

GOOD TIMES RESTAURANTS INC
Form 10-Q
August 14, 2012

**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, 2012

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

Commission File Number: 0-18590

GOOD TIMES RESTAURANTS, INC.

(Exact Name of Registrant as Specified in Its Charter)

NEVADA

84-1133368

(State or Other Jurisdiction of

(I.R.S. Employer Identification Number)

Incorporation or Organization)

601 CORPORATE CIRCLE, GOLDEN, CO 80401

(Address of Principal Executive Offices, Including Zip Code)

(303) 384-1400

(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 is a large accelerated filer, an accelerated filer, a non-accelerated filer or
a smaller reporting company, as defined 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

Yes

No

Rule 12b-2 of the Exchange Act).

As of August 14, 2012, there were 2,726,214 shares of the Registrant's common stock, par value \$0.001 per share,
issued and outstanding.

Form 10-Q

Quarter Ended June 30, 2012

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PART I. - FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****GOOD TIMES RESTAURANTS INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****(Unaudited)****ASSETS**

	June 30, <u>2012</u>	September 30, <u>2011</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$569,000	\$847,000
Receivables, net of allowance for doubtful accounts of \$0	96,000	106,000
Prepaid expenses and other	53,000	47,000
Inventories	178,000	191,000
Notes receivable	<u>8,000</u>	<u>5,000</u>
Total current assets	904,000	1,196,000
PROPERTY AND EQUIPMENT, at cost:		
Land and building	6,738,000	6,969,000
Leasehold improvements	3,584,000	3,617,000
Fixtures and equipment	<u>7,565,000</u>	<u>7,669,000</u>
	17,887,000	18,255,000
Less accumulated depreciation and amortization	<u>(12,874,000)</u>	<u>(12,533,000)</u>
	5,013,000	5,722,000
OTHER ASSETS:		
Notes receivable, net of current portion	15,000	10,000
Deposits and other assets	<u>128,000</u>	<u>71,000</u>
	<u>143,000</u>	<u>81,000</u>
TOTAL ASSETS	<u>\$6,060,000</u>	<u>\$6,999,000</u>

LIABILITIES AND STOCKHOLDERS' EQUITY**CURRENT LIABILITIES:**

Current maturities of long-term debt, net of discounts of

\$13,000 and \$26,000 respectively	\$219,000	\$195,000
Accounts payable	499,000	496,000
Deferred income	94,000	101,000
Other accrued liabilities	<u>960,000</u>	<u>892,000</u>
Total current liabilities	1,772,000	1,684,000

LONG-TERM LIABILITIES:

Debt, net of current portion and net of discounts of \$0 and \$7,000, respectively

Deferred liabilities	<u>700,000</u>	<u>728,000</u>
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Total long-term liabilities	2,506,000	2,795,000
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GOOD TIMES RESTAURANTS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (Continued)

(Unaudited)

	June 30, <u>2012</u>	September 30, <u>2011</u>
STOCKHOLDERS' EQUITY:		
Good Times Restaurants Inc stockholder's equity:		
Preferred stock, \$.01 par value;		
5,000,000 shares authorized, none issued and outstanding		
as of June 30, 2012 and September 30, 2011	-	-
Common stock, \$.001 par value; 50,000,000 shares authorized		
2,726,214 shares issued and outstanding		
as of June 30, 2012 and September 30, 2011	8,000	8,000
Capital contributed in excess of par value	20,026,000	19,977,000
Accumulated deficit	<u>(18,456,000)</u>	<u>(17,680,000)</u>
Total Good Times Restaurants Inc stockholders' equity	1,578,000	2,305,000
Non-controlling interest in partnerships	<u>204,000</u>	<u>215,000</u>
Total stockholders' equity	1,782,000	2,520,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$6,060,000</u>	<u>\$6,999,000</u>

See accompanying notes to condensed consolidated financial statements

GOOD TIMES RESTAURANTS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
NET REVENUES:				
Restaurant sales, net	\$5,123,000	\$5,299,000	\$14,339,000	\$14,888,000
Franchise revenues	<u>125,000</u>	<u>114,000</u>	<u>325,000</u>	<u>313,000</u>
Total revenues	5,248,000	5,413,000	14,664,000	15,201,000
RESTAURANT OPERATING COSTS:				
Food and packaging costs	1,748,000	1,928,000	4,961,000	5,345,000
Payroll and other employee benefit costs	1,685,000	1,776,000	4,992,000	5,261,000
Occupancy and other operating costs	984,000	1,018,000	2,982,000	3,122,000
Depreciation and amortization	<u>201,000</u>	<u>198,000</u>	<u>607,000</u>	<u>605,000</u>
Total restaurant operating costs	4,618,000	4,920,000	13,542,000	14,333,000
General and administrative costs	333,000	312,000	1,027,000	989,000
Advertising costs	205,000	139,000	638,000	553,000
Franchise costs	14,000	16,000	42,000	53,000
Gain on sale of restaurant buildings and equipment	<u>(6,000)</u>	<u>(69,000)</u>	<u>(27,000)</u>	<u>(167,000)</u>
INCOME (LOSS) FROM OPERATIONS	84,000	95,000	(558,000)	(560,000)
OTHER INCOME AND (EXPENSES):				
Unrealized income on interest rate swap	4,000	2,000	16,000	25,000
Other income (expense)	(1,000)	-	(14,000)	23,000
Interest expense, net	<u>(50,000)</u>	<u>(57,000)</u>	<u>(154,000)</u>	<u>(225,000)</u>
Total other income and (expenses)	<u>(47,000)</u>	<u>(55,000)</u>	<u>(152,000)</u>	<u>(177,000)</u>
NET INCOME (LOSS)	<u>\$37,000</u>	<u>\$40,000</u>	<u>(\$710,000)</u>	<u>(\$737,000)</u>
Net income attributable to non-controlling interest	<u>(50,000)</u>	<u>(47,000)</u>	<u>(66,000)</u>	<u>(74,000)</u>
NET LOSS ATTRIBUTABLE TO GOOD TIMES RESTAURANTS INC	<u>(\$13,000)</u>	<u>(\$7,000)</u>	<u>(\$776,000)</u>	<u>(\$811,000)</u>
Net loss per share - basic and diluted				
Net loss	\$.01	\$.01	(\$.26)	(\$.31)
Net loss attributable to Good Times Restaurants Inc	\$.00	\$.00	(\$.28)	(\$.35)
WEIGHTED AVERAGE COMMON SHARES AND EQUIVALENTS USED IN	2,726,214	2,726,214	2,726,214	2,344,697

PER SHARE CALCULATION: BASIC
AND DILUTED

See accompanying notes to condensed consolidated financial statements

GOOD TIMES RESTAURANTS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Nine Months Ended June 30,	
	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	(\$710,000)	(\$737,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	607,000	605,000
Amortization of debt issuance costs	19,000	41,000
Stock based compensation expense	49,000	46,000
Unrealized gain on interest rate swap	(16,000)	(25,000)
Accretion of deferred rent	-	(46,000)
Recognition of deferred gain on sale of restaurant building	(18,000)	(79,000)
Gain on disposal of property and equipment	(9,000)	(88,000)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Receivables and other	9,000	(22,000)
Inventories	13,000	9,000
Deposits and other	(5,000)	(78,000)
(Decrease) increase in:		
Accounts payable	3,000	(72,000)
Accrued liabilities and deferred income	<u>(5,000)</u>	<u>(192,000)</u>
Net cash used in operating activities	(63,000)	(638,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of fixed assets	305,000	1,141,000
Payments for the purchase of property and equipment	(148,000)	(77,000)
Payments received (loans made) to franchisees and to others	<u>(8,000)</u>	<u>-</u>
Net cash provided by investing activities	149,000	1,064,000
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from common stock sale	-	1,727,000
Principal payments on notes payable and long-term debt	(287,000)	(1,551,000)
Distributions paid to non-controlling interests	<u>(77,000)</u>	<u>(62,000)</u>
Net cash provided by (used in) financing activities	<u>(364,000)</u>	