	August 31, 2011	August 31, 2010	August 31, 2011	August 31, 2010
Net sales	\$9,252,063	\$10,581,783	\$21,761,551	\$22,909,802
Cost of goods sold	6,544,644	8,004,666	\$16,622,309	\$17,437,158
Gross profit	2,707,419	2,577,117	5,139,242	5,472,644
Expenses:				
Engineering	91,840	102,042	\$330,482	\$309,342
Selling	447,103	549,959	\$1,320,115	\$1,476,102
General and administrative	730,569	654,234	\$2,161,519	\$2,081,037
Total expenses	1,269,512	1,306,235	3,812,116	3,866,481
Income from operations	1,437,907	1,270,882		