

NOBILITY HOMES INC
Form 10-Q
June 16, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15 (d)
of the Securities Exchange Act of 1934
For the quarterly period ended May 3, 2014
Commission File number 000-06506

NOBILITY HOMES, INC.

(Exact name of registrant as specified in its charter)

Florida
(State or other jurisdiction of
incorporation or organization)

59-1166102
(I.R.S. Employer
Identification No.)

3741 S.W. 7th Street

Ocala, Florida
(Address of principal executive offices)

34474
(Zip Code)
(352) 732-5157

(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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ; No .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

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

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

	Shares Outstanding on
Title of Class	June 16, 2014
Common Stock	4,058,994

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NOBILITY HOMES, INC.

Consolidated Balance Sheets

	May 3, 2014 (Unaudited)	November 2, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 12,276,236	\$ 10,468,453
Short-term investments	460,055	455,232
Accounts receivable - trade	855,481	2,701,057
Mortgage notes receivable, current	5,865	4,549
Income tax receivable	10,000	
Inventories	5,994,972	5,043,816
Pre-owned homes, current	2,854,706	2,187,598
Prepaid expenses and other current assets	472,516	319,546
Deferred income taxes	557,525	656,461
Total current assets	23,487,356	21,836,712
Property, plant and equipment, net	3,808,956	3,731,463
Pre-owned homes	2,696,024	4,316,397
Mortgage notes receivable, long term	182,301	183,753
Other investments	2,875,394	2,938,273
Deferred income taxes	1,438,475	1,339,539
Other assets	2,862,955	2,804,484
Total assets	\$ 37,351,461	\$ 37,150,621
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	\$ 375,916	\$ 645,519
Accrued compensation	238,808	170,026
Accrued expenses and other current liabilities	448,549	614,368
Customer deposits	686,951	537,052
Total current liabilities	1,750,224	1,966,965
Commitments and contingent liabilities		
Stockholders equity:		
Preferred stock, \$.10 par value, 500,000 shares authorized; none issued and outstanding		
Common stock, \$.10 par value, 10,000,000 shares authorized; 5,364,907 shares issued	536,491	536,491

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Additional paid in capital	10,636,716	10,632,060
Retained earnings	33,708,086	33,319,784
Accumulated other comprehensive income	245,201	240,378
Less treasury stock at cost, 1,305,913 shares in 2014 and 1,307,854 shares in 2013	(9,525,257)	(9,545,057)
Total stockholders equity	35,601,237	35,183,656
Total liabilities and stockholders equity	\$ 37,351,461	\$ 37,150,621

The accompanying notes are an integral part of these financial statements

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NOBILITY HOMES, INC.

Consolidated Statements of Comprehensive Income (Loss)

(Unaudited)

	Three Months Ended		Six Months Ended	
	May 3, 2014	May 4, 2013	May 3, 2014	May 4, 2013
Net sales	\$ 7,416,806	\$ 3,813,619	\$ 11,608,235	\$ 7,215,286
Cost of goods sold	(6,312,508)	(3,235,633)	(9,758,407)	(6,091,517)
Gross profit	1,104,298	577,986	1,849,828	1,123,769
Selling, general and administrative expenses	(798,670)	(627,018)	(1,460,014)	(1,179,518)
Operating income (loss)	305,628	(49,032)	389,814	(55,749)
Other income (loss):				
Interest income	18,182	23,407	28,014	28,946
Undistributed earnings in joint venture - Majestic 21	39,477	42,964	71,808	60,200
Losses from investments in retirement community limited partnerships	(95,286)	(83,504)	(134,687)	(129,841)
Miscellaneous	16,899	19,144	33,353	54,268
Total other income (loss)	(20,728)	2,011	(1,512)	13,573
Income (loss) before provision for income taxes	284,900	(47,021)	388,302	(42,176)
Income tax				
Net income (loss)	284,900	(47,021)	388,302	(42,176)
Other comprehensive income (loss)				
Unrealized investment gain (loss)	(13,120)	35,660	4,823	44,630
Comprehensive income (loss)	\$ 271,780	\$ (11,361)	\$ 393,125	\$ 2,454
Weighted average number of shares outstanding:				
Basic	4,058,115	4,057,053	4,058,054	4,057,053
Diluted	4,060,907	4,057,053	4,059,982	4,057,053
Net income (loss) per share:				
Basic	\$ 0.07	\$ (0.01)	\$ 0.10	\$ (0.01)

Diluted	\$	0.07	\$	(0.01)	\$	0.10	\$	(0.01)
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The accompanying notes are an integral part of these financial statements

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NOBILITY HOMES, INC.

Consolidated Statements of Cash Flows

(Unaudited)

	Six Months Ended	
	May 3, 2014	May 4, 2013
Cash flows from operating activities:		
Net income	\$ 388,302	\$ (42,176)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	53,826	60,228
Undistributed earnings in joint venture - Majestic 21	(71,808)	(60,200)
Losses from investments in retirement community limited partnerships	134,687	129,841
Stock-based compensation	4,046	6,759
Other	12,500	
Decrease (increase) in:		
Accounts receivable	1,845,576	1,733,722
Inventories	(951,156)	414,116
Pre-owned homes	953,265	(61,138)
Income tax receivable	(10,000)	
Prepaid expenses and other current assets	(152,970)	117,953
(Decrease) increase in:		
Accounts payable	(269,603)	(65,865)
Accrued compensation	68,782	33,301
Accrued expenses and other current liabilities	(165,819)	59,593
Customer deposits	149,899	294,368
Net cash provided by operating activities	1,989,527	2,620,502
Cash flows from investing activities:		
Purchase of property, plant and equipment	(131,319)	
Collections on mortgage notes receivable	136	1,049
Increase in cash surrender value of life insurance	(58,471)	(56,244)
Net cash used in investing activities	(189,654)	(55,195)
Cash flows from financing activities:		
Proceeds from exercise of employee stock options	7,910	
Increase in cash and cash equivalents	1,807,783	2,565,307
Cash and cash equivalents at beginning of year	10,468,453	7,352,480

Cash and cash equivalents at end of quarter	\$ 12,276,236	\$ 9,917,787
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Supplemental disclosure of cash flows information:

Income taxes paid	\$ 10,000	\$
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The accompanying notes are an integral part of these financial statements

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Nobility Homes, Inc.

Notes to Consolidated Financial Statements

(Unaudited)

Note 1 Basis of Presentation and Accounting Policies

The accompanying unaudited consolidated financial statements for the three and six months ended May 3, 2014 have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission for Form 10-Q. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements.

The unaudited financial information included in this report includes all adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary to reflect a fair statement of the results for the interim periods. The operations for the three and six months ended May 3, 2014 are not necessarily indicative of the results of the full fiscal year.

The condensed consolidated financial statements included in this report should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended November 2, 2013.

In May 2014, the FASB issued ASU 2014-09 (Revenue from Contracts with Customers (Topic 606)), which requires an entity to recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance addresses, in particular, contracts with more than one performance obligation, as well as the accounting for some costs to obtain or fulfill a contract with a customer; and provides for additional disclosures with respect to revenues and cash flows arising from contracts with customers. With respect to public entities, this update is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016 and early adoption is not permitted. We believe that our implementation of this guidance will have no material impact on our consolidated financial statements.

Note 2 Inventories

New home inventory is carried at the lower of cost or market value. The cost of finished home inventories determined on the specific identification method is removed from inventories and recorded as a component of cost of sales at the time revenue is recognized. In addition, an allocation of depreciation and amortization is included in cost of goods sold. Under the specific identification method, if finished home inventory can be sold for a profit there is no basis to write down the inventory below the lower of cost or market value.

Pre-owned inventory is valued at the lower of the Company's cost to acquire the inventory plus refurbishment costs incurred to date to bring the inventory to a more saleable state, or market value.

Other inventory costs are determined on a first-in, first-out basis.

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Inventories were as follows:

	May 3, 2014	November 2, 2013
Raw materials	\$ 586,562	\$ 571,621
Work-in-process	87,369	108,641
Finished homes	5,274,759	4,344,117
Model home furniture and others	46,282	19,437
Inventories, net	\$ 5,994,972	\$ 5,043,816
Pre-owned homes	\$ 7,712,726	\$ 9,215,590
Inventory impairment reserve	(2,161,996)	(2,711,595)
	5,550,730	6,503,995
Less homes expected to sell in 12 months	(2,854,706)	(2,187,598)
Pre-owned homes, long-term	\$ 2,696,024	\$ 4,316,397

Note 3 Short-term Investments

The following is a summary of short-term investments (available for sale):

	May 3, 2014			Estimated Fair Value
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	
Equity securities in a public company	\$ 167,930	\$ 292,125	\$	\$ 460,055

	November 2, 2013			Estimated Fair Value
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	
Equity securities in a public company	\$ 167,930	\$ 287,302	\$	\$ 455,232

The fair values were estimated based on quoted market prices in active markets at each respective period end.

Note 4 Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and accrued expenses approximates fair value because of the short maturity of those instruments. Short-term investments (available for sale) are carried at fair value.

FASB ASC No. 820 Fair Value Measurements defines fair value as the price that would be received upon the sale of an asset or paid to transfer a liability (i.e. exit price) in an orderly transaction between market participants at the measurement date. ASC No. 820 requires disclosures that categorize assets and liabilities

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measured at fair value into one of three different levels depending on the assumptions (i.e. inputs) used in the valuation. Financial assets and liabilities are classified in their entirety based on the lowest level of input significant to the fair value measurement. The ASC No. 820 fair value hierarchy is defined as follows:

Level 1 - Valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Valuations are based on quoted prices for similar assets or liabilities in active markets, or quoted prices in markets that are not active for which significant inputs are observable, either directly or indirectly.

Level 3 - Valuations are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Inputs reflect management's best estimate of what market participants would use in valuing the asset or liability at the measurement date.

The following tables present the Company's assets and liabilities which are measured at fair value on a recurring basis at May 3, 2014 and November 2, 2013.

	May 3, 2014		
	Level 1	Level 2	Level 3
Short-term investments			
Equity securities in a public company	\$ 460,055	\$	\$

	November 2, 2013		
	Level 1	Level 2	Level 3
Short-term investments			
Equity securities in a public company	\$ 455,232	\$	\$

Note 5 Investments in Retirement Community Limited Partnerships

The Company's investment in retirement community limited partnerships includes a 31.3% interest in Walden Woods South LLC (Walden Woods) and a 48.5% interest in CRF III, Ltd. (Cypress Creek). The Cypress Creek investment is \$333,247 and \$467,934 at May 3, 2014 and November 2, 2013, respectively. The Walden Woods investment is zero at both May 3, 2014 and November 2, 2013.

The following is summarized financial information of Walden Woods and Cypress Creek*:

	March 31, 2014	September 30, 2013
Total Assets	\$ 13,602,610	\$ 13,559,275

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Total Liabilities	\$ 15,818,268	\$ 15,231,044
Total Equity	\$ (2,215,658)	\$ (1,671,769)

* Due to Walden Woods and Cypress Creek having a calendar year-end, the summarized financial information provided is from their most recent quarter prior to the period covered by this report.

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Note 6 Warranty Costs

The Company provides for a limited warranty as the manufactured homes are sold. Amounts related to these warranties are as follows:

	Three Months Ended		Six Months Ended	
	May 3, 2014	May 4, 2013	May 3, 2014	May 4, 2013
Beginning accrued warranty expense	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Less: reduction for payments	(54,145)	(41,368)	(97,150)	(84,181)
Plus: additions to accrual	54,145	41,368	97,150	84,181
Ending accrued warranty expense	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000

The Company's limited warranty covers substantial defects in material or workmanship in specified components of the home including structural elements, plumbing systems, electrical systems, and heating and cooling systems which are supplied by the Company that may occur under normal use and service during a period of twelve (12) months from the date of delivery to the original homeowner, and applies to the original homeowner or any subsequent homeowner to whom this product is transferred during the duration of this twelve (12) month period.

The Company tracks the warranty claims per home. Based on the history of the warranty claims, the Company has determined that a majority of warranty claims usually occur within the first three months after the home is sold. The Company determines its warranty accrual using the last three months of home sales.

Note 7 Earnings Per Share

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding. Diluted net income per share is computed similarly to basic net income per share except that the denominator is increased to include the number of additional shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. For the three and six months ended May 4, 2013, options to purchase 54,150 shares, have been excluded from the computation of potentially dilutive securities as the effect on earnings per share is antidilutive.

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Note 8 Revenues by Products and Service

Revenues by net sales from manufactured housing, insurance agent commissions and construction lending operations are as follows:

	Three Months Ended		Six Months Ended	
	May 3, 2014	May 4, 2013	May 3, 2014	May 4, 2013
Manufactured housing	\$ 6,367,003	\$ 2,978,304	\$ 9,670,209	\$ 6,026,303
Trade in and other pre-owned homes	984,063	765,829	1,825,075	1,071,915
Insurance agent commissions	62,076	62,349	106,201	103,361
Construction lending operations	3,664	7,137	6,750	13,707
Total net sales	\$ 7,416,806	\$ 3,813,619	\$ 11,608,235	\$ 7,215,286

9. Commitments and Contingent Liabilities

Majestic 21 The Company has a 50% interest in Majestic 21, a joint venture with an unrelated entity (21st Mortgage Corporation) (21st Mortgage). The Company is a 50% guarantor on a \$5 million note payable entered into by Majestic 21. This guarantee was a requirement of the bank that provided the \$5 million loan to Majestic 21. The \$5 million guarantee of Majestic 21's debt is for the life of the note which matures on the earlier of May 31, 2019 or when the principal balance is less than \$750,000. The amount of the guarantee declines with the amortization and repayment of the loan. As collateral for the loan, 21st Mortgage has granted the lender a security interest in a pool of loans encumbering homes sold by Prestige Homes Centers, Inc. If the pool of loans securing this note should decrease in value so that the notes outstanding principal balance is in excess of 80% of the principal balance of the pool of loans, then Majestic 21 would have to pay down the note's principal balance to an amount that is no more than 80% of the principal balance of the pool of loans. The Company and 21st Mortgage are obligated jointly to contribute the amount necessary to bring the loan balance back down to 80% of the collateral provided. We do not anticipate any required contributions as the pool of loans securing the note have historically been in excess of 100% of the collateral value. As of May 3, 2014, the outstanding principal balance of the note was \$1,825,300 and the amount of collateral was \$2,613,832. Based upon management's analysis, the fair value of the guarantee is not material and as a result, no liability for the guarantee has been recorded in the accompanying balance sheets of the Company.

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Results of Operations

The following table summarizes certain key sales statistics and percent of gross profit for the three and six months ended May 3, 2014 and May 4, 2013.

	Three Months Ended		Six Months Ended	
	May 3, 2014	May 4, 2013	May 3, 2014	May 4, 2013
Homes sold through Company owned sales centers	36	19	61	37
Pre-owned homes sold through Company owned sales centers	17	13	28	18
Homes sold to independent dealers	45	49	89	101
Total new factory built homes produced	94	67	180	132
Average new manufactured home price - retail	\$ 69,174	\$ 62,131	\$ 65,138	\$ 59,680
Average new manufactured home price - wholesale	\$ 32,255	\$ 28,991	\$ 31,926	\$ 28,259
As a percent of net sales:				
Gross profit from the Company owned retail sales centers	13%	12%	14%	13%
Gross profit from the manufacturing facilities - including intercompany sales	16%	11%	14%	12%

Total revenues in the second quarter of 2014 were \$7,416,806, up 94% compared to \$3,813,619 in the second quarter of 2013, which includes sales of pre-owned homes of \$984,063 and \$765,829, respectively. Total net sales for the first six months of 2014 were \$11,608,235, up 61% compared to \$7,215,286 for the first six months of 2013, which includes sales of pre-owned homes of \$1,825,075 and \$1,071,915, respectively. Sales to two publicly traded REITs and other companies which own multiple retirement communities in our market area accounted for approximately 17% and 29% of our sales for the first six months ended May 3, 2014 and May 4, 2013, respectively. Accounts receivable due from these customers were approximately \$600,383 at May 3, 2014.

Our sales are affected by the strength of the U.S. economy, interest rates and employment levels, consumer confidence and the availability of retail financing. We believe the lack of retail financing for manufactured housing continues to have a negative effect on our sales, although the overall economy has shown improvement. According to the Florida Manufactured Housing Association, shipments in Florida for the period from November 2013 through April 2014 were up approximately 21% from the same period last year. We believe that the long-term demographic trends favor future growth in the Florida market area we serve.

We believe that the current economic environment, requires us to maintain our strong financial position for future growth and success.

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We have specialized for 47 years in the design and production of quality, affordable manufactured homes at our plant located in central Florida. With our multiple retail sales centers, an insurance subsidiary, and investments in retirement manufactured home communities, we are the only vertically integrated manufactured home company headquartered in Florida.

Insurance agent commission revenues in the second quarter of 2014 were \$62,076 compared to \$62,349 in the second quarter of 2013. Total insurance agent commission revenues for the first six months of 2014 were \$106,201 compared to \$103,361 for the first six months of 2013. The Company establishes appropriate reserves for policy cancellations based on numerous factors, including past transaction history with customers, historical experience and other information, which is periodically evaluated and adjusted as deemed necessary. In the opinion of management, no reserve was deemed necessary for policy cancellations at May 3, 2014 and November 2, 2013.

The revenues from construction lending operations in the second quarter of 2014 was \$3,664 compared to \$7,137 in the second quarter of 2013 and was \$6,750 for the first six months of 2014 compared to \$13,707 for the first six months of 2013. The decrease in revenues was due to a change in legislation that affected homes financed with a construction loan. Therefore, we expect these revenues to continue to decrease in the future.

Gross profit as a percentage of net sales was 15% in second quarter of 2014 and 2013 and was 16% for the first six months of 2014 and 2013. The gross profit in second quarter of 2014 was \$1,104,298 compared to \$577,986 in the second quarter of 2013 and was \$1,849,828 for the first six months of 2014 compared to \$1,123,769 for the first six months of 2013. The gross profit is dependent on the sales mix of wholesale and retail homes and number of pre-owned homes sold.

Selling, general and administrative expenses as a percent of net sales was 11% in second quarter of 2014 compared to 16% in the second quarter of 2013 and was 13% for the first six months of 2014 compared to 16% for the first six months of 2013. The decrease was primarily due to our continued efforts to maintain existing general and administrative expenses, even as our revenues increase.

Our earnings from Majestic 21 in the second quarter of 2014 were \$39,477, compared to \$42,964 for the second quarter of 2013. Our earnings from Majestic 21 for the first six months of 2014 were \$71,808, compared to \$60,200 for the first six months of 2013. The earnings from Majestic 21 represent the allocation of profit and losses which are owned 50% by 21st Mortgage and 50% by the Company.

We earned interest on cash, cash equivalents and short-term investments in the amount of \$18,182 for the second quarter of 2014 compared to \$23,407 for the second quarter of 2013. For the first six months of 2014, interest earned on cash, cash equivalents and short-term investments were \$28,014 compared to \$28,946 in the first six months of 2013. Interest income is dependent on our cash balance and available rates of return.

We reported non-cash losses from our investment in retirement community limited partnerships of \$95,286 for the second quarter of 2014 compared to \$83,504 for the second quarter of 2013. For the first six months of 2014 losses were \$134,687 compared to \$129,841 in the first six months of 2013. We expect similar losses for the remainder of 2014 as the community continues to see slow growth in new home sales.

We reported net income of \$284,900 for the second quarter of 2014, or \$0.07 per share, compared to a net loss of \$47,021, or \$0.01 per share, for the second quarter of 2013. For the first six months of 2014 net income was \$388,302 or \$0.10 per share, compared to a net loss of \$42,176, or \$0.01 per share, in the first six months of 2013.

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Liquidity and Capital Resources

Cash and cash equivalents were \$12,276,236 at May 3, 2014 compared to \$10,468,453 at November 2, 2013. Short-term investments were \$460,055 at May 3, 2014 compared to \$455,232 at November 2, 2013. Working capital was \$21,737,132 at May 3, 2014 as compared to \$19,869,747 at November 2, 2013. We own the entire inventory for our Prestige retail sales centers which includes new, pre-owned and repossessed or foreclosed homes and do not incur any third party floor plan financing expenses. The Company has no material commitments for capital expenditures.

We view our liquidity as our total cash and short term investments. We currently have no line of credit facility and we do not believe that such a facility is currently necessary for our operations. We have no debt. We also have approximately \$2.7 million of cash surrender value of life insurance which we could access as an additional source of liquidity though we have not currently viewed this to be necessary. As of May 3, 2014, the Company continued to report a strong balance sheet which included total assets of approximately \$37 million which was funded primarily by stockholders' equity of approximately \$36 million.

Critical Accounting Policies and Estimates

In Item 7 of our Form 10-K, under the heading "Critical Accounting Policies and Estimates," we have provided a discussion of the critical accounting policies and estimates that management believes affect its more significant judgments and estimates used in the preparation of our Consolidated Financial Statements. No significant changes have occurred since that time.

Forward-Looking Statements

Certain statements in this report are forward-looking statements within the meaning of the federal securities laws. Although Nobility believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, there are risks and uncertainties that may cause actual results to differ materially from expectations. These risks and uncertainties include, but are not limited to, competitive pricing pressures at both the wholesale and retail levels, increasing material costs, continued excess retail inventory, increase in repossessions, changes in market demand, changes in interest rates, availability of financing for retail and wholesale purchasers, consumer confidence, adverse weather conditions that reduce sales at retail centers, the risk of manufacturing plant shutdowns due to storms or other factors, the impact of marketing and cost-management programs, reliance on the Florida economy, impact of labor shortage, impact of materials shortage, increasing labor cost, cyclical nature of the manufactured housing industry, impact of rising fuel costs, catastrophic events impacting insurance costs, availability of insurance coverage for various risks to Nobility, market demographics, management's ability to attract and retain executive officers and key personnel, increased global tensions, market disruptions resulting from terrorist or other attack and any armed conflict involving the United States and the impact of inflation.

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Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15e and 15d-15e under the Securities Exchange Act of 1934, as amended) (the Exchange Act) as of the end of the period covered by this report (the Evaluation Date). Based on their evaluation as of the Evaluation Date, our Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective for the period ended May 3, 2014.

Changes in Internal Control over Financial Reporting. We made no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) identified in connection with the evaluation of our internal controls that occurred during our last fiscal quarter that has materially affected, or which is reasonably likely to materially affect, our internal controls over financial reporting.

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Part II. OTHER INFORMATION AND SIGNATURES

There were no reportable events for Item 1 through Item 5.

Item 6. Exhibits

- 31. (a) Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934
- (b) Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934
- 32. (a) Written Statement of Chief Executive Officer Pursuant to 18 U.S.C. §1350
- (b) Written Statement of Chief Financial Officer Pursuant to 18 U.S.C. §1350
- 101. Interactive data filing formatted in XBRL

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Signatures

Pursuant to the requirements 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.

NOBILITY HOMES, INC.

DATE: June 16, 2014

By: /s/ Terry E. Trexler
Terry E. Trexler, Chairman,
President and Chief Executive Officer

DATE: June 16, 2014

By: /s/ Thomas W. Trexler
Thomas W. Trexler, Executive Vice President
and Chief Financial Officer

DATE: June 16, 2014

By: /s/ Lynn J. Cramer, Jr.
Lynn J. Cramer, Jr., Treasurer
and Principal Accounting Officer