

COMMITTED CAPITAL ACQUISITION Corp
Form 10-Q
May 15, 2014

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 March 31, 2014

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 000-52651

COMMITTED CAPITAL ACQUISITION CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

411 W. 14th Street, 2nd Floor, New York, New York

(Address of principal executive offices)

14-1961545

(I.R.S. Employer Identification No.)

10014

Zip Code

646-624-2400

(Registrant's telephone number, including area code)

Indicate by check mark whether 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 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 ☐

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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 ☐ 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 ☒

Number of shares of Common Stock outstanding as of May 15, 2014: 24,940,195.

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PART I**FINANCIAL INFORMATION****Item 1. Financial Statements****COMMITTED CAPITAL ACQUISITION CORPORATION****CONSOLIDATED BALANCE SHEETS**

	March 31, 2014 (unaudited)	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$9,239,687	\$11,681,086
Accounts receivable, net	3,439,165	2,923,754
Inventory	808,376	978,392
Other current assets	890,854	832,951
Due from related parties	321,275	245,280
Total current assets	14,699,357	16,661,463
Property & equipment, net	14,756,214	13,445,413
Investments	2,582,885	2,539,272
Deferred tax assets	92,362	232,694
Other assets	1,436,397	1,333,432
Security deposits	882,080	984,657
Total assets	\$34,449,295	\$35,196,931
Liabilities and Stockholders' Equity		
Current liabilities:		
Cash overdraft	\$409,463	\$256,843
Notes payable, current portion	10,000	15,000
Line of credit	4,353,968	4,316,865
Accounts payable	2,194,642	2,706,027
Accrued expenses	3,551,220	3,137,207
Due to related parties	28,719	27,979
Deferred revenue	76,130	27,527
Total current liabilities	10,624,142	10,487,448
Other long-term liabilities	39,750	39,750
Derivative liability	10,143,000	10,095,000

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Deferred rent payable	6,461,468	6,348,097
Total liabilities	27,268,360	26,970,295
Stockholders' equity:		
Common stock, \$0.0001 par value, 75,000,000 shares authorized; 24,940,195 and 24,946,739 shares issued and outstanding at March 31, 2014 (unaudited) and December 31, 2013, respectively	2,494	2,495
Preferred stock, \$0.0001 par value, 10,000,000 shares authorized; 0 shares issued and outstanding at March 31, 2014 (unaudited) and December 31, 2013, respectively	-	-
Additional paid-in capital	30,574,848	30,502,656
Accumulated deficit	(23,357,363)	(22,635,560)
Accumulated other comprehensive income	69,934	49,402
Total stockholders' equity	7,289,913	7,918,993
Noncontrolling interest	(108,978)	307,643
Total stockholders' equity including noncontrolling interest	7,180,935	8,226,636
Total Liabilities and Stockholders' Equity	\$34,449,295	\$35,196,931

See notes to the consolidated financial statements.

COMMITTED CAPITAL ACQUISITION CORPORATION**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME****(unaudited)**

	Three months ended March 31,	
	2014	2013
Revenues:		
Owned unit net revenues	\$8,153,892	\$9,386,763
Management and incentive fee revenue	2,119,028	1,595,218
Total revenue	10,272,920	10,981,981
Cost and expenses:		
Owned operating expenses:		
Food and beverage costs	2,145,028	2,442,244
Unit operating expenses	5,455,766	5,457,697
General and administrative	1,907,254	883,714
Depreciation and amortization	323,806	476,030
Management and royalty fees	21,082	20,205
Pre-opening expenses	246,348	39,833
Equity in income of investee companies	(114,408)	(233,056)
Derivative expense	48,000	-
Interest expense, net of interest income	18,923	154,577
Other expense (income)	101,521	(47,054)
Total costs and expenses	10,153,320	9,194,190
Income from continuing operations before provision for income taxes	119,600	1,787,791
Provision for income taxes	235,192	48,437
(Loss) income from continuing operations	(115,592)	1,739,354
Loss from discontinued operations, net of taxes	(925,174)	(1,892,680)
Net loss	(1,040,766)	(153,326)
Less: net loss attributable to noncontrolling interest	(318,963)	(241,463)
Net (loss) income attributable to Committed Capital Acquisition Corporation	(721,803)	88,137
Other comprehensive income		
Currency translation adjustment	20,532	67,086
Comprehensive (loss) income	\$(701,271)	\$155,223

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Basic and diluted (loss) income per share:

Continuing operations	\$(0.00) \$0.15	
Discontinued operations	\$(0.04) \$(0.16)
Net (loss) income attributable to Committed Capital Acquisition Corporation	\$(0.03) \$0.01	

Shares used in computing basic and diluted (loss) income per share	24,946,668	11,631,400
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See notes to the consolidated financial statements.

COMMITTED CAPITAL ACQUISITION CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(unaudited)

	Common stock Shares	Par value	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive (loss) income	Total stockholders' equity	Noncontrolling interest	Total stockholders' equity including noncontrolling interest
Balance at December 31, 2013	24,946,739	\$2,495	\$30,502,656	\$(22,635,560)	\$49,402	\$7,918,993	\$307,643	\$8,226,636
Adjustment to escrow shares for unrecorded liabilities	(6,544)	(1)	1			-	-	-
Issuance of stock-based compensation			72,191			72,191		72,191
Member distributions			-			-	(97,658)	(97,658)
Gain on foreign currency translation, net					20,532	20,532		20,532
Net loss				(721,803)		(721,803)	(318,963)	(1,040,766)
Balance at March 31, 2014	24,940,195	\$2,494	\$30,574,848	\$(23,357,363)	\$69,934	\$7,289,913	\$(108,978)	\$7,180,935

See notes to the consolidated financial statements.

COMMITTED CAPITAL ACQUISITION CORPORATION**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Three months ended March 31,	
	2014	2013
Operating activities:		
Net loss	\$(1,040,766)	\$(153,326)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	376,319	796,899
Deferred rent payable	113,371	(10,766)
Deferred taxes	140,333	17,395
Accrued interest on member loans	-	69,739
(Income) loss on equity method investments	(114,408)	(233,056)
Derivative expense	48,000	-
Issuance of stock-based compensation	72,191	-
Changes in operating assets and liabilities:		
Accounts receivable	(515,411)	(414,324)
Inventory	170,016	91,368
Prepaid expenses and other current assets	(57,903)	(624,543)
Security deposits	102,577	21,559
Other assets	(111,324)	(61,304)
Accounts payable	(511,385)	(322,338)
Accrued expenses	414,122	(378,151)
Deferred revenue	48,603	30,231
Net cash used in operating activities	(865,665)	(1,170,617)
Investing activities:		
Purchase of property and equipment	(1,678,761)	(1,274,196)
Investment	70,796	8,642
Due from related parties	(75,255)	(86,057)
Net cash used in investing activities	(1,683,220)	(1,351,611)
Financing activities:		
Cash overdraft	152,620	(174,531)
Proceeds from line of credit	1,900,278	3,050,000
Repayment of line of credit	(1,863,175)	(938,889)
Repayment of notes payable	(5,000)	(5,000)
Proceeds from member loans	-	500,000
Contributions from members	-	520,000
Distributions to members	(97,658)	(1,139)
Net cash provided by financing activities	87,065	2,950,441

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Effect of exchange rate changes on cash	20,421	67,086
Net (decrease) increase in cash	(2,441,399)	495,299
Cash and cash equivalents, beginning of year	11,681,086	1,043,730
Cash and cash equivalents, end of year	\$9,239,687	\$1,539,029
Supplemental disclosure of cash flow data:		
Interest paid	\$50,985	\$55,429
Income taxes paid	\$133,717	\$61,363

See notes to the consolidated financial statements.

COMMITTED CAPITAL ACQUISITION CORPORATION

Notes to Consolidated Financial Statements

Note 1 - Merger:

On October 16, 2013, Committed Capital Acquisition Corporation (the “Company”) closed a merger transaction (the “Merger”) with The ONE Group, LLC , a privately held Delaware limited liability company (“ One Group”), pursuant to an Agreement and Plan of Merger, dated as of October 16, 2013 (the “Merger Agreement”), by and among Committed Capital, CCAC Acquisition Sub, LLC, a Delaware limited liability company and wholly owned subsidiary of Committed Capital (“Merger Sub”), One Group and Samuel Goldfinger as One Group Representative. Pursuant to the Merger Agreement, One Group became a wholly-owned subsidiary of Committed Capital through a merger of Merger Sub with and into One Group, and the former