

NORTECH SYSTEMS INC
Form 10-Q
August 05, 2015
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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 June 30, 2015

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, Maple Grove, MN 55369**

Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report: **1120**

Wayzata Blvd E., Suite 201, Wayzata, MN 55391

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
Non-accelerated Filer

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 July 31, 2015 - 2,746,325

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Table of Contents**PART 1****ITEM 1. FINANCIAL STATEMENTS****NORTECH SYSTEMS INCORPORATED AND SUBSIDIARY****CONSOLIDATED BALANCE SHEETS**

	June 30 2015 (Unaudited)	DECEMBER 31 2014
ASSETS		
Current Assets		
Cash	\$ 68,783	\$ 66,371
Accounts Receivable, Less Allowance for Uncollectible Accounts	16,656,851	17,367,668
Inventories	20,605,081	18,528,418
Prepaid Expenses	1,308,360	816,775
Income Taxes Receivable	842,106	465,236
Deferred Income Taxes	436,000	436,000
Total Current Assets	39,917,181	37,680,468
Property and Equipment, Net	11,042,807	10,888,717
Other Assets	114,481	117,127
Total Assets	\$ 51,074,469	\$ 48,686,312
LIABILITIES AND SHAREHOLDERS EQUITY		
Current Liabilities		
Current Maturities of Long-Term Debt	857,027	732,835
Accounts Payable	11,016,512	9,008,426
Accrued Payroll and Commissions	2,542,976	2,896,557
Other Accrued Liabilities	818,120	732,012
Total Current Liabilities	15,234,635	13,369,830
Long-Term Liabilities		
Line of Credit	8,471,042	7,998,184
Long-Term Debt, Net of Current Maturities	4,819,406	4,072,506
Deferred Income Taxes	149,000	149,000
Other Long-Term Liabilities	132,235	268,400
Total Long-Term Liabilities	13,571,683	12,488,090
Total Liabilities	28,806,318	25,857,920
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	27,430
Additional Paid-In Capital	15,762,035	15,751,160
Accumulated Other Comprehensive Loss	(62,936)	(62,936)
Retained Earnings	6,291,589	6,862,738
Total Shareholders Equity	22,268,151	22,828,392

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Total Liabilities and Shareholders	Equity	\$	51,074,469	\$	48,686,312
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See Accompanying Condensed Notes to Consolidated Financial Statements

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	THREE MONTHS ENDED	
	JUNE 30	
	2015	2014
Net Sales	\$ 26,801,473	\$ 27,408,467
Cost of Goods Sold	24,371,349	24,125,488
Gross Profit	2,430,124	3,282,979
Operating Expenses		
Selling Expenses	1,310,355	1,145,245
General and Administrative Expenses	1,603,129	1,790,557
Total Operating Expenses	2,913,484	2,935,802
Income (Loss) From Operations	(483,360)	347,177
Other Expense		