

SONO TEK CORP
Form 10-Q
July 15, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: May 31, 2013

OR

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

Commission File No.: 0-16035

SONO-TEK CORPORATION

(Exact name of registrant as specified in its charter)

New York **14-1568099**
(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification No.)

2012 Rt. 9W, Milton, NY 12547

(Address of Principal Executive Offices) (Zip Code)

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Issuer's telephone no., including area code: **(845) 795-2020**

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 checkmark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 229.405 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 Smaller reporting company Non Accelerated Filer

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

<u>Class</u>	Outstanding as of July 2, 2013
Common Stock, par value \$.01 per share	14,503,010

SONO-TEK CORPORATION

INDEX

Part I - Financial Information	Page
Item 1 – Condensed Consolidated Financial Statements:	1 - 3
Condensed Consolidated Balance Sheets – May 31, 2013 (Unaudited) and February 28, 2013	1
Condensed Consolidated Statements of Income – Three Months Ended May 31, 2013 and 2012 (Unaudited)	2
Condensed Consolidated Statements of Cash Flows – Three Months Ended May 31, 2013 and 2012 (Unaudited)	3
Notes to Condensed Consolidated Financial Statements	4 - 8
Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations	9 – 15
Item 3 – Quantitative and Qualitative Disclosures about Market Risk	16
Item 4 – Controls and Procedures	17
Part II - Other Information	18
Signatures and Certifications	19 - 22

SONO-TEK CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

	May 31, 2013 (Unaudited)	February 28, 2013
Current Assets:		
Cash and cash equivalents	\$2,443,065	\$1,940,906
Marketable Securities	973,400	975,910
Accounts receivable (less allowance of \$23,000 and \$20,000 at May 31 and February 28, respectively)	859,615	941,032
Inventories, net	1,703,121	1,829,171
Prepaid expenses and other current assets	77,159	79,605
Total current assets	6,056,360	5,766,624
Land	250,000	250,000
Buildings, net	2,150,322	2,170,409
Equipment, furnishings and building improvements, net	641,827	683,368
Intangible assets, net	111,206	106,022
Deferred tax asset	90,021	90,021
TOTAL ASSETS	\$9,299,736	\$9,066,444

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:		
Accounts payable	\$348,533	\$408,738
Accrued expenses	573,852	477,027
Customer Deposits	198,222	68,846
Current portion of long term debt	126,917	125,999
Income taxes payable	26,519	6,331
Total current liabilities	1,274,043	1,086,941
Long term debt, less current maturities	1,955,269	1,987,236
Total liabilities	3,229,312	3,074,177
Stockholders' Equity		
Common stock, \$.01 par value; 25,000,000 shares authorized, 14,503,010 shares issued and outstanding, at May 31 and February 28	145,030	145,030
Additional paid-in capital	8,714,011	8,709,601
Accumulated deficit	(2,788,617)	(2,862,364)
Total stockholders' equity	6,070,424	5,992,267
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$9,299,736	\$9,066,444

See notes to condensed consolidated financial statements.

-1-

SONO-TEK CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended May	
	31,	
	2013	2012
Net Sales	\$2,374,394	\$2,839,702
Cost of Goods Sold	1,232,979	1,490,004
Gross Profit	1,141,415	1,349,698
Operating Expenses		
Research and product development costs	225,594	254,070
Marketing and selling expenses	489,010	652,912
General and administrative costs	269,090	358,546
Rental operations expense	34,482	29,020
Total Operating Expenses	1,018,176	1,294,548
Operating Income	123,239	55,150
Interest Expense	(27,775)	(28,970)
Other (expense) income	(1,528)	(7,940)
Income Before Income Taxes	93,936	18,240
Income Tax Expense	20,188	7,140
Net Income	\$73,748	\$11,100
Basic Earnings Per Share	\$0.01	\$0.00
Diluted Earnings Per Share	\$0.01	\$0.00
Weighted Average Shares - Basic	14,503,010	14,459,579
Weighted Average Shares - Diluted	14,559,441	14,570,514

See notes to condensed consolidated financial statements.

SONO-TEK CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months Ended May	
	31,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 73,748	\$ 11,100
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	82,923	83,576
Stock based compensation expense	4,410	10,964
Allowance for doubtful accounts	3,000	3,000
Inventory reserve	13,343	-
Decrease (Increase) in:		
Accounts receivable	78,417	(307,798)
Inventories	112,707	26,561
Prepaid expenses and other current assets	2,446	(5,483)
(Decrease) Increase in:		
Accounts payable and accrued expenses	36,620	28,175
Customer Deposits	129,376	(45,109)
Income taxes payable	20,188	(30,866)
Net Cash Provided by (Used In) Operating Activities	557,178	(225,880)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Patent application costs	(7,782)	(24,115)
Purchase of equipment and furnishings	(18,698)	(9,412)
Sale (Purchase) of marketable securities	2,510	(400,106)
Net Cash (Used In) Investing Activities	(23,970)	(433,633)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of notes payable and loans	(31,049)	(29,862)
Proceeds from exercise of options		