WESTERN SIZZLIN CORP Form 10-Q November 14, 2008 Table of Contents

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

# **FORM 10-Q**

(Mark One)

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

For the quarterly period ended September 30, 2008, or

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

For the transition period from to

Commission file number 0-25366

# **Western Sizzlin Corporation**

(Exact Name of Registrant as Specified in Its Charter)

#### Delaware

(State or Other Jurisdiction of Incorporation or Organization)

86-0723400

(I.R.S. Employer Identification No.)

416 South Jefferson Street, Suite 600, Roanoke, Virginia

(Address of Principal Executive Offices)

24011

(Zip Code)

(540) 345-3195

(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 x No o

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 definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer O

Accelerated filer O

Non-accelerated filer **X** (Do not check if a smaller reporting company)

Smaller reporting company O

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

As of November 15, 2008, there were 2,831,884 shares of common stock outstanding.

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Western Sizzlin Corporation

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PART I. FINANCIAL INFORMATION

### WESTERN SIZZLIN CORPORATION

**Consolidated Balance Sheets** 

September 30, 2008 and December 31, 2007

Current assets:			September 30, 2008 (unaudited)		December 31, 2007
Cash and cash equivalents         \$ 745,14   \$ 727,378   Money market intersements         3,78,124   \$ 76,000   \$ 3,78,124   \$ 76,000   \$ 78,000					
Money market investments   3,788,124   3994,085   3994,085   3192,285   3192,010   3192,285   3192,010   3192,285   3192,010   319					
Trade accounts receivable, net of allowance for doubtful accounts of \$284,990 in 2008 and \$850,900 in 2007   175,523   219,500   2105 and \$850,900 in 2007   175,523   219,500   210,500 and \$850,900 in 2007   181,513   30,401   181,500   181,500   181,513   30,401   181,500		\$	,	\$	727,378
\$198,425 in 2007   \$175,231   \$219,501     \$2008 and \$50,090 in 2007   \$175,523   \$219,501     \$1008 and \$50,090 in 2007   \$193,501     \$1008 are taxes receivable   \$131,713   \$90,161     \$1008 are taxes   \$124,004   \$124,005   \$28,036     \$124,004   \$144,034   \$124,005   \$124,005   \$124,005     \$1008 are taxes   \$124,004   \$144,034   \$140,000     \$1009 are taxes taxes   \$124,004   \$144,034   \$140,000     \$1009 are taxes taxes   \$124,004   \$143,005   \$143,005     \$1009 are taxes taxes   \$124,004   \$143,005   \$143,005     \$1009 are taxes   \$143,005   \$143,005   \$143,005     \$1009 are taxes   \$143,005   \$143,005   \$143,005     \$1009 are taxes   \$157,574   \$163,005     \$1009 are taxes   \$157,005   \$163,005     \$1009 are taxes   \$157,005   \$163,005     \$1009 a			3,758,124		
2008 and \$50,094 in 2007         175,523         219,501           Other receivables         69,89         322,383           Income taxes receivable         131,713         90,161           Inventories         87,845         37,011           Prepaid expenses         221,859         228,396           Deferred income taxes         6,658,819         2,869,155           Notes receivable, less allowance for impaired notes receivable of \$6,980 in 2008 and \$15,501         312,404         48,345           Total current installments         483,701         625,231           Property and equipment, net         1,588,752         3,478,152           Investment in rule estate         3,748,152         3,748,152           Investments in marketable securities         3,748,152         1,748,152           Remachias revally contracts, net of accumulated amortization of \$9,296,857 in 2008 and \$12,832         1,757,274         660,296           Se, 24,135 in 2007         6,115,262         4,310,200           Financiag costs, net of accumulated amortization of \$194,304 in 2008 and \$192,832 in 2007         5,906         7,378           Investment in unconsolidated joint venture         30,589,505         1,506,50         6,450           Other assets         1,25,204         8,250,505         1,500			956,128		994,085
Other receivables         60,800         132,328         90,61           Income taxes receivable         137,137         90,61         78,014         78,017         18,016 </td <td>Current installments of notes receivable, less allowance for impaired notes of \$62,926 in</td> <td></td> <td></td> <td></td> <td></td>	Current installments of notes receivable, less allowance for impaired notes of \$62,926 in				
Incone taxes receivable	2008 and \$50,904 in 2007		175,523		219,501
Inventories   \$7,845   \$73,017     Prepaid expenses   \$21,859   \$28,366     Deferred income taxes   \$12,404   \$40,434     Total current assets   \$18,876   \$18,876   \$18,876     Investrees in current installments   \$18,875   \$18,776,94     Investment in real estate   \$3,745,152   \$3,745,152     Investment in marketable securities   \$20,663,31   \$15,896,865     Franchise royally contracts, net of accumulated amortization of \$9,296,857 in 2008 and \$15,574   \$630,296     Goodwill   \$15,574   \$15,976	Other receivables		69,809		132,283
Pepale expenses	Income taxes receivable		131,713		90,161
Deferred income taxes         512,404         40,4334           Total current assets         6,658,819         2,869,155           Notes receivable, less allowance for impaired notes receivable of \$6,980 in 2008 and \$15,501         483,701         625,231           Property and equipment, net         1,588,752         1,877,694           Investment in real estate         3,745,152         3,745,152           Investments in marketable securities         20,663,013         15,896,865           Franchise royalty contracts, net of accumulated amortization of \$9,296,857 in 2008 and         157,574         630,296           Goodwill         6,415,262         4,310,200           Financing costs, net of accumulated amortization of \$194,304 in 2008 and \$192,832 in 2007         5,906         7,378           Investment in unconsolidated joint venture         303,581         304,996           Deferred income taxes         303,388         235,655           Other assets         12,516         6,450           Current liabilities         12,516         6,450           Current liabilities         5         4,0372,664         3,05,900,70           Current liabilities         6         1,010         4,000           Current liabilities         6         1,010         4,000           Current	Inventories		87,845		73,017
Total current asserts Notes receivable, less allowance for impaired notes receivable of \$6,980 in 2008 and \$15,501 in 2007, excluding current installments Property and equipment, net In eal estate Investment in real estate Investment in real estate Investments in marketable securities Investment in real estate Investment in real estate Investment in unconsolidated amortization of \$9,296,857 in 2008 and Investment in unconsolidated joint venture Investment in unconsolidated Investment Investment in unconsolidated Investment Investment in unconsolidated Investment Investment in unconsolidated Investment Investment in Investment i	Prepaid expenses				
Notes receivable, less allowance for impaired notes receivable of \$6,980 in 2008 and \$15,501   1,588,752   1,877,694   1,7694   1,588,752   1,877,694   1,7694   1,588,752   1,877,694   1,7694   1,588,752   1,877,694   1,7694   1,7694   1,588,752   1,877,694   1,7694   1,	Deferred income taxes		512,404		404,334
in 2007. excluding current installments Property and equipment, net Property and exceptible Practical State St	Total current assets		6,658,819		2,869,155
Property and equipment, net   1,588,752   1,877,694   1			483,701		625,231
Investment in real estate			1,588,752		1,877,694
Investments in marketable securities         20,663,013         15,896,865           Franchise royalty contracts, net of accumulated amortization of \$9,296,857 in 2008 and \$157,574         630,296           Goodwill         157,574         630,296           Goodwill of contracts, net of accumulated amortization of \$194,304 in 2008 and \$192,832 in 2007         5,906         7,378           Investment in unconsolidated joint venture         305,581         304,906           Deferred income taxes         363,888         235,655           Other assets         12,516         6,450           Soly of the assets         12,516         6,450           Unrent liabilities           Note payable line of credit         \$         2,000,000           Due to broker         51,611         342,022           Current installments of long-term debt         107,084         118,783           Accounts payable         466,099         733,983           Accounts payable         466,099         733,983           Accounts payable         466,099         733,983           Accured expenses and other         1,762,477         1,283,237           Total current liabilities         2,831,393         4,478,025           Long-term debt, excluding current installments         3,183,336<					
Pranchise royalty contracts, net of accumulated amortization of \$9.96,857 in 2008 and \$15,75,74 \$6.00.290 \$6.00.40.11 \$6.00.20 \$6.00.40.11 \$6.00.20 \$6.00.40.10 \$6.00.40	Investments in marketable securities				
Goodwill         6,415,262         4,310,200           Financing costs, net of accumulated amortization of \$194,304 in 2008 and \$192,832 in 2007         5,906         7,378           Investment in unconsolidated joint venture         305,581         304,996           Deferred income taxes         316,388         235,655           Other assets         40,372,664         \$ 30,509,072           Liabilities and Stockholders Equity           Current liabilities         \$ 16,11         342,022           Current installments of long-term debt         107,084         118,783           Current installments of long-term debt, secured by land held for investment         264,122					
Financing costs, net of accumulated amortization of \$194,304 in 2008 and \$192,832 in 2007			,		,
Decement in unconsolidated joint venture   305,581   304,996   Deferred income taxes   312,516   6.450   6.4					
Peter di income taxes					
Other assets         12,516         6,450           Liabilities and Stockholders Equity           Current liabilities:           Note payable line of credit         \$ 2,000,000           Due to broker         51,611         342,022           Current installments of long-term debt         107,084         118,783           Current installments of long-term debt, secured by land held for investment         264,122         4478,025           Accounts payable         646,099         733,983           Accrued expenses and other         1,762,477         1,283,237           Total current liabilities         2,831,393         4,478,025           Long-term debt, excluding current installments         485,017         566,272           Long-term debt, excluding current installments         485,017         566,272           Long-term liabilities         2,377,098         0ther long-term liabilities         11,244,855         89,039           Other long-term liabilities         11,248,506         1,873,748         89,039           Other long-term liabilities         11,418,506         1,873,748         89,039           Other long-term liabilities         11,418,506         1,873,748         9,039         9,039         9,039         9,039         9,039         9,039 <td></td> <td></td> <td></td> <td></td> <td></td>					
Current liabilities and Stockholders   Equity					
Current liabilities:   Society   S		\$		\$	
Note payable         Ine of credit         \$         2,000,000           Due to broker         51,611         342,022           Current installments of long-term debt         107,084         118,783           Current installment of long-term debt, secured by land held for investment         264,122           Accounts payable         646,099         733,983           Accrued expenses and other         1,762,477         1,283,237           Total current liabilities         2,831,393         4,478,025           Long-term debt, excluding current installments         485,017         566,272           Long-term debt, secured by land held for investment, excluding current installments         2,377,098           Other long-term liabilities         1,294,855         89,039           Other long-term liabilities         1,418,506         1,873,748           Commitments and contingencies         11,418,506         1,873,748           Commitments and contingencies         11,418,506         1,873,748           Convertible preferred stock, series A, \$10 par value (involuntary liquidation preference of \$10 per share). Authorized 25,000 shares; none issued and outstanding         2,223,872         2,415,785           Convertible preferred stock, series B, \$1 par value (involuntary liquidation preference of \$1 per share). Authorized 875,000 shares; none issued and outstanding         2,831,884 in 2,0					
Due to broker         51,611         342,022           Current installments of long-term debt         107,084         118,783           Current installment of long-term debt, secured by land held for investment         264,122           Accounts payable         646,099         733,983           Accrued expenses and other         1,762,477         1,283,237           Total current liabilities         2,831,393         4,478,025           Long-term debt, excluding current installments         485,017         566,272           Long-term debt, secured by land held for investment, excluding current installments         2,377,098		\$		\$	2 000 000
Current installments of long-term debt         107,084         118,783           Current installment of long-term debt, secured by land held for investment         264,122           Accounts payable         646,099         733,983           Accrued expenses and other         1,762,477         1,283,237           Total current liabilities         2,831,393         4,478,025           Long-term debt, excluding current installments         485,017         566,272           Long-term debt, secured by land held for investment, excluding current installments         2,377,098         89,039           Other long-term liabilities         1,294,855         89,039           Other long-term liabilities         1,294,855         89,039           Minority interests         11,418,506         1,873,748           Commitments and contingencies         1         1         1         1         1         1         1         1         1         3         3,748         1         1         3         3,748         1         3         3,748         1         3         4         3         4         3         4         3         4         4         3         4         4         3         4         3         3         3         3         3         3		Ψ	51 611	Ψ	
Current installment of long-term debt, secured by land held for investment         264,122           Accounts payable         646,099         733,983           Accrued expenses and other         1,762,477         1,283,237           Total current liabilities         2,831,393         4,478,025           Long-term debt, excluding current installments         485,017         566,272           Long-term debt, secured by land held for investment, excluding current installments         2,377,098           Other long-term liabilities         1,294,855         89,039           Minority interests         11,418,506         1,873,748           Commitments and contingencies         5         5           Stockholders equity:         Convertible preferred stock, series A, \$10 par value (involuntary liquidation preference of \$10 per share). Authorized 25,000 shares; none issued and outstanding         2           Convertible preferred stock, series B, \$1 par value (involuntary liquidation preference of \$10 per share). Authorized 875,000 shares; none issued and outstanding         28,320         26,967           Additional paid-in capital         22,235,872         20,415,785           Retained earnings         110,887         2,978,189           Accumulated other comprehensive income (loss) unrealized holding gains (losses), net of taxes         (409,284)         81,047           Total stockholders equity			,		
Accounts payable         646,099         733,983           Accrued expenses and other         1,762,477         1,283,237           Total current liabilities         2,831,393         4,478,025           Long-term debt, excluding current installments         485,017         566,272           Long-term debt, secured by land held for investment, excluding current installments         2,377,098         89,039           Other long-term liabilities         1,294,855         89,039           Minority interests         11,418,506         1,873,748           Commitments and contingencies         5         5           Stockholders equity:         Convertible preferred stock, series A, \$10 par value (involuntary liquidation preference of \$10 per share). Authorized 25,000 shares; none issued and outstanding         2         2           Convertible preferred stock, series B, \$1 par value (involuntary liquidation preference of \$10 per share). Authorized 875,000 shares; none issued and outstanding         2         28,320         26,967           Additional paid-in capital         22,235,872         20,415,785         2978,189           Accumulated other comprehensive income (loss) unrealized holding gains (losses), net of taxes         (409,284)         81,047           Total stockholders equity         21,965,795         23,501,988			,		110,700
Accrued expenses and other         1,762,477         1,283,237           Total current liabilities         2,831,393         4,478,025           Long-term debt, excluding current installments         485,017         566,272           Long-term debt, secured by land held for investment, excluding current installments         2,377,098           Other long-term liabilities         1,294,855         89,039           Minority interests         11,418,506         1,873,748           Commitments and contingencies         5tockholders equity:           Convertible preferred stock, series A, \$10 par value (involuntary liquidation preference of \$10 per share). Authorized 25,000 shares; none issued and outstanding         50,000 part of the control of the components of the control of the contr					733,983
Total current liabilities         2,831,393         4,478,025           Long-term debt, excluding current installments         485,017         566,272           Long-term debt, secured by land held for investment, excluding current installments         2,377,098           Other long-term liabilities         1,294,855         89,039           Minority interests         11,418,506         1,873,748           Commitments and contingencies         5           Stockholders equity:         5           Convertible preferred stock, series A, \$10 par value (involuntary liquidation preference of \$10 per share). Authorized 25,000 shares; none issued and outstanding         5           Convertible preferred stock, series B, \$1 par value (involuntary liquidation preference of \$1 per share). Authorized 875,000 shares; none issued and outstanding         28,320         26,967           Common stock, \$0.01 par value. Authorized 10,000,000 shares; issued and outstanding         28,320         26,967           Additional paid-in capital         22,235,872         20,415,785           Retained earnings         110,887         2,978,189           Accumulated other comprehensive income (loss) unrealized holding gains (losses), net of taxes         (409,284)         81,047           Total stockholders equity         21,965,795         23,501,988					
Long-term debt, excluding current installments					
Long-term debt, secured by land held for investment, excluding current installments			, ,		, ,
Long-term debt, secured by land held for investment, excluding current installments	Long-term debt, excluding current installments		485.017		566,272
Other long-term liabilities       1,294,855       89,039         6,988,363       5,133,336         Minority interests       11,418,506       1,873,748         Commitments and contingencies       5         Stockholders equity:					
Minority interests       11,418,506       1,873,748         Commitments and contingencies       31,418,506       1,873,748         Stockholders equity:       31,220       32,200         Convertible preferred stock, series A, \$10 par value (involuntary liquidation preference of \$10 per share). Authorized 25,000 shares; none issued and outstanding       32,200       32,200         Convertible preferred stock, series B, \$1 par value (involuntary liquidation preference of \$10 per share). Authorized 875,000 shares; none issued and outstanding       32,200       32,2					89,039
Commitments and contingencies  Stockholders equity:  Convertible preferred stock, series A, \$10 par value (involuntary liquidation preference of \$10 per share). Authorized 25,000 shares; none issued and outstanding  Convertible preferred stock, series B, \$1 par value (involuntary liquidation preference of \$1 per share). Authorized 875,000 shares; none issued and outstanding  Common stock, \$0.01 par value. Authorized 10,000,000 shares; issued and outstanding  2,831,884 in 2008 and 2,696,625 in 2007  Additional paid-in capital  Retained earnings  110,887  2,978,189  Accumulated other comprehensive income (loss) unrealized holding gains (losses), net of taxes  (409,284)  81,047  Total stockholders equity  21,965,795  23,501,988					,
Stockholders equity:  Convertible preferred stock, series A, \$10 par value (involuntary liquidation preference of \$10 per share). Authorized 25,000 shares; none issued and outstanding  Convertible preferred stock, series B, \$1 par value (involuntary liquidation preference of \$1 per share). Authorized 875,000 shares; none issued and outstanding  Common stock, \$0.01 par value. Authorized 10,000,000 shares; issued and outstanding  2,831,884 in 2008 and 2,696,625 in 2007  Additional paid-in capital  Retained earnings  Accumulated other comprehensive income (loss) unrealized holding gains (losses), net of taxes  (409,284)  81,047  Total stockholders equity			11,418,506		1,873,748
Convertible preferred stock, series A, \$10 par value (involuntary liquidation preference of \$10 per share). Authorized 25,000 shares; none issued and outstanding  Convertible preferred stock, series B, \$1 par value (involuntary liquidation preference of \$1 per share). Authorized 875,000 shares; none issued and outstanding  Common stock, \$0.01 par value. Authorized 10,000,000 shares; issued and outstanding  2,831,884 in 2008 and 2,696,625 in 2007  Additional paid-in capital  Retained earnings  Accumulated other comprehensive income (loss) unrealized holding gains (losses), net of taxes  (409,284)  81,047  Total stockholders equity  21,965,795  23,501,988	<u> </u>				
\$10 per share). Authorized 25,000 shares; none issued and outstanding  Convertible preferred stock, series B, \$1 par value (involuntary liquidation preference of \$1 per share). Authorized 875,000 shares; none issued and outstanding  Common stock, \$0.01 par value. Authorized 10,000,000 shares; issued and outstanding  2,831,884 in 2008 and 2,696,625 in 2007  Additional paid-in capital  Retained earnings  Accumulated other comprehensive income (loss) unrealized holding gains (losses), net of taxes  (409,284)  81,047  Total stockholders equity  21,965,795  23,501,988					
per share). Authorized 875,000 shares; none issued and outstanding  Common stock, \$0.01 par value. Authorized 10,000,000 shares; issued and outstanding  2,831,884 in 2008 and 2,696,625 in 2007  Additional paid-in capital  Retained earnings  Accumulated other comprehensive income (loss) unrealized holding gains (losses), net of taxes  (409,284)  81,047  Total stockholders equity  2,8320  26,967  22,235,872  20,415,785  110,887  2,978,189  4(409,284)  81,047  20,1965,795  23,501,988					
Common stock, \$0.01 par value. Authorized 10,000,000 shares; issued and outstanding       28,320       26,967         2,831,884 in 2008 and 2,696,625 in 2007       28,320       26,967         Additional paid-in capital       22,235,872       20,415,785         Retained earnings       110,887       2,978,189         Accumulated other comprehensive income (loss) unrealized holding gains (losses), net of taxes       (409,284)       81,047         Total stockholders equity       21,965,795       23,501,988					
2,831,884 in 2008 and 2,696,625 in 2007       28,320       26,967         Additional paid-in capital       22,235,872       20,415,785         Retained earnings       110,887       2,978,189         Accumulated other comprehensive income (loss) unrealized holding gains (losses), net of taxes       (409,284)       81,047         Total stockholders equity       21,965,795       23,501,988					
Additional paid-in capital 22,235,872 20,415,785 Retained earnings 110,887 2,978,189 Accumulated other comprehensive income (loss) unrealized holding gains (losses), net of taxes (409,284) 81,047 Total stockholders equity 21,965,795 23,501,988	2,831,884 in 2008 and 2,696,625 in 2007		28,320		
Retained earnings Accumulated other comprehensive income (loss) unrealized holding gains (losses), net of taxes  Total stockholders equity  110,887 2,978,189 (409,284) 81,047 23,501,988					20,415,785
Accumulated other comprehensive income (loss) unrealized holding gains (losses), net of taxes (409,284) 81,047 Total stockholders equity 21,965,795 23,501,988					
Total stockholders equity 21,965,795 23,501,988	Accumulated other comprehensive income (loss) unrealized holding gains (losses), net of				
			. , ,		
		\$	40,372,664	\$	30,509,072