

INDUSTRIAL SERVICES OF AMERICA INC  
Form 10-Q  
May 13, 2016  
FORM 10-Q  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

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

For the quarterly period ended March 31, 2016

OR

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 0-20979

INDUSTRIAL SERVICES OF AMERICA, INC.

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(Exact Name of Registrant as specified in its Charter)

Florida

59-0712746

(State or other jurisdiction of Incorporation or Organization) (IRS Employer Identification No.)

7100 Grade Lane

Louisville, Kentucky 40213

(Address of principal executive offices)

(502) 368-1661

(Registrant's Telephone Number, Including Area Code)

Check 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 (Section 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

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 issuer's classes of common stock, as of May 12, 2016:  
8,018,932.

INDUSTRIAL SERVICES OF AMERICA, INC. AND SUBSIDIARIES  
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## PART I – FINANCIAL INFORMATION

## ITEM 1: CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## INDUSTRIAL SERVICES OF AMERICA, INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEETS

## ASSETS

	March 31, 2016 (Unaudited) (in thousands)	December 31, 2015 (Unaudited) (in thousands)
Current assets		
Cash and cash equivalents	\$428	\$ 642
Income tax receivable	11	14
Accounts receivable – trade (after allowance for doubtful accounts of \$35.0 thousand in 2016 and 2015, respectively)	2,095	1,669
Receivables from related parties	63	208
Inventories	2,826	2,410
Prepaid expenses and other current assets	168	160
Total current assets	5,591	5,103
Net property and equipment	13,602	14,152
Other assets		
Deferred income taxes	97	97
Other non-current assets	293	82
Total other assets	390	179
Total assets	\$19,583	\$ 19,434

See accompanying notes to condensed consolidated financial statements.

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## INDUSTRIAL SERVICES OF AMERICA, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS  
CONTINUED

## LIABILITIES AND SHAREHOLDERS' EQUITY

	March 31, 2016	December 31, 2015
	(Unaudited)	
	(in thousands, except par value and share information)	
Current liabilities		
Current maturities of long-term debt	\$—	\$ 20
Accounts payable	1,895	2,152
Payable to related parties	343	1,922
Other current liabilities	317	194
Total current liabilities	2,555	4,288
Long-term liabilities		
Long-term debt, net of current maturities	1,667	—
Long-term debt, net of current maturities, related parties	1,504	—
Total long-term liabilities	3,171	—
Shareholders' equity		
Common stock, \$0.0033 par value: 20.0 million shares authorized in 2016 and 2015; 8,049,622 shares issued in 2016 and 2015; 8,018,932 shares outstanding in 2016 and 2015	27	27
Additional paid-in capital	23,691	23,555
Stock warrants outstanding	1,025	1,025
Retained losses	(10,842 )	(9,417 )
Treasury stock at cost, 30,690 shares in 2016 and 2015, respectively	(44 )	(44 )
Total shareholders' equity	13,857	15,146
Total liabilities and shareholders' equity	\$19,583	\$ 19,434

See accompanying notes to condensed consolidated financial statements.

INDUSTRIAL SERVICES OF AMERICA, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
THREE MONTHS ENDED MARCH 31, 2016 AND 2015  
(IN THOUSANDS, EXCEPT PER SHARE DATA)  
(UNAUDITED)

	For the three months ended	
	March 31, 2016	March 31, 2015
Revenue from product sales	\$5,998	\$16,269
Cost of sales for product sales	6,175	17,573
Inventory adjustment for lower of cost or market	—	791
Impairment loss, property and equipment	—	637
Total cost of sales	6,175	19,001
Selling, general and administrative expenses	1,199	946
Loss before other income (expense)	(1,376 )	(3,678 )
Other income (expense)		
Interest expense, including loan fee amortization	(59 )	(162 )
Gain (loss) on sale of assets	—	424
Other income (expense), net	11	13
Total other income (expense)	(48 )	275
Loss before income taxes	(1,424 )	(3,403 )
Income tax provision	1	8
Net loss from continuing operations	\$(1,425)	\$(3,411 )
Income from discontinued operations, net of tax	—	310
Net loss	\$(1,425)	\$(3,101 )
Net income (loss) per share of common stock:		
Basic:		
Continuing operations	\$(0.18 )	\$(0.43 )
Discontinued operations	—	0.04
Diluted:		
Continuing operations	\$(0.18 )	\$(0.43 )
Discontinued operations	—	0.04

Weighted average shares outstanding: