

AVALON HOLDINGS CORP
Form 10-Q
November 10, 2011
2011

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 September 30, 2011

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 1-14105

AVALON HOLDINGS CORPORATION
(Exact name of registrant as specified in its charter)

Ohio (State or other jurisdiction of incorporation or organization)	34-1863889 (I.R.S. Employer Identification No.)
---	---

One American Way, Warren, Ohio (Address of principal executive offices)	44484-5555 (Zip Code)
--	--------------------------

Registrant's telephone number, including area code: (330) 856-8800

Indicate by a 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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation 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 a 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 Accelerated filer

Non-accelerated filer Smaller reporting company

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

The registrant had 3,191,038 shares of its Class A Common Stock and 612,293 shares of its Class B Common Stock outstanding as of November 10, 2011.

AVALON HOLDINGS CORPORATION AND SUBSIDIARIES

INDEX

PART I. FINANCIAL INFORMATION	Page
Item 1. Financial Statements	
Condensed Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2011 and 2010 (Unaudited)	3
Condensed Consolidated Balance Sheets at September 30, 2011 (Unaudited) and December 31, 2010	4
Condensed Consolidated Statements of Cash Flows for the nine Months Ended September 30, 2011 and 2010 (Unaudited)	5
Notes to Condensed Consolidated Financial Statements (Unaudited)	6
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	13
Item 3. Quantitative and Qualitative Disclosures about Market Risk	21
Item 4. Controls and Procedures	21
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	23
Item 2. Changes in Securities and Use of Proceeds	23
Item 3. Defaults upon Senior Securities	23
Item 4. Removed and Reserved	23
Item 5. Other Information	23
Item 6. Exhibits and Reports on Form 8-K	23
SIGNATURE	24

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AVALON HOLDINGS CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Operations (Unaudited)

(in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net operating revenues	\$15,835	\$11,789	\$37,104	\$32,170
Costs and expenses:				
Costs of operations	13,267	9,581	30,856	26,408
Depreciation and amortization	415	421	1,250	1,263
Selling, general and administrative expenses	1,877	1,830	5,200	5,249
Operating income (loss)	276	(43)	(202)	(750)
Other income (expense):				
Interest expense	(3)	(3)	(10)	(10)
Interest income	1	5	4	21
Other income, net	54	47	297	163
Income (loss) before income taxes	328	6	89	(576)
Provision for income taxes	24	8	48	22
Net income (loss)	\$304	\$(2)	\$41	\$(598)
Net Income (loss) per share – basic	\$.08	\$(0)	\$.01	\$(.16)
Net Income (loss) per share – diluted	\$.08	\$(0)	\$.01	\$(.16)
Weighted average shares outstanding –basic	3,803	3,803	3,803	3,803
Weighted average shares outstanding – diluted	3,826	3,803	3,865	3,803

See accompanying notes to condensed consolidated financial statements.

AVALON HOLDINGS CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(in thousands, except per share amounts)

	September 30, 2011 (Unaudited)	December 31, 2010
Assets:		
Current Assets:		
Cash and cash equivalents	\$6,008	\$5,565
Accounts receivable, net	12,158	8,202
Prepaid expenses	289	341
Refundable income taxes	—	14
Other current assets	796	600
Total current assets	19,251	14,722
Property and equipment, less accumulated depreciation and amortization of \$11,006 in 2011 and \$10,223 in 2010	26,337	27,265
Leased property under capital leases, less accumulated depreciation and amortization of \$2,449 in 2011 and \$2,167 in 2010	6,059	5,314