

NORTECH SYSTEMS INC  
Form 10-Q  
August 06, 2014  
[Table of Contents](#)

**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, 2014

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: **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

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 August 1, 2014 - 2,742,992

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Table of Contents

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b><u>PART I - FINANCIAL INFORMATION</u></b>	
<u>Item 1 - Financial Statements</u>	
<u>Consolidated Balance Sheets</u>	3
<u>Consolidated Statements of Income</u>	4-5
<u>Consolidated Statements of Cash Flows</u>	6
<u>Condensed Notes to Consolidated Financial Statements</u>	7-12
<u>Item 2 - Management's Discussion and Analysis of Financial Condition And Results of Operations</u>	13-18
<u>Item 4 - Controls and Procedures</u>	19
<b><u>PART II - OTHER INFORMATION</u></b>	
<u>Item 1 - Legal Proceedings</u>	19
<u>Item 6 - Exhibits</u>	19
<u>SIGNATURES</u>	20

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

	<b>JUNE 30 2014 (Unaudited)</b>	<b>DECEMBER 31 2013</b>
<b>ASSETS</b>		
Current Assets		
Cash	\$	\$
Accounts Receivable, Less Allowance for Uncollectible Accounts	15,161,253	16,030,848
Inventories	19,390,549	17,427,470
Prepaid Expenses	711,118	634,350
Income Taxes Receivable	247,751	140,174
Deferred Income Taxes	683,000	683,000
Total Current Assets	36,193,671	34,915,842
Property and Equipment, Net	10,873,579	11,037,160
Other Assets	119,773	122,419
Total Assets	\$ 47,187,023	\$ 46,075,421
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
Current Liabilities		
Line of Credit	\$	\$ 7,234,983
Current Maturities of Long-Term Debt	681,961	632,176
Accounts Payable	9,534,593	8,185,012
Accrued Payroll and Commissions	2,220,317	2,595,393
Other Accrued Liabilities	737,673	718,974
Total Current Liabilities	13,174,544	19,366,538
Long-Term Liabilities		
Line of Credit	7,166,396	
Long-Term Debt, Net of Current Maturities	4,065,898	4,246,914
Deferred Income Taxes	333,680	282,000
Other Long-Term Liabilities	163,236	244,521
Total Long-Term Liabilities	11,729,210	4,773,435
Total Liabilities	24,903,754	24,139,973
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:		
2,742,992 Shares Issued and Outstanding	27,430	27,430
Additional Paid-In Capital	15,753,196	15,738,233
Accumulated Other Comprehensive Loss	(62,936)	(62,936)
Retained Earnings	6,315,579	5,982,721

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Total Shareholders' Equity		22,283,269		21,935,448
Total Liabilities and Shareholders' Equity	\$	47,187,023	\$	46,075,421

See Accompanying Condensed Notes to Consolidated Financial Statements

Table of Contents

**NORTECH SYSTEMS INCORPORATED AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF INCOME**

**(UNAUDITED)**

	<b>THREE MONTHS ENDED</b>	
	<b>JUNE 30</b>	
	<b>2014</b>	<b>2013</b>
Net Sales	\$ 27,408,467	\$ 28,450,699
Cost of Goods Sold	24,125,488	25,092,036
Gross Profit	3,282,979	3,358,663
Operating Expenses		
Selling Expenses	1,145,245	1,193,031
General and Administrative Expenses	1,790,557	1,792,527
Total Operating Expenses	2,935,802	2,985,558
Income From Operations	347,177	373,105
Other Expense		
Interest Expense	(92,083)	(105,494)
Miscellaneous Income		