

ROCKY MOUNTAIN CHOCOLATE FACTORY INC
Form 10-Q
January 13, 2012

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended November 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 0-14749

Rocky Mountain Chocolate Factory, Inc.
(Exact name of registrant as specified in its charter)

Colorado
(State of incorporation)

84-0910696
(I.R.S. Employer Identification No.)

265 Turner Drive, Durango, CO 81303
(Address of principal executive offices)

(970) 259-0554
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of 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 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. (Check one):

Large accelerated filer Accelerated filer

Edgar Filing: ROCKY MOUNTAIN CHOCOLATE FACTORY INC - Form 10-Q

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

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

On January 1, 2012, the registrant had outstanding 6,126,007 shares of its common stock, \$.03 par value.

ROCKY MOUNTAIN CHOCOLATE FACTORY, INC. AND SUBSIDIARY

FORM 10-Q

TABLE OF CONTENTS

PART I.	FINANCIAL INFORMATION	3
ITEM 1.	FINANCIAL STATEMENTS	3
	CONSOLIDATED STATEMENTS OF INCOME	3
	CONSOLIDATED BALANCE SHEETS	4
	CONSOLIDATED STATEMENTS OF CASH FLOWS	5
	NOTES TO INTERIM (UNAUDITED) CONSOLIDATED FINANCIAL STATEMENTS	6
ITEM 2.	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	11
ITEM 3.	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	18
ITEM 4.	CONTROLS AND PROCEDURES	19
PART II.	OTHER INFORMATION	19
ITEM 1.	LEGAL PROCEEDINGS	19
ITEM 1A.	RISK FACTORS	19
ITEM 2.	UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS	19
ITEM 3.	DEFAULTS UPON SENIOR SECURITIES	19
ITEM 4.	RESERVED	19
ITEM 5.	OTHER INFORMATION	20
ITEM 6.	EXHIBITS	20
SIGNATURE		21

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ROCKY MOUNTAIN CHOCOLATE FACTORY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2011	2010	2011	2010
Revenues				
Sales	\$7,115,456	\$6,625,043	\$20,329,561	\$17,979,260
Franchise and royalty fees	1,164,454	1,290,889	4,164,061	4,178,274
Total revenues	8,279,910	7,915,932	24,493,622	22,157,534
Costs and Expenses				
Cost of sales, exclusive of depreciation and amortization expense of \$68,388, \$82,039, \$206,953 and \$247,761, respectively	4,681,398	4,375,609	12,892,284	11,501,952
Franchise costs	452,713	402,688	1,374,413	1,115,985
Sales and marketing	400,263	395,670	1,225,393	1,143,908
General and administrative	800,583	686,558	2,257,175	1,998,913
Retail operating	649,696	569,340	2,288,246	1,691,489
Depreciation and amortization	194,129	162,740	553,295	504,082
Total costs and expenses	7,178,782	6,592,605	20,590,806	17,956,329
Income from Operations	1,101,128	1,323,327	3,902,816	4,201,205
Interest Income	15,270	16,105	46,129	41,170
Income Before Income Taxes	1,116,398	1,339,432	3,948,945	4,242,375
Income Tax Provision	391,430	465,952	1,392,765	1,493,652
Net Income	\$724,968	\$873,480	\$2,556,180	\$2,748,723
Basic Earnings per Common Share	\$.12	\$.14	\$.42	\$.45
Diluted Earnings per Common Share	\$.12	\$.14	\$.41	\$.44
Weighted Average Common Shares				
Outstanding	6,126,007	6,063,720	6,102,704	6,045,782
Dilutive Effect of Stock Options	159,445	244,026	194,136	236,496
Weighted Average Common Shares Outstanding, Assuming Dilution	6,285,452	6,307,746	6,296,840	