SENECA FOODS CORP /NY/
Form 10-Q
February 07, 2007

Form 10-Q

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended December 30, 2006 Commission File Number 0-01989

Seneca Foods Corporation
(Exact name of Company as specified in its charter)

New York	16-0733425
(State or other jurisdiction of incorporation or organization)	(I. R. S. Employer Identification No.)
3736 South Main Street, Marion, New York	14505
(Address of principal executive offices)	(Zip Code)

Company's telephone number, including area code 315/926-8100

Not Applicable
Former name, former address and former fiscal year,
if changed since last report

Indicate by check mark whether the Company (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 Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

Indicate by check mark whether the Company is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer ___ Accelerated filer X Non-accelerated filer ___

Indicate by check mark whether the Company is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes _ No _X__

The number of shares outstanding of each of the issuer's classes of common stock at the latest practical date are:

Class	Shares Outstanding at January 31, 2007
Common Stock Class A, $.25 Par	4,811,684
Common Stock Class B, $.25 Par	2,760,905

PART I ITEM 1 FINANCIAL INFORMATION
SENECA FOODS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Per Share Data)

	Unaudited December 30, 2006	March 31, 2006
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 3,749	$ 6,046
Accounts Receivable, Net	76,964	46,618
Inventories:		
Finished Goods	406,063	220,185
Work in Process	33,665	22,012
Raw Materials	47,043	65,095
	486,771	307,292
Off-Season Reserve (Note 2)	(66,958)	-
Deferred Income Tax Asset, Net	6,535	6,426
Assets Held For Sale	28,000	1,369
Other Current Assets	979	2,141
Total Current Assets	536,040	369,892
Property, Plant and Equipment, Net	171,419	148,501
Other Assets	3,187	5,273
Total Assets	$ 710,646	$ 523,666
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes Payable	$ -	$ 57,029
Accounts Payable	61,480	35,163
Accrued Expenses	49,073	32,312
Income Taxes Payable	8,180	6,090
Current Portion of Long-Term Debt and Capital Lease Obligations	9,993	9,788
Total Current Liabilities	128,726	140,382
Long-Term Debt, Less Current Portion	290,399	138,813
Capital Lease Obligations, Less Current Portion	-	3,773
Deferred Income Taxes	5,805	7,538
Other Long-Term Liabilities	19,380	15,381
Total Liabilities	444,310	305,887
Commitments		
10% Preferred Stock, Series A, Voting, Cumulative, Convertible, $.025 Par Value Per Share	102	102
10% Preferred Stock, Series B, Voting, Cumulative, Convertible, $.025 Par Value Per Share	100	100
6% Preferred Stock, Voting, Cumulative, $.25 Par Value	50	50
Convertible, Participating Preferred Stock, $12.00 Stated Value Per Share	35,714	41,005

Convertible, Participating Preferred Stock, $15.50				
Stated Value Per Share		8,677		13,229
Convertible, Participating Preferred Stock, $24.39				
Stated Value Per Share		25,000		-
Common Stock $.25 Par Value Per Share		3,074		2,890
Paid in Capital		28,253		17,810
Accumulated Other Comprehensive Income		77		-
Retained Earnings		165,289		142,593
Stockholders' Equity		266,336		217,779
Total Liabilities and Stockholders’ Equity	$	710,646	$	523,666

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

SENECA FOODS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF NET EARNINGS
(Unaudited)
(In Thousands, Except Per Share Data)

	Three Months Ended		Nine Months Ended	
	December 30, 2006	December 31, 2005	December 30, 2006	December 31, 2005
Net Sales	$ 391,012	$ 316,253	$ 822,677	$ 717,017
Costs and Expenses:				
Cost of Product Sold	353,668	290,007	730,248	647,311
Selling and Administrative	16,347	11,971	43,954	34,690
Plant Restructuring	374	290	374	1,751
Other Operating (Income) Loss	(3,193)	(563)	(5,159	2014
Quarter Ended:	High	Low	High	Low
March 31	$ 1.07	$ .72	$ 2.24	$1.39
June 30	$ 1.17	$ .78	$ 1.65	$1.18
September 30	$ 1.71	$ 1.22	$ 1.76	$1.50
December 31	$ 1.99	$ 1.40	$ 2.22	$1.58

Holders of Record

As of March 9, 2015, there were approximately 268 holders of record of the Company’s common stock. This excludes persons whose shares are held of record by a bank, brokerage house or clearing agency.

Dividends

The Company has never declared or paid dividends on its common stock. The Company’s current loan agreement, as described in Note 3 of the notes to the Company’s consolidated financial statements included in Item 8 of this report, prohibits the payment of dividends on common stock.

Sale of Unregistered Securities

None.

Repurchases of Equity Securities

None.

Equity Compensation Plan Information

The following table provides information as of December 31, 2014 with respect to the shares of our common stock that may be issued under our existing equity compensation plan.

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by stockholders	-	$ -	-
Equity compensation plans not approved by stockholders	3,435,000	$ 1.06	(1)
Total	3,435,000	$ 1.06	(1)

(1) The Company may grant additional options under the employee stock option plan. There is no maximum number of shares available for issuance under the employee stock option plan.

The Company maintains an employee stock option plan for its employees, officers and directors. Any employee, officer and director of the Company is eligible to be awarded options under the plan. The employee stock option plan provides that any options issued pursuant to the plan will generally have a three-year vesting period and will expire ten years after the date of grant. Awards under the plan are periodically made at the recommendation of the Executive Chairman and the President and Chief Executive Officer and authorized by the Board of Directors. The employee stock option plan does not limit the number of shares that may be issued under the plan.

ITEM 6. SELECTED FINANCIAL DATA (In thousands except per share data)

	Year Ended December 31,				
Statement of Operations Data:	2010	2011	2012	2013	2014
Royalties and fees	$6,726	$6,814	$6,824	$7,083	$7,479
Administrative fees and other	40	44	20	24	73
Restaurant revenue	505	518	456	421	363
Total revenue	7,271	7,376	7,300	7,528	7,915
Operating expenses	2,150	2,202	2,348	2,527	2,716
Restaurant operating expenses	502	508	427	391	402
Depreciation and amortization	66	124	116	114	112
General and administrative	1,610	1,620	1,594	1,647	1,646
Operating income	2,943	2,922	2,815	2,849	3,039
Interest and other	441	390	413	201	190
Adjust valuation of receivables - Heyser case	-	-	500	1,208	-

Income before income taxes from continuing operations	2,502	2,532	1,902	1,440	2,849
Income taxes	991	1,003	753	569	1,105
Net income from continuing operations	1,511	1,529	1,149	871	1,744
Loss from discontinued operations	(1,201)	(710)	(525)	(780)	(154)
Net income	$310	$819	$624	$91	$1,590
Cumulative preferred dividends	91	99	99	99	-
Net income (loss) available to common stockholders	$219	$720	$525	$ (8)	$1,590
Weighted average number of common shares	19,415	19,458	19,498	19,533	19,871
Net income per share from continuing operations	$.08	$.08	$.06	$.05	$.09
Net income per share	.02	.04	.03	.01	.08
Net income per share available to common stockholders	$.01	$.04	$.03	$-	$.08
			December 31,		
Balance Sheet Data:	2010	2011	2012	2013	2014
Working capital (deficit)	$927	$(852)	$1,964	$1,451	$2,267
Total assets	16,895	17,224	17,161	16,374	17,758
Long-term obligations, net of current portion	3,481	1,256	3,021	2,635	1,847
Stockholders' equity	$10,885	$11,728	$12,379	$11,703	$13,766

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

The Company sells and services franchises and licenses for non-traditional foodservice operations and stand-alone take-n-bake locations under the trade names “Noble Roman’s Pizza”, “Noble Roman’s Take-N-Bake” and “Tuscano’s Italian Style Subs”. The concepts’ hallmarks include high quality pizza and sub sandwiches, along with other related menu items, simple operating systems, fast service times, labor-minimizing operations, attractive food costs and overall affordability. Since 1997, the Company has concetrated its efforts and resources primarily on franchising and licensing for non-traditional locations and now has awarded franchise and/or license agreements in 50 states plus Washington, D.C., Puerto Rico, the Bahamas, Italy, Dominican Republic and Canada.

There were 2,029 franchised or licensed outlets in operation on December 31, 2013 and 2,215 on December 31, 2014. During that 12-month period ended December 31, 2014, 242 new franchised or licensed outlets opened and 56 franchised outlets left the system. Grocery stores are accustomed to adding products for a period of time, removing them for a period of time and possibly re-offering them. Therefore, it is unknown how many grocery store licenses have left the system.

As discussed in Note 1 of the notes to the Company’s consolidated financial statements, the Company uses significant estimates in evaluating such items as notes and accounts receivable to reflect the actual amount expected to be collected for total receivables. At December 31, 2013 and 2014, the Company reported net accounts receivable of $1.69 million and $3.57 million, respectively, each of which were net of allowances. The allowance at December 31, 2014 was $2.25 million to reflect the amount the Company expects to realize for the receivables. The Company has reviewed each of its accounts and notes receivable and only included receivables in the amount expected to be collected. The Company, at December 31, 2013 and December 31, 2014, had a deferred tax asset on its balance sheet totaling $10.582 million and $9.574 million, respectively. After reviewing expected results from the Company’s current business plan, the Company believes it is more likely than not that the deferred tax assets will be utilized prior to their expiration, which expire between 2018 and 2033.

Financial Summary

The preparation of the consolidated financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results may differ from those estimates. The Company evaluates the carrying values of its assets, including property, equipment and related costs, accounts receivable and deferred tax asset, periodically to assess whether any impairment indications are present due to (among other factors) recurring operating losses, significant adverse legal developments, competition, changes in demand for the Company’s products or changes in the business climate that affect the recovery of recorded values. If any impairment of an individual asset is evident, a charge will be provided to reduce the carrying value to its estimated fair value.

Condensed Consolidated Statement of Operations Data
Noble Roman's, Inc. and Subsidiaries

	Years Ended December 31, 2012			2013			2014		
Royalties and fees	$6,823,811	93.5	%	$7,082,548	94.1	%	$7,479,334	94.5	%
Administrative fees and other	19,872	.3		24,138	.3		72,541	.9	
Restaurant revenue	456,449	6.2		420,753	5.6		363,340	4.6	
Total revenue	7,300,132	100.0		7,527,439	100.0		7,915,215	100.0	
Franchise-related operating expenses:									
Salaries and wages	979,447	13.4		1,056,790	14.0		1,063,076	13.4	
Trade show expense	498,951	6.8		514,570	6.8		541,385	6.8	
Travel expense	183,316	2.5		207,572	2.8		235,127	3.0	
Other operating expense	685,836	9.4		747,914	9.9		876,162	11.1	
Restaurant expenses	427,127	5.9		390,507	5.2		402,281	5.1	
Depreciation	116,287	1.6		113,607	1.5		111,750	1.4	
General and administrative	1,593,646	21.8		1,646,993	21.9		1,646,502	20.8	
Total Expenses	4,484,610	61.3		4,677,953	62.1		4,876,283	61.6	
Operating income	2,815,522	38.6		2,849,486	37.9		3,038,932	38.4	
Interest and other expense	413,334	5.7		201,381	2.7		190,382	2.4	
Adjust valuation of receivables – Heyser Case	500,000	6.8		1,208,162	16.0		-	-	
Income before income taxes	1,902,188	26.1		1,439,943	19.2		2,848,550	36.0	
Income taxes	753,457	10.3		568,406	7.6		1,104,809	14.0	
Net income from continuing operations	$1,148,731	15.8	%	$871,537	11.6	%	$1,743,741	22.0	%

	Quarters Ended December 31, 2013			2014		
Royalties and fees	$1,624,114	94.6	%	$1,708,334	94.5	%
Administrative fees and other	9,870	.6		15,359	.9	
Restaurant revenue	82,533	4.8		83,629	4.6	
Total revenue	1,716,517	100.0		1,807,322	100.0	
Franchise-related operating expenses:						
Salaries and wages	276,229	16.1		273,547	15.1	
Trade show expense	124,413	7.2		140,540	7.8	
Travel expense	53,987	3.1		64,326	3.6	
Other operating expense	188,164	11.0		232,224	12.8	

Restaurant expenses	86,324		5.0		100,628	5.6	
Depreciation	28,572		1.7		28,286	1.6	
General and administrative	411,806		24.0		417,578	23.1	
Total Expenses	1,169,495		68.1		1,257,129	69.6	
Operating income	547,022		31.9		550,193	30.4	
Interest and other expense	50,771		3.0		49,517	2.7	
Adjust valuation of receivables – Heyser Case	1,208,162		70.4		-	-	
Income before income taxes	(711,911	)	(41.5	)	500,676	27.7	
Income taxes	(282,378	)	(16.5	)	198,061	10.9	
Net income from continuing operations	$(429,533	)	(25.0	)%	$302,615	16.8	%

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2014 Compared to 2013

Total revenue for year 2014 increased to $7.9 million from $7.5 million in 2013. For the three months ended December 31, 2014, total revenue increased to $1.8 million from $1.7 million for the comparable period in 2013. For the year 2014, franchise fees and equipment commissions (“Upfront Fees”) decreased to $392,000 from $883,000 for 2013. For the three-month period ended December 31, 2014, Upfront Fees decreased to $74,000 from $147,000 for the comparable period in 2013. Royalties and fees, less Upfront Fees, increased to $7.1 million for 2014 from $6.2 million in 2013, or a 14% increase. For the three-month period ended December 31, 2014, royalties and fees less Upfront Fees increased to $1.6 million from $1.5 million for the comparable period in 2013, or a 7% increase. The breakdown of royalties and fees less Upfront Fees for year 2014 and for the three months ended December 31, 2014 compared to the comparable periods in 2013, respectively, were: royalties and fees from non-traditional franchises other than grocery stores were $4.5 million and $993,000 and $4.3 million and $1.0 million; royalties and fees from the grocery store take-n-bake were $1.5 million and $340,000 and $1.3 million and $257,000; royalties and fees from stand-alone take-n-bake franchises were $849,000 and $234,000 and $310,000 and $146,000; royalties and fees from traditional locations were $283,000 and $67,000 and $313,000 and $74,000. The decline in Upfront Fees was the result of selling less franchises for the Company’s stand alone take-n- bake franchise. The growth in the royalties and fees from grocery store take-n-bake were the result of adding new packaging and new products.

During 2014, the Company began auditing sales used to compute royalties reported by non-traditional franchisees and plans to continue to do so on an ongoing basis, the effect of which is unknown. The Company estimates franchise sales based on product purchases as reflected on distributor reports. Where under-reporting is identified, the Company invoiced the franchisees for royalties on the unreported amount.

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Restaurant revenue for 2014 decreased to $363,000 from $421,000 in 2013. For the three-month period ended December 31, 2014, restaurant revenue increased to $84,000 from $83,000 for the comparable period in 2013. The Company only operates two locations used primarily for testing and demonstration purposes.

As a percentage of total revenue, salaries and wages for 2014 decreased to 13.4% from 14.0% in 2013. For the three-month period ended December 31, 2014, salaries and wages decreased to 15.1% from 16.1% for the comparable period in 2013. Salaries and wages remained approximately the same at $1.1 million for both 2014 and 2013. For the three-month period ended December 31, 2014, salaries and wages decreased to $274,000 from $276,000 for the comparable period in 2013.

As a percentage of total revenue, trade show expenses for 2014 remained the same as 2013 at 6.8%. For the three-month period ended December 31, 2014, trade show expenses increased to 7.8% from 7.2% for the comparable period in 2013. Trade show expenses were $541,000 and $141,000,respectively, for the year and three-month period ended December 31, 2014 compared to $515,000 and $124,000, respectively, for the comparable periods in 2013.

As a percentage of total revenue, travel expenses for 2014 increased to 3.0% from 2.8% in 2013. For the three month period ended December 31, 2014 travel expense increased to 3.6% from 3.1% for the comparable period in 2013. Travel expense were $235,000 and $64,000, respectively, for the year and three-month period ended December 31, 2014 and $208,000 and $54,000, respectively, for the comparable periods in 2013.

As a percentage of total revenue, other operating expenses for 2014 increased to 11.1% compared to 9.9% in 2013. For the three-month period ended December 31, 2014, other operating expenses increased to 12.8% from 11.0% for the comparable period in 2013. The primary reasons for the increased other operating expenses were an increase in group insurance, general insurance and advertising costs while all other operating expenses decreased.

As a percentage of total revenue, restaurant expenses in 2014 decreased to 5.1% from 5.2% in 2013. For the three-month period ended December 31, 2014, restaurant expenses increased to 5.6% from 5.0% for the comparable period in 2013. The Company only operates two restaurants which it uses for demonstration, training and testing purposes.

As a percentage of total revenue, general and administrative expenses for 2014 decreased to 20.8% from 21.9% in 2013. For the three-month period ended December 31, 2014, general and administation expenses decreased to 23.1% from 24.0% for the comparable period in 2013. The decrease in general and administrative expenses, as a percentage of total revenue, was the result of revenue increases.

As a percentage of total revenue, total expenses for 2014 decreased to 61.6% from 62.1% in 2013. For the three-month period ended December 31, 2014, total expenses increased to 69.6% from 68.1% for the comparable period in 2013. The decrease for the year was the result of increased revenue partially offset by an increase in the amount of expenses.

As a percentage of total revenue, operating income for 2014 increased to 38.4% from 37.9% in 2013.

For the three-month period ended December 31, 2014, operating income decreased to 30.4% from 31.9% for the comparable period in 2013. The increase for the year was a result of the success of the Company's strategies to increase revenue while maintaining relatively stable operating expenses.

Interest expense, as a percentage of total revenue, for 2014 decreased to 2.4% from 2.7% in 2013. For the three-month period ended December 31, 2014, interest expense decreased to 2.7% from 3.0% for the comparable period in 2013. Actual interest expense decreased to $190,000 and $50,000, respectively, for the year and three month period ended December 31, 2014 compared to $201,000 and $51,000, respectively, for the comparable periods in 2013. The primary reason for the decrease in interest expense was the continued amortization of the principal balance of notes payable.

Net income before income taxes from continuing operations for 2014 increased to $2.8 million from $1.4 million in 2013; however, 2013 included a valuation allowance related to the Heyser case of $1.2 million. For the three-month period ended December 31, 2014, net income before income taxes from continuing operations was $501,000 compared to a loss of $712,000 for the comparable period in 2013. Although income tax expense is reflected on the Condensed Consolidated Statement of Operations, the Company will not pay any income tax on approximately the next $22.6 million in net income before income taxes due to its net operating loss carry-forwards.

Loss on discontinued operations decreased to $153,000 in 2014 compared to $780,000 in 2013. This decrease is the result of the issues, related to the discontinued operations in 1999 and 2008, having been mostly resolved.

Net income for 2014 increased to $1.6 million from $91,000 in 2013. The increase in net income was a result of the Company's strategies to increase revenue while maintaining total expenses relatively stable. In addition, the Company's net income in 2013 was reduced by the recording of a valulation allowance related to the Heyser case with an aftertax effect of $730,000.

2013 Compared to 2012

Total revenue increased from $7.3 million to $7.5 million in 2013 compared to 2012, and remained approximately the same at $1.7 million in for the fourth quarter of 2013 compared to the corresponding period in 2012. However, revenues in 2012 included an adjustment of $400,000 to increase the estimated net realizable value of receivables in the Heyser case for locations no longer operating. Without the adjustment, revenue would have increased from $6.9 million to $7.5 million in 2013 compared to 2012, representing an increase of 9.1%. Upfront Fees increased from $374,000 to $883,000 and from $63,000 to $147,000, respectively, for the year and quarter ended December 31, 2013 compared to the corresponding periods in 2012. The reason for the increases was primarily from the sale of stand-alone take-n-bake franchises. Royalties and fees, less Upfront Fees, increased from $6.0 million to $6.2 million and decreased from $1.6 million to $1.5 million, respectively, for the year and quarter ended December 31, 2013 compared to the corresponding periods in 2012 without the adjustment to receivables in the Heyser case referenced above. The breakdown of royalties and fees less Upfront Fees were: royalties and fees from non-traditional franchises other than grocery stores were $4.3 million and $4.4 million for the year 2013 compared to 2012; royalties and fees from the grocery store take-n-bake were approximately $1.3 million for both years; royalties and fees from stand-alone take-n-bake franchises were $310,000 in 2013 and $10,000 in 2012; and royalties and fees from traditional locations were $313,000 in 2013 compared to $307,000 in 2012, without the adjustment related to the Heyser case receivables. The breakdown of royalties and fees less Upfront Fees were $1.5 million for the fourth quarter of 2013 compared to $1.6 million for the corresponding period in 2012; royalties and fees from grocery store take-n-bake were $257,000 in the fourth quarter of 2013 compared to $313,000 for the corresponding period in 2012; royalties and fees from the stand-alone take-n-bake franchises were $146,000 in the fourth quarter of 2013 compared to $10,000 for the corresponding period in 2012; and royalties and fees from traditional locations were $74,000 for the fourth quarter of 2013 compared to $67,000 for the corresponding period in 2012. Included in revenue is $217,000 from non-traditional units no longer operating.

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Restaurant revenue was $421,000 compared to $456,000 and $83,000 compared to $98,000, respectively, for the year and quarter ended December 31, 2013 compared to the corresponding periods in 2012. The decreases were the result of same store sales decreases. The Company only operates two locations which were used primarily for testing and demonstration purposes.

As a percentage of total revenue, salaries and wages increased from 13.4% to 14.0% and from 13.5% to 16.1%, respectively, for the year and quarter ended December 31, 2013 compared to the corresonding periods in 2012. Salaries and wages increased from $979,000 to $1.1 million and from $232,000 to $276,000, respectively, for the year and quarter ended December 31, 2013 compared to the corresponding periods in 2012.

Trade show expenses remained approximately the same as a percentage of total revenue at 6.8% for 2013 compared to 2012, and decreased from 7.3% to 7.2% for the quarter ended December 31, 2013 compared to the corresponding period in 2012. Trade show expenses increased to $515,000 for 2013 compared to $499,000 in 2012, and decreased to $124,000 for the fourth quarter of 2013 compared to $126,000 for the corresponding period in 2012.

As a percentage of total revenue, travel expenses increased from 2.5% to 2.8% and from 2.5% to 3.1%, respectively, for the year and quarter ended December 31, 2013 compared to corresponding periods in 2012. Travel expense increased from $183,000 to $208,000 and from $43,000 to $54,000, respectively, for the year and quarter ended December 31, 2013 compared to the corresponding periods in 2012.

As a percentage of total revenue, other operating expenses increased from 9.4% to 9.9% and from 9.6% to 11.0% , respectively, for the year and quarter ended December 31, 2013 compared to corresponding periods in 2012. Operating expenses increased from $686,000 to $748,000 and from $165,000 to $188,000, respectively, for the year and quarter ended December 31, 2013 compared to the corresponding periods in 2012.

As a percentage of total revenue, restaurant expenses decreased from 5.9% to 5.2% and from 5.5% to 5.0%, respectively, for the year and quarter ended December 31, 2013 compared to the corresponding periods in 2012. These percentage decreases were partially the result of a decrease in restaurant revenue as a percentage of total revenue and partially the result of more tightly controlling restaurant expenses. The Company only operates two restaurants which it uses for demonstration, training and testing purposes.

As a percentage of total revenue, general and administrative expenses increased from 21.8% to 21.9% and from 23.8% to 24.0%, respectively, for the year and quarter ended December 31, 2013 compared to the corresponding periods in 2012. The slight increase in general and administrative expenses was primarily the result of engaging an investor relations advisor in 2013 whereas the Company did not have one in 2012, plus an increase in group insurance cost.

As a percentage of total revenue, total expenses increased from 61.3% to 62.1% and from 63.9% to 68.1%, respectively, for the year and quarter ended December 31, 2013 compared to the corresponding periods in 2012.

As a percentage of total revenue, operating income decreased from 38.6% to 37.9% and from 36.1% to 31.9%, respectively, for the year and quarter ended December 31, 2013 compared to the corresponding periods in 2012.

Interest expense as a percentage of total revenue decreased from 5.7% to 2.7% and from 3.3% to 3.0%, respectively, for the year and quarter ended December 31, 2013 compared to the corresponding periods in 2012. Interest expense decreased from $413,000 to $201,000 and from $58,000 to $51,000, respectively, for the year and quarter ended December 31, 2013 compared to the corresponding periods in 2012. The primary reasons for the decreases in interest expense were the refinancing of the Company’s borrowings with a new bank loan in May 2012 and the continued amortization of the principal balance of loans outstanding.

The reduction of estimated net realizable value of the Company’s counterclaims in the Heyser case was $500,000 in 2012 and $1.1 million in 2013. This reduced the carrying value of those counterclaims to the amount of the judgment received in February 2014.

Net income before taxes from continuing operations was $1.4 million in 2013 compared to $1.9 million in 2012. The decrease in net income before taxes from continuing operations was primarily the result of the reduction in net realizable value of the Company’s counterclaims in the Heyser case and a small increase in total expenses which was partially offset by a decrease in interest expense, and an increase in total revenue. Without the reduction of net realizable value of the Company’s counterclaims in the Heyser case in both 2012 and 2013, net income before taxes from continuing operations would have increased to $2.5 million in 2013 from $2.4 million in 2012.

The Company reported a net loss on discontinued operations of $780,000 in 2013. This consisted of $178,000 in legal and settlement costs through the expiration of the lease relating to a restaurant closed in conjunction with the business activity discontinued in 1999, as discussed in the footnotes to the financial statements included in Item 8 of this report. In addition, the Company incurred $147,000 for legal and other costs of its lawsuit related to the operations discontinued in 2008, and wrote off $257,000 in receivables and $199,000 in outdated marketing materials and other costs, all related to the operations discontinued in 2008.

The Company paid dividends on its outstanding Series B Preferred Stock of approximately $99,000 in both 2013 and 2012. The Company redeemed all outstanding Series B Preferred Stock in October 2013, which eliminated the dividend requirements going forward.

Impact of Inflation

The primary inflation factors affecting the Company's operations are food and labor costs to the franchisee. Cheese makes up the single largest cost of a pizza. Cheese prices increased in 2013. They reached an all-time record high in April 2014 and maintained at historically high prices until mid-September 2014. They have since decreased until they are approximately 10% below the ten-year average price. The Company’s business was affected by the increased cost of meats during 2014. Labor cost has remained relatively constant in the past two years. We believe any labor cost increase in the future for our franchisees will be mitigated by the relatively low labor requirements of the Company’s franchise concepts.

Liquidity and Capital Resources

The Company's current strategy is to grow its business by concentrating on franchising/licensing new non-traditional locations, licensing grocery stores to sell take-n-bake pizza and other retail products, and franchising stand-alone take-n-bake locations. This strategy is intended to not require any significant increase in expenses. The Company does not operate, and does not intend to operate in the future, any restaurants except for two locations for testing and demonstration purposes. This strategy requires limited overhead and operating expense and does not require significant capital investment.

The Company's current ratio was 2.1-to-1 as of December 31, 2014 compared to 1.7-to-1 as of December 31, 2013.

In May, 2012, the Company entered into a Credit Agreement with BMO Harris Bank, N.A. (the "Bank") for a term loan in the amount of $5.0 million which was repayable in 48 equal monthly principal installments of approximately $104,000 plus interest with a final payment due in May, 2016. Interest on the unpaid principal balance is payable at a rate per annum of the London Interbank Offered Rate (" LIBOR") plus 4%. The proceeds from the term loan, net of certain fees and expenses associated with obtaining the term loan, were used to repay then-existing bank indebtedness and borrowing from an officer of the Company. In October, 2013, the Company entered into a First Amendment to the Credit Agreement (the"First Amendment") with the bank. The First Amendment maintains the terms of the term loan, as described above, except for reducing the monthly principal payments from $104,000 to approximately $80,700 and extending the loan's maturity to February, 2017. All other terms and conditions of the term loan remain the same including interest on the unpaid principal at a rate per annum of LIBOR plus 4%. The First Amendment also provided for a new term loan in the original amount of $825,000 requiring monthly principal payments of approximately $20,600 per month commencing in November, 2013 and continuing thereafter until the final payment in February, 2017. The term loan provides for interest on the unpaid principal balance to be paid monthly at a rate per annum of LIBOR plus 6.08%. Proceeds from the term loan were used to redeem the Series B Preferred Stock.

In October, 2014, the Company entered into a Second Amendment to its Credit Agreement (the "Second Amendment") with the Bank. Pursuant to the Second Amendment, the Company borrowed $700,000 in the form of a term loan repayable in 36 equal monthly installments of principal in the amount of $19,444 plus interest on the unpaid balance of LIBOR plus 6% per annum. The terms and conditions of the Credit Agreement were otherwise unchanged. The Company used the proceeds from the loan for additional working capital, as a result of the recent growth in the grocery store take-n-bake venue resulting in increased receivable balance.

As a result of the financial arrangements described above and the Company's cash flow projections, the Company believes it will have sufficient cash flow to meet its obligations and to carry out its current business plan for the foreseeable future. The Company's cash flow projections are based on the Company's strategy of focusing on growth in non-traditional venues, growth in the number of grocery store locations licensed to sell the take-n-bake pizza and the anticipated growth from franchising stand-alone take-n-bake locations.

The Company does not anticipate that any of the recently issued Statement of Financial Accounting Standards will have a material impact on its Statement of Operations or its Balance Sheet.

Contractual Obligations

The following table sets forth the contractual obligations of the Company as of December 31, 2014:

	Total	Less than 1 Year	1-3 Years	3-5 Years
Long-term debt	$3,315,764	$1,469,028	$1,846,736	$-
Operating leases	202,785	143,770	59,014	-
Total	$3,518,549	$1,612,798	$1,905,750	$-

Forward-Looking Statements

The statements contained above in Management's Discussion and Analysis concerning the Company's future revenues, profitability, financial resources, market demand and product development are forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) relating to the Company that are based on the beliefs of the management of the Company, as well as assumptions and estimates made by and information currently available to the Company's management. The Company's actual results in the future may differ materially from those indicated by the forward-looking statements due to risks and uncertainties that exist in the Company's operations and business environment, including, but not limited to competitive factors and pricing pressures, non-renewal of franchise agreements, shifts in market demand, the success of new franchise programs, including stand-alone take-n-bake locations, general economic conditions, changes in demand for the Company's products or franchises, the impact of franchise regulation, the success or failure of individual franchisees and changes in prices or supplies of food ingredients and labor as well as the factors discussed under "Risk Factors" above in this annual report. Should one or more of these risks or uncertainties materialize, or should underlying assumptions or estimates prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or intended.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's exposure to interest rate risk relates primarily to its variable-rate debt. As of December 31, 2014, the Company had outstanding variable interest-bearing debt in the aggregate principal amount of $3.3 million. The Company's current borrowings are at a variable rate tied to LIBOR plus 4% per annum on $2.1 million, LIBOR plus 6.08% on $536,000, and LIBOR plus 6% on $681,000, adjusted on a monthly basis. Based on its current debt structure, for each 1% increase in LIBOR the Company would incur increased interest expense of approximately $24,000 over the succeeding 12-month period.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Consolidated Balance Sheets
Noble Roman's, Inc. and Subsidiaries

Assets	December 31, 2013	2014
Current assets:		
Cash	$157,787	$200,349
Accounts receivable - net	1,268,788	1,687,954
Inventories	337,822	381,400
Prepaid expenses	472,065	467,721
Deferred tax asset - current portion	1,250,000	1,675,000
Total current assets	3,486,462	4,412,424
Property and equipment:		
Equipment	1,361,205	1,383,380
Leasehold improvements	88,718	88,718
	1,449,923	1,472,098
Less accumulated depreciation and amortization	962,502	1,041,951
Net property and equipment	487,421	430,147
Deferred tax asset (net of current portion)	9,332,024	7,899,497
Other assets including long-term portion of accounts receivable - net	3,067,754	5,015,931
Total assets	$16,373,661	$17,757,999
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term notes payable to bank	$1,216,250	$1,469,028
Accounts payable and accrued expenses	818,803	676,386
Total current liabilities	2,035,053	2,145,414
Long-term obligations:		
Notes payable to bank (net of current portion)	2,635,208	1,846,736
Total long-term liabilities	2,635,208	1,846,736
Stockholders' equity:		
Common stock – no par value (25,000,000 shares authorized, 19,585,089 issued and outstanding as of December 31, 2013 and 20,095,087 as of December 31, 2014)	23,498,401	23,970,654
Accumulated deficit	(11,795,001)	(10,204,805)
Total stockholders' equity	11,703,400	13,765,849
Total liabilities and stockholders' equity	$16,373,661	$17,757,999

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations
Noble Roman's, Inc. and Subsidiaries

	Year Ended December 31,		
	2012	2013	2014
Royalties and fees	$6,823,811	$7,082,548	$7,479,334
Administrative fees and other	19,872	24,138	72,541
Restaurant revenue	456,449	420,753	363,340
Total revenue	7,300,132	7,527,439	7,915,215
Operating expenses:			
Salaries and wages	979,447	1,056,790	1,063,076
Trade show expense	498,951	514,570	541,385
Travel expense	183,316	207,572	235,127
Other operating expenses	685,836	747,914	876,162
Restaurant expenses	427,127	390,507	402,281
Depreciation and amortization	116,287	113,607	111,750
General and administrative	1,593,646	1,646,993	1,646,502
Total expenses	4,484,610	4,677,953	4,876,283
Operating income	2,815,522	2,849,486	3,038,932
Interest and other expense	413,334	201,381	190,382
Adjust valuation of receivables – Heyser case	500,000	1,208,162	-
Income before income taxes from continuing operations	1,902,188	1,439,943	2,848,550
Income tax expense	753,457	568,406	1,104,809
Net income from continuing operations	1,148,731	871,537	1,743,741
Loss from discontinued operations net of tax benefit of $344,079 for 2012, $511,893 for 2013 and $97,284 for 2014	(524,588)	(780,440)	(153,545)
Net income	624,143	91,097	1,590,196
Cumulative preferred dividends	99,271	99,000	-
Net income (loss) available to common stockholders	$524,872	$(7,903)	$1,590,196
Earnings per share - basic:			
Net income from continuing operations	$.06	$.05	$.09
Net loss from discontinued operations net of tax benefit	$(.03)	$(.04)	$(.01)
Net income	$.03	$.01	$.08
Net income available to common stockholders	$.03	$-	$.08
Weighted average number of common shares outstanding	19,497,638	19,533,201	19,870,904
Diluted earnings per share:			
Net income from continuing operations	$.06	$.05	$.08
Net loss from discontinued operations net of tax benefit	$(.03)	$(.04)	$(.01)
Net income	$.03	$.01	$.07
Weighted average number of common shares outstanding	20,077,910	20,472,908	21,204,439

See accompanying notes to consolidated financial statements.

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Consolidated Statements of Changes in
Stockholders' Equity
Noble Roman's, Inc. and Subsidiaries

	Preferred Stock	Common Stock Shares	Amount	Accumulated Deficit	Total
Balance at December 31, 2011	$800,250	19,469,317	$23,239,976	$(12,311,970)	$11,728,256
2012 net income				624,143	624,143
Cumulative preferred dividends				(99,271)	(99,271)
Amortization of value of stock options			107,882		107,882
Exercise of employee stock options		47,272	18,200		18,200
Balance at December 31, 2012	$800,250	19,516,589	$23,366,058	$(11,787,098)	$12,379,210
2013 net income				91,097	91,097
Cumulative preferred dividends				(99,000)	(99,000)
Amortization of value of stock options			117,118		117,118
Redeemed preferred stock	(800,250)				(800,250)
Issurance cost of preferred stock			(24,750)		(24,750)
Exercise of employee stock options		68,500	39,975		39,975
Balance at December 31, 2013	$-	19,585,089	$23,498,401	$(11,795,001)	$11,703,400
2014 net income				1,590,196	1,590,196
Cashless exercise of employee stock option		214,998			
Amortization of value of stock options			48,815		48,815
Stock issued in exchange for payables		180,000	318,208		318,208
Exercise of employee stock options		115,000	105,230		105,230
Balance at December 31, 2014	$-	20,095,087	$23,970,654	$(10,204,805)	$13,765,849

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows
Noble Roman's, Inc. and Subsidiaries

	Year ended December 31,		
OPERATING ACTIVITIES	2012	2013	2014
Net income	$624,143	$91,097	$1,590,196
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	192,012	174,241	128,265
Non-cash expense from reducing valuation of receivables	-	1,208,162	-
Deferred income taxes	753,457	568,406	1,007,526
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(195,553)	(288,425)	(419,166)
Inventories	(122,392)	123,018	(43,578)
Prepaid expenses	(100,950)	(92,397)	4,344
Other assets including long-term portion of accounts receivable	147,902	(370,133)	(1,861,460)
Increase in:			
Accounts payable and accrued expenses	205,946	308,093	263,622
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,504,565	1,722,062	669,749
INVESTING ACTIVITIES			
Purchase of property and equipment	(18,994)	(11,958)	(22,176)
Assets held for resale	(7,027)	-	-
NET CASH USED BY INVESTING ACTIVITIES	(26,021)	(11,958)	(22,176)
FINANCING ACTIVITIES			
Payment of cumulative preferred dividends	(99,271)	(99,000)	-
Payment of principal outstanding under prior bank loan	(3,575,000)	-	-
Payment of principal officer loan	(1,255,821)	-	-
Payment of principal outstanding on bank loan	(729,167)	(1,244,375)	(1,235,694)
Redemption of all preferred stock outstanding	-	(825,000)	-
Payment of alternative minimum tax	(34,515)	-	-
Proceeds from new bank loan net of closing costs	4,812,457	821,454	697,704
Proceeds from the exercise of stock options	18,200	39,975	105,230
NET CASH USED BY FINANCING ACTIVITIES	(863,117)	(1,306,946)	(432,760)
DISCONTINUED OPERATIONS			
Payment of obligations from discontinued operations	(704,369)	(389,725)	(172,251)
Increase (decrease) in cash	(88,942)	13,433	42,562
Cash at beginning of year	233,296	144,354	157,787
Cash at end of year	$144,354	$157,787	$200,349

Supplemental Schedule of Non-Cash Investing and Financing Activities:

In 2012, an option to purchase 20,000 shares at $.55 was exercised pursuant to the cashless exercise provision of the option and the holder received 7,272 shares of common stock.

In 2014, options to purchase 215,000 shares at $.36, 20,000 shares at $.83 and 40,000 shares at $.95 were exercised pursuant to the cashless exercise provision of the options and the holders received a total of 214,998 shares of common stock.

In 2014, the Company issued 180,000 shares of common stock in exchange for $318,000 in payables.

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements
Noble Roman's, Inc. and Subsidiaries

Note l: Summary of Significant Accounting Policies

Organization: The Company sells and services franchises and/or licenses for non-traditional foodservice operations and stand-alone retail outlets under the trade names "Noble Roman's Pizza," "Tuscano's Italian Style Subs and" "Noble Roman's Take-N-Pizza". Unless the context otherwise indicates, reference to the "Company" are to Noble Roman's, Inc. and its wholly-owned subsidiaries.

Principles of Consolidation: The consolidated financial statements include the accounts of Noble Roman's, Inc. and its wholly-owned subsidiaries, Pizzaco, Inc. and N.R. Realty, Inc. Inter-company balances and transactions have been eliminated in consolidation.

Inventories: Inventories consist of food, beverage, restaurant supplies, restaurant equipment and marketing materials and are stated at the lower of cost (first-in, first-out) or market.

Property and Equipment: Equipment and leasehold improvements are stated at cost. Depreciation and amortization are computed on the straight-line method over the estimated useful lives ranging from five years to 12 years. Leasehold improvements are amortized over the shorter of estimated useful life or the term of the lease.

Cash and Cash Equivalents: Includes actual cash balance. The cash is not pledged nor are there any withdrawal restrictions.

Advertising Costs: The Company records advertising costs consistent with the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Other Expense topic and Advertising Costs subtopic. This statement requires the Company to expense advertising production costs the first time the production material is used.

Use of Estimates: The preparation of the consolidated financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The Company records a valuation allowance in a sufficient amount to adjust the accounts receivables value, in its best judgment, to reflect the amount that the Company estimates will be collected from its total receivables. As any accounts are determined to be permanently impaired (bankruptcy, lack of contact, age of account balance, etc.), they are charged off against the valuation allowance. The Company evaluates its property and equipment and related costs periodically to assess whether any impairment indications are present, including recurring operating losses and significant adverse changes in legal factors or business climate that affect the recovery of recorded value. If any impairment of an individual asset is evident, a loss would be provided to reduce the carrying value to its estimated fair value.

Intangible Assets: Debt issue costs are amortized to interest expense ratably over the term of the applicable debt. The debt issue cost being amortized is $162,833 with accumulated amortization at December 31, 2014 of $93,707.

Royalties, Administrative and Franchise Fees: Royalties are generally recognized as income monthly based on a percentage of monthly sales of franchised or licensed restaurants and from audits and other inspections as they come due and payable by the franchisee. Fees from the retail products in grocery stores are recognized monthly based on the distributors' sale of those retail products to the grocery stores or grocery store distributors. Administrative fees are recognized as income monthly as earned. Initial franchise fees are recognized as income when the services for the franchised restaurant are substantially completed.

Exit or Disposal Activities Related to Discontinued Operations: The Company records exit or disposal activity for discontinued operations when management commits to an exit or disposal plan and includes those charges under results of discontinued operations, as required by the ASC "Exit or Disposal Cost Obligations" topic.

Income Taxes: The Company provides for current and deferred income tax liabilities and assets utilizing an asset and liability approach along with a valuation allowance as appropriate. The Company concluded that no valuation allowance was necessary because it is more likely than not that the Company will earn sufficient income before the expiration of its net operating loss carry-forwards to fully realize the value of the recorded deferred tax asset. As of December 31, 2014, the net operating loss carry-forward was approximately $22.6 million which expires between the years 2018 and 2033. Management made the determination that no valuation allowance was necessary after reviewing the Company's business plans, relevant known facts to date, recent trends, current performance and analysis of the backlog of franchises sold but not yet open.

U.S. generally accepted accounting principles require the Company to examine its tax positions for uncertain positions. Management is not aware of any tax positions that are more likely than not to change in the next 12 months, or that would not sustain an examination by applicable taxing authorities. The Company's policy is to recognize penalties and interest as incurred in its Consolidated Statements of Operations. None were included for the years ended December 31, 2012, 2013 and 2014. The Company's federal and various state income tax returns for 2011 through 2014 are subject to examination by the applicable tax authorities, generally for three years after the later of the original or extended due date.

Basic and Diluted Net Income Per Share: Net income per share is based on the weighted average number of common shares outstanding during the respective year. When dilutive, stock options and warrants are included as share equivalents using the treasury stock method.

The following table sets forth the calculation of basic and diluted earnings per share for the year ended December 31, 2012:

	Income (Numerator)	Shares (Denominator)	Per Share Amount
Net income	$ 624,143		
Less preferred stock dividends	(99,271)		
Earnings per share – basic	524,872	19,497,638	$ .03
Income available to common stockholders			
Effect of dilutive securities			
Options	-	213,606	
Convertible preferred stock	99,271	366,666	
Diluted earnings per share			
Income available to common stockholders and assumed conversions	$ 624,143	20,077,910	$ .03

The following table sets forth the calculation of basic and diluted earnings per share for the year ended December 31, 2013:

	Income (Numerator)	Shares (Denominator)	Per Share Amount
Net income	$ 91,097		
Less preferred stock dividends	(99,000)		
Earnings per share – basic	(7,903)	19,533,201	$ -
Loss available to common stockholders			
Effect of dilutive securities			
Options	-	939,707	
Convertible preferred stock	99,000	-	
Diluted earnings per share			
Income available to common stockholders and assumed conversions	$ 91,097	20,472,908	$ .01

The following table sets forth the calculation of basic and diluted earnings per share for the year ended December 31, 2014:

	Income (Numerator)	Shares (Denominator)	Per Share Amount
Earnings per share – basic			
Net income	1,590,196	19,870,904	$ .08
Effect of dilutive securities			
Options	-	1,333,535	
Diluted earnings per share			
Net income	$ 1,590,196	21,204,439	$ .07

Subsequent Events: The Company evaluated subsequent events through the date the consolidated statements were issued and filed with Form 10-K. No subsequent event required recognition or disclosure.

Note 2: Accounts Receivable

At December 31, 2013 and 2014, the carrying value of the Company's accounts receivable has been reduced to anticipated realizable value. As a result of this reduction of carrying value, the Company anticipates that substantially all of its net receivables reflected on the Consolidated Balance Sheets as of December 31, 2013 and 2014 will be collected. The allowance to reduce the receivables to anticipated net realizable value at December 31, 2014 was $2.25 million.

In 2012, the Company dismissed its counterclaims against certain plaintiffs in the lawsuit related to the operations discontinued in 2008 and reduced the net realizable value by $500,000 related to the Company's counterclaims against the plaintiffs in the lawsuit referenced above. In 2013, based on a judgment that was entered on February 13, 2014 in the lawsuit, the Company reduced the carrying value of the receivables subject to the counterlaims by $1.1 million. Since the right to receive passive income in the form of royalties is not a part of the discontinued operations, the adjustments to reflect these two charges were made to continuing operations.

Note 3: Notes Payable

In May 15, 2012, the Company entered into a Credit Agreement with BMO Harris Bank, N.A. (the"Bank") for a term loan in the amount of $5.0 million which was repayable in 48 equal monthly principal installments of approximately $104,000 plus interest with a final payment due in May, 2016. Interest on the unpaid principal balance is payable at a rate per annum of LIBOR plus 4%. The proceeds from the term loan, net of certain fees and expenses associated with obtaining the term loan, were used to repay then-existing bank indebtedness and borrowing from an officer of the Company. In October, 2013, the Company entered into a First Amendment to the Credit Agreement (the "FirstAmendment") with the Bank. The First Amendment maintains the terms of the term loan, as described above, except for reducing the monthly principal payments from $104,000 to approximately $80,700 and extending the maturity to February, 2017. All other terms and conditions of the term loan remain the same including interest on the unpaid principal at a rate per annum of LIBOR plus 4%. The First Amendment also provided for a new term loan in the original amount of $825,000 requiring monthly principal payments of approximately $20,600 per month commencing in November, 2013 and continuing thereafter until the final payment in February, 2017. The term loan provides for interest on the unpaid principal balance to be paid monthly at a rate per annum of LIBOR plus 6.08%. Proceeds from term loan were used to redeem the Series B Preferred Stock. In October, 2014, the Company entered into a Second Amendment to its Credit Agreement (the "Second Amendment") with the Bank. Pursuant to the Second Amendment, the Company borrowed $700,000 in the form of a term loan repayable in 36 equal monthly installments of principal in the amount of $19,444 plus interest on the unpaid balance of LIBOR plus 6% per annum. The terms and conditions of the Credit Agreement were otherwise unchanged. The Company used the proceeds from the loan for additional working capital, as a result of the recent growth in the grocery store take-n-bake venue. Interest paid on the term loans in 2014 was $156,468. The Company's obligations under the term loans are secured by the grant of a security interest in essentially all assets of the Company and a personal guaranty of an officer of up to $2.78 million of the loans and certain restrictions apply to the Company such as a prohibition on the payment of dividends on common stock, as set forth in the Credit Agreement.

Note 4: Royalties and Fees

Approximately $294,000, $788,000 and $313,000 are included in the 2012, 2013 and 2014, respectively, royalties and fees in the Consolidated Statements of Operations for initial franchise fees. Also included in royalties and fees were approximately $81,000, $95,000 and $80,000 in 2012, 2013 and 2014, respectively, for equipment commissions. Most of the cost for the services required to be performed by the Company are incurred prior to the franchise fee income being recorded which is based on contractual liability for the franchisee. For the most part, the Company's ongoing royalty income is paid electronically by the Company initiating a draft on the franchisee's account by electronic withdrawal.

In conjunction with the development of Noble Roman's Pizza and Tuscano's Italian Style Subs, the Company has devised its own recipes for many of the ingredients that go into the making of its products ("Proprietary Products"). The Company contracts with various manufacturers to manufacture its Proprietary Products in accordance with the Company's recipes and formulas and to sell those products to authorized distributors at a contract price which includes an allowance for use of the Company's recipes. The manufacturing contracts also require the manufacturers to remit those allowances to the Company on a periodic basis, usually monthly. The Company recognizes those allowances in revenue as earned based on sales reports from the distributors.

There were 2,029 franchised or licensed outlets in operation on December 31, 2013 and 2,215 on December 31, 2014. During the 12-month period ended December 31, 2014, there were 242 new franchised or licensed outlets opened and 56 franchised or licensed outlets left the system. Grocery stores are accustomed to adding products for a period of time, removing them for a period of time and possibly reoffering them. Therefore, it is unknown of the 1,409 included in the December 31, 2014 count, how many grocery store licenses were actually operating.

Note 5: Contingent Liabilities for Leased Facilities

The Company leased its former restaurant facilities under non-cancelable lease agreements which generally had initial terms ranging from five to 20 years with extended renewal terms. These leases have been terminated or assigned to franchisees who operate them pursuant to a Noble Roman's, Inc. Franchise Agreement. The assignment passes all liability for future lease payments to the assignees, however, the Company remains contingently liable on two of the leases to the landlords in the event of default by the assignees. The leases generally required the Company or its assignees to pay all real estate taxes, insurance and maintenance costs. At December 31, 2014, contingent obligations under non-cancelable operating leases for 2015, 2016 and 2017, were approximately $71,343, $24,675 and none, respectively.

The Company has future obligations of $202,785 under current operating leases as follows: due in less than one year $143,770 and due in one to three years $59,014.

Note 6: Income Taxes

The Company had a deferred tax asset, as a result of prior operating losses, of $10.58 million at December 31, 2013 and $9.57 million at December 31, 2014, which expires between the years 2018 and 2033. In 2012, 2013 and 2014, the Company used deferred benefits to offset its tax expense of $753,000, $568,000 and $1.1 million, respectively, and tax benefits from loss on discontinued operations of $344,000 in 2012, $512,000 in 2013 and $97,000 in 2014. As a result of the tax credits, the Company did not pay any income taxes in 2012, 2013 and 2014. There are no material differences between reported income tax expense or benefit and the income tax expense or benefit that would result from applying the Federal and state statutory tax rates.

Note 7: Common Stock

On January 13, 2014, employees exercised options for a total of 215,000 shares of common stock at a price $.36, 20,000 shares of common stock at a price of $.83 and 40,000 shares of common stock at a price of $.95 in a cashless exercises and were issued a total of 214,998 shares of common stock. On February 27, 2014, an employee exercised an option for 1,000 shares of common stock at a price of $.83 per share. On September 11, 2014, an employee exercised an option for 50,000 shares of common stock at a price of $.95 per share and an option for 30,000 shares of common stock at a price of $.90 per share. On October 20, 2014, an employee exercised an option for 4,000 shares of common stock at a price of $.90 per share. On October 29, 2014, an employee exercised an option for 10,000 shares of common stock at a price of $.83 per share. On December 1, 2014, an employee exercised an option for 20,000 shares of common stock at a price of $.90 per share. On four different dates in 2014, the Company issued a total of 180,000 shares of common stock as payment of certain payables at an average issuance price of $1.77 per share.

The Company has an incentive stock option plan for key employees, officers and directors. The options are generally exercisable three years after the date of grant and expire ten years after the date of grant. The option prices are the fair market value of the stock at the date of grant. At December 31, 2014, the Company had the following employee stock options outstanding:

# Common Shares Represented	Exercise Price
57,500	$ 2.30
120,000	.36
325,000	.95
1,800,000	1.05
101,000	.90
351,000	.58
40,000	.68
270,500	1.30
330,000	1.55
40,000	1.65

As of December 31, 2014, options for 2,403,500 shares were exercisable.

The Company adopted the modified prospective method to account for stock option grants, which does not require restatement of prior periods. Under the modified prospective method, the Company is required to record compensation expense for all awards granted after the date of adoption and for the unvested portion of previously granted awards that remain outstanding at the date of adoption, net of an estimate of expected forfeitures. Compensation expense is based on the estimated fair values of stock options determined on the date of grant and is recognized over the related vesting period, net of an estimate of expected forfeitures.

The Company estimates the fair value of its option awards on the date of grant using the Black-Scholes option pricing model. The risk-free interest rate is based on external data while all other assumptions are determined based on the Company's historical experience with stock options. The following assumptions were used for grants in 2012, 2013 and 2014:

Expected volatility	30%
Expected dividend yield	None
Expected term (in years)	5
Risk-free interest rate	1.62% to 2.64%

The following table sets forth the number of options outstanding as of December 31, 2011, 2012, 2013 and 2014 and the number of options granted, exercised or forfeited during the years ended December 31, 2012, December 31, 2013 and December 31, 2014:

Balance of employee stock options outstanding as of 12/31/11	3,000,500
Stock options granted during the year ended 12/31/12	401,000
Stock options exercised during the year ended 12/31/12	(60,000)

Stock options forfeited during the year ended 12/31/12	(75,000)
Balance of employee stock options outstanding as of 12/31/12	3,266,500
Stock options granted during the year ended 12/31/13	273,000
Stock options exercised during the year ended 12/31/13	68,500
Stock options forfeited during the year ended 12/31/13	13,500
Balance of employee stock options outstanding as of 12/31/13	3,457,500
Stock options granted during the year ended 12/31/14	370,000
Stock options exercised during the year ended 12/31/14	(390,000)
Stock options forfeited during the year ended 12/31/14	(2,500)
Balance of employee stock options outstanding as of 12/31/14	3,435,000

The following table sets forth the number of non-vested options outstanding as of December 31, 2011, 2012, 2013 and 2014, and the number of stock options granted, vested and forfeited during the years ended December 31, 2012, 2013 and 2014.

Balance of employee non-vested stock options outstanding as of 12/31/11	2,461,000
Stock options granted during the year ended 12/31/12	401,000
Stock options vested during the year ended 12/31/12	(600,000)
Stock options forfeited during the year ended 12/31/12	(75,000)
Balance of employee non-vested stock options outstanding as of 12/31/12	2,187,000
Stock options granted during the year ended 12/31/13	273,000
Stock options vested during the year ended 12/31/13	(1,031,000)
Stock options forfeited during the year ended 12/31/13	(12,500)
Balance of employee non-vested stock options outstanding as of 12/31/13	1,416,500
Stock options granted during the year ended 12/31/14	370,000
Stock options vested during the year ended 12/31/14	(755,000)
Stock options forfeited during the year ended 12/31/14	-
Balance of employee non-vested stock options outstanding as of 12/31/14	1,031,500

During 2014, employee stock options were granted for 370,000 shares, options for 390,000 shares were exercised and options for 2,500 shares were forfeited. At December 31, 2014, the weighted average grant date fair value of non-vested options was $1.12 per share and the weighted average grant date fair value of vested options was $1.03 per share. The weighted average grant date fair value of employee stock options granted during 2012 was $.59, during 2013 was $1.30 and during 2014 was $1.56. Total compensation cost recognized for share-based payment arrangements was $107,882 with a tax benefit of $42,732 in 2012, $117,118 with a tax benefit of $46,390 in 2013, and $48,815 with a tax benefit of $18,935 in 2014. As of December 31, 2014, total compensation cost related to non-vested options was $122,000, which will be recognized as compensation cost over the next six to 30 months. No cash was used to settle equity instruments under share-based payment arrangements.

Note 8: Statements of Financial Accounting Standards

The Company does not believe that the recently issued Statements of Financial Accounting Standards will have any material impact on the Company's Consolidated Statements of Operations or its Consolidated Balance Sheets.

Note 9: Loss from Discontinued Operations

The Company made the decision in 1999 to discontinue operations of its full-service restaurants and made the decision in late 2008 to discontinue the business of operating traditional quick service restaurants, which had been acquired from struggling franchisees and later sold to new franchisees. As a result, the Company charged off or dramatically lowered the carrying value of all receivables related to the traditional restaurants and accrued future estimated expenses related to the estimated cost to prosecute a lawsuit related to those discontinued operations. The ongoing right to receive passive income in the form of royalties is not a part of the discontinued segment.

A full-service restaurant that was closed in conjunction with the business activity discontinued in 1999 was sublet to an unrelated party. In late 2008, the Company lost that sub-tenant and the building was severely damaged by a tornado. As a result, the Company incurred additional cost related to the 1999 discontiniued operations as well as the ones that were discontinued in 2008.

The Company reported a net loss from discontinued operations of $525,000 in 2012. This consisted of $110,000 in legal and other costs relating to the restaurant that was closed in conjunction with the business activity discontinued in 1999 discussed above. The primary reason for this additional loss was the insurance company's denial of all except a small portion of the Company's claim for damages from the tornado. In addition, the Company accrued an additional loss of $415,000 for legal and other costs of a lawsuit related to the operations discontinued in 2008.

The Company reported a net loss on discontinued operations of $780,000 in 2013. This consisted of $178,000 in legal and settlement costs through the expiration of the lease relating to the restaurant that was closed in conjunction with the business activity discontinued in 1999 discussed above. In addition, the Company incurred $147,000 for legal and other costs of its lawsuit related to the operations discontinued in 2008, and wrote off $257,000 in receivables of which $123,000 were from various distributors and $199,000 in obsolete support materials and other costs, all related to the operations discontinued in 2008.

The Company reported a net loss on discontinued operations of $154,000 in 2014. This consisted of $9,600 in legal and settlement costs through the expiration of the lease relating to the restaurant that was closed in conjunction with the business activity discontinued in 1999 discussed above. In addition, the Company incurred $139,600 for legal and other costs related to the operations discontinued in 2008, and wrote off $4,300 in receivables related to the operations discontinued in 2008.

Note 10: Contingencies

The Company, from time to time, is or may become involved in various litigation or regulatory proceedings arising out of its normal business operations.

Currently, there are no such pending proceedings which the Company considers to be material.

Note 11: Certain Relationships and Related Transactions

The following is a summary of transactions to which the Company and certain officers and directors of the Company are a party or have a financial interest. The Board of Directors of the Company has adopted a policy that all transactions between the Company and its officers, directors, principal shareholders and other affiliates must be approved by a majority of the Company's disinterested directors, and be conducted on terms no less favorable to the Company than could be obtained from unaffiliated third parties.

Jeffrey R. Gaither, a Director, is Managing Partner of Bose McKinney & Evans, LLP, a law firm that performs legal services for the Company. The Company paid Bose McKinney for services rendered in the approximate amount of $382,000, $200,000 and $320,000 in 2012, 2013 and 2014, respectively.

Note 12: Unaudited Quarterly Financial Information

2014	Quarter Ended December 31	September 30	June 30	March 31
	(in thousands, except per share data)			
Total revenue	$1,807	$ 2,107	$ 2,089	$ 1,912
Operating income	550	857	855	777
Net income before income taxes from continuing operations	501	813	808	727
Net income from continuing operations	303	499	503	439
Loss from discontinued operations	154	-	-	-
Net income	149	499	503	439
Net income from continuing operations per common share				
Basic	.02	.03	.03	.02
Diluted	.01	.02	.02	.02
Net income per common share				
Basic	.01	.03	.03	.02
Diluted	.01	.02	.02	.02

2013	Quarter Ended December 31	September 30	June 30	March 31
	(in thousands, except per share data)			
Total revenue	$1,717	$1,933	$1,987	$1,891
Operating income	547	752	805	746
Net income (loss) before income taxes from continuing operations	(712)	705	754	693
Net income (loss) from continuing operations	(430)	427	456	418
Loss from discontinued operations	780	-	-	-
Net income (loss)	(1,210)	427	456	418
Net income (loss) from continuing operations per common share				
Basic	(.02)	.02	.02	.02
Diluted	(.02)	.02	.02	.02
Net income (loss) per common share				
Basic	(.06)	.02	.02	.02
Diluted	(.06)	.02	.02	.02

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
NOBLE ROMAN’S, INC. AND SUBSIDIARIES
Indianapolis, Indiana

We have audited the accompanying consolidated balance sheets of NOBLE ROMAN’S, INC. AND SUBSIDIARIES, as of December 31, 2014 and 2013, and the related consolidated statements of operations, changes in stockholders’ equity and cash flows for each of the three years in the period ended December 31, 2014. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NOBLE ROMAN’S, INC. AND SUBSIDIARIES, as of December 31, 2014 and 2013, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

/s/ Somerset CPA’s, P.C.

Indianapolis, Indiana
March 12, 2015

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Management’s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Internal control over financial reporting is a process designed by, or under the supervision of, the Company's principal executive and principal financial officers, or persons performing similar functions, and effected by the Company's Board of Directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with United States generally accepted accounting principles (“GAAP”) and includes those policies and procedures that:

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of applicable limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Public Company Accounting Oversight Board’s Auditing Standard No. 5 defines a material weakness as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis. A deficiency in internal control over reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

Our management, including Paul W. Mobley, the Company’s Executive Chairman of the Board and Chief Financial Officer and A. Scott Mobley, the Company’s President and Chief Executive Officer, conducted an evaluation of the effectiveness of our internral control over financial reporting as of December 31, 2014. Our management has concluded that the Company’s internal controls over financial reporting are effective.

There have been no changes in internal controls over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

In May 2013, the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") released an updated version of its Internal Control - Integrated Framework ("2013 Framework"), Initially issued in 1992, the original framework ("1992 Framework") provided guidance to organizations to design, implement and evaluate the effectiveness of internal control concepts and simplify their use and application. The 2013 Framework is intended to improve upon systems of internal control over external financial reporting by formalizing the principles embedded in the 1992 Framework, incorporating business and operating environment changes and increasing the framework ease of use and application. The 1992 Framework remained available until December 15, 2014, after which it was superseded by the 2013 Framework. As of December 31, 2014, the Company transitioned to the 2013 Framework. The Company did not experience significant changes to its internal control over financial reporting as a result from the transition to the 2013 Framework.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

Management's Evaluation of Disclosure Controls and Procedures

Based on their evaluation, as of the end of the period covered by this report, Paul W. Mobley, the Company's Executive Chairman of the Board and Chief Financial Officer and A.Scott Mobley,the company's President and Chief Executive Officer, have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are effective.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS OF THE REGISTRANT AND CORPORATE GOVERNANCE

Information concerning this item is included under captions "Election of Directors", "Section 16(a) Beneficial Ownership Reporting Compliance," and "Corporate Governance" in our Proxy Statement for our 2015 Annual Meeting of Shareholders (the "2015 Proxy Statement") and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information concerning this item is included under the captions "Executive Compensation", "Director Compensation" and "Compensation Committee Interlocks and Insider Participation" in the 2015 Proxy Statement and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information concerning this item is included in Item 5 of this report under the caption “Equity Compensation Plan Information” and under the caption “Security Ownership of Certain Beneficial Owners and Management” in the 2015 Proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information concerning this item is included under the caption “Corporate Governance” in the 2015 Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information concerning this item is included under the caption “Independent Auditors’ Fees” in the 2015 Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Exhibits

Exhibit Number	Description
3.1	Amended Articles of Incorporation of the Registrant, filed as an exhibit to the Registrant's Amendment No. 1 to the Post Effective Amendment No. 2 to Registration Statement on Form S-1 filed July 1, 1985 (SEC File No.2-84150), is incorporated herein by reference.
3.2	Amended and Restated By-Laws of the Registrant, as currently in effect, filed as an exhibit to the Registrant's Form 8-K filed December 23, 2009, is incorporated herein by reference.
3.3	Articles of Amendment of the Articles of Incorporation of the Registrant effective February 18, 1992 filed as an exhibit to the Registrant's Registration Statement on Form SB-2 (SEC File No. 33-66850), ordered effective on October 26, 1993, is incorporated herein by reference.
3.4	Articles of Amendment of the Articles of Incorporation of the Registrant effective May 11, 2000, filed as Annex A and Annex B to the Registrant's Proxy Statement on Schedule 14A filed March 28, 2000, is incorporated herein by reference.
3.5	Articles of Amendment of the Articles of Incorporation of the Registrant effective April 16, 2001 filed as Exhibit 3.4 to Registrant's annual report on Form 10-K for the year ended December 31, 2005, is incorporated herein by reference.
3.6	Articles of Amendment of the Articles of Incorporation of the Registrant effective August 23, 2005, filed as Exhibit 3.1 to the Registrant's current report on Form 8-K filed August 29, 2005, is incorporated herein by reference.
4.1	Specimen Common Stock Certificates filed as an exhibit to the Registrant's Registration Statement on Form S-18 filed October 22, 1982 and ordered effective on December 14, 1982 (SEC File No. 2-79963C), is incorporated herein by reference.
10.1	Employment Agreement with Paul W. Mobley dated January 2, 1999 filed as Exhibit 10.1 to Registrant's annual report on Form 10-K for the year ended December 31, 2005, is incorporated herein by reference.
10.2	Employment Agreement with A. Scott Mobley dated January 2, 1999 filed as Exhibit 10.2 to Registrant's annual report on Form 10-K for the year ended December 31, 2005, is incorporated herein by reference.
10.3	Credit Agreement with BMO Harris Bank, N.A., dated May 25, 2012, filed as Exhibit 10.17 to the Registrant's quarterly report on Form 10-Q filed on August 13, 2012, is incorporated herein by reference.
10.4	First Amendment to Credit Agreement with BMO Harris Bank, N.A. dated October 31, 2013, filed as Exhibit 10.4 to the Registrant's annual report on Form 10-K for the year ended December 31, 2013, is incorporated herein by reference.
10.5	Promissory Note (Term Loan) with BMO Harris Bank, N.A. dated October 31, 2013, filed as Exhibit 10.5 to the Registrant's annual report on Form 10-K for the year ended December 31, 2013 is incorporated herein by reference.
10.6	Promissory Note (Term Loan II) with BMO Harris Bank, N.A. dated October 31, 2013, filed as Exhibit 10.6 to the Registrant's annual report on Form 10-K for the year ended December 31, 2013 is incorporated herein by reference.
10.7	Second Amendment to Credit Agreement with BMO Harris Bank, N.A. dated October 15, 2014, filed herewith.
10.8	Promissory Note with BMO Harris Bank, N.A. dated October 15, 2014, filed herewith.

21.1	Subsidiaries of the Registrant filed in the Registrant's Registration Statement on Form SB-2 (SEC File No. 33-66850) ordered effective on October 26, 1993, is incorporated herein by reference.
31.1	C.E.O. Certification under Rule 13a-14(a)/15d-14(a)
31.2	C.F.O. Certification under Rule 13a-14(a)/15d-14(a)
32.1	C.E.O. Certification under Section 1350
32.2	C.F.O. Certification under Section 1350
101	Interactive Financial Data

SIGNATURES

In accordance with of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NOBLE ROMAN'S, INC.

March 12, 2015	By:	/s/ A. Scott Mobley A. Scott Mobley President and Chief Executive Officer
March 12, 2015	By:	/s/ Paul W. Mobley Paul W. Mobley Executive Chairman, Chief Financial Officer and Principal Accounting Officer

In accordance with the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

March 12, 2015	/s/ Paul W. Mobley Paul W. Mobley Executive Chairman of the Board, Chief Financial Officer and Director
March 12, 2015	/s/ A. Scott Mobley A. Scott Mobley President, Chief Executive Officer and Director
March 12, 2015	/s/ Douglas H. Coape-Arnold Douglas H. Coape-Arnold Director
March 12, 2015	/s/ Jeffrey R. Gaither Jeffrey R. Gaither Director