UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended November 2, 2013

Commission files number 000-06506

NOBILITY HOMES, INC.

(Exact name of registrant as specified in its charter)

Florida	**59-1166102**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
3741 S.W. 7th Street	**34474**

Ocala, Florida

(Address of principal executive offices) **(Zip Code)**

(352) 732-5157

(Registrant s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, $.10 par value

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

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 x 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). x Yes ¨ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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	x

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

The aggregate market value of the common stock held by non-affiliates of the registrant (1,407,700 shares), based on the closing price on the over-the-counter market on May 3, 2013 (the last business day of the second quarter of fiscal

2013), and was approximately $7,883,120.

The number of shares outstanding of each of the registrant s classes of common stock, as of the latest practicable date:

Title of Class	Shares Outstanding on January 28, 2014
Common Stock	4,057,053

DOCUMENTS INCORPORATED BY REFERENCE

Title	Form 10-K
Definitive proxy statement for Annual Meeting of Shareholders to be held February 28, 2014	Part III, Items 10-14

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PART I

Item 1. Business

Nobility Homes, Inc., a Florida corporation incorporated in 1967, designs, manufactures and sells a broad line of manufactured and modular homes through its own retail sales centers throughout Florida. Nobility also sells its manufactured homes on a wholesale basis to independent manufactured home retail dealers and manufactured home communities. All references in this annual report on Form 10-K to Nobility, Company, we, us, or our refer to No Homes, Inc. and its consolidated subsidiaries unless the context otherwise suggests.

Manufactured Homes

Nobility s homes are available in approximately 100 active models sold under the trade names Kingswood, Springwood, Springwood Special, Tropic Isle Special, Regency Manor Special, and Special Edition. The homes ranging in size from 431 to 2,650 square feet and containing from one to five bedrooms, are available in:

- single-wide widths of 12, 14 and 16 feet ranging from 35 to 72 feet in length;
- double-wide widths of 20, 24, 26, 28 and 32 feet ranging from 32 to 72 feet in length;
- triple-wide widths of 36, 38 and 42 feet ranging from 46 to 72 feet in length; and
- quad-unit with 2 sections 28 feet wide by 48 feet long and 2 sections 28 feet wide by 52 feet long
- Our floor plans can be built as an on-frame modular home.
- We have been approved to build A.N.S.I. Park models under 400 square feet.

Nobility s homes are sold primarily as unfurnished dwellings ready for permanent occupancy. Interiors are designed and color coordinated in a range of decors. Depending on the size of the unit and quality of appliances and other appointments, retail prices for Nobility s homes typically range from approximately $30,000 to $100,000. Most of the prices of Nobility s homes are considered by it to be within the low to medium price range of the industry.

Nobility s manufacturing plant utilizes assembly line techniques in manufactured home production. The plant manufactures and assembles the floors, sidewalls, end walls, roofs and interior cabinets for their homes. Nobility purchases, from outside suppliers, various other components that are built into its homes including the axles, frames, tires, doors, windows, pre-finished sidings, plywood, ceiling panels, lumber, rafters, insulation, gypsum board, appliances, lighting and plumbing fixtures, carpeting and drapes. Nobility is not dependent upon any one particular supplier for its raw materials or component parts, and is not required to carry significant amounts of inventory to assure itself of a continuous allotment of goods from suppliers.

Nobility generally does not manufacture its homes to be held by it as inventory (except for model home inventory of its wholly-owned retail network subsidiary, Prestige Home Centers, Inc.), but, rather, manufactures its homes after receipt of orders. Although Nobility attempts to maintain a consistent level of production of homes throughout the fiscal year, seasonal fluctuations do occur, with sales of homes generally lower during the first fiscal quarter due to the holiday season.

The sales area for a manufactured home manufacturer is limited by substantial delivery costs of the finished product. Nobility s homes are delivered by outside trucking companies. Nobility estimates that it can compete effectively within a range of approximately 350 miles from its manufacturing plant. During the last two fiscal years, substantially all of Nobility s sales were made in Florida.

Retail Sales

Prestige Home Centers, Inc., our wholly-owned subsidiary, operated ten retail sales centers in north and central Florida in fiscal year 2013. Its principal executive offices are located at Nobility s headquarters in Ocala, Florida. Sales by Prestige accounted for 53% and 47% of Nobility s sales during fiscal years 2013 and 2012, respectively.

Each of Prestige s retail sales centers is located within 350 miles of Nobility s Ocala manufacturing facility. Prestige owns the land at four of its retail sales centers and leases the remaining six retail sales centers from unaffiliated parties under leases with terms between one and three years with renewal options.

The primary customers of Prestige are homebuyers who generally purchase manufactured homes to place on their own home sites. Prestige operates its retail sales centers with a model home concept. Each of the homes displayed at its retail sales

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centers is furnished and decorated as a model home. Although the model homes may be purchased from Prestige s model home inventory, generally, customers order homes which are shipped directly from the factory to their home site. Prestige sales generally are to purchasers living within a radius of approximately 100 miles from the selling retail lot.

The retail sale of manufactured homes is a highly competitive business. Because of the number of retail sales centers located throughout Nobility s market area, potential customers typically can find several sales centers within a 100 mile radius of their present home. Prestige competes with over 100 other retailers in its primary market area, some of which may have greater financial resources than Prestige. In addition, manufactured homes offered by Prestige compete with site-built housing.

Prestige does not itself finance customers new home purchases, but since 1997, Nobility has partnered with 21st Mortgage Corporation to provide financing to retail customers purchasing homes from Prestige. Additionally, financing for home purchases has historically been available from several other independent sources that specialize in manufactured housing lending and numerous banks that finance manufactured home purchases. Prestige and Nobility are not required to sign any recourse agreements with any of these retail financing sources. During fiscal 2004, the company transferred $250,000 from its exiting joint venture in Majestic 21 in order to participate in a Finance Revenue Sharing Agreement (FRSA) between 21st Mortgage Corporation, Prestige and Nobility s wholly-owned subsidiary, Majestic Homes, Inc. without forming a separate entity. Effective December 31, 2013, 21st Mortgage Corporation informed the Company they will no longer originate loans under the terms of the FRSA due to regulatory changes. No revenue was recorded under this agreement in fiscal years 2013 or 2012. 21st Mortgage Corporation will continue to provide financing to retail customers who purchase the Company s manufactured homes at Prestige retail sales centers.

Investments in Limited Partnerships

The Company has a 31.3% investment interest in Walden Woods South LLC (Walden Woods), which owns and operates a 236 residential lot manufactured home community named Walden Woods located in Homosassa, Florida. The majority owner of Walden Woods is the Company s principal shareholder.

The Company has a 48.5% limited partnership investment in CRF III, Ltd. (Cypress Creek). Cypress Creek owns and operates a 403 residential lot manufactured home community located in Winter Haven, Florida.

Insurance and Financial Services

Mountain Financial, Inc., a wholly-owned subsidiary of Prestige Home Centers, Inc., is an independent insurance agent and licensed mortgage loan originator. Its principal activity is providing retail insurance services, which involves placing various types of insurance, including property and casualty, automobile and extended home warranty coverage, with insurance underwriters on behalf of its Prestige customers in connection with their purchase and financing of manufactured homes. As agent, we solely assist our customers in obtaining various types of insurance and extended warranty coverage with insurance underwriters. As such, we have no agreements with homeowners and/or third party insurance companies other than agency agreements with various insurance carriers, which lead us to conclude that the Company has no material commitments or contingencies related to Mountain Financial, Inc. The Company provides 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 for fiscal years 2013 and 2012.

The construction lending operations provide financing to buyers who have been approved for financing by an independent third party who are purchasing a home through the Company s retail sales centers. Such a loan provides the homeowner with enough money to pay for the land, land improvements, construction and installation of the home, impact fees and permits. The loan is disbursed in draws as construction progresses and is secured by a first mortgage on the land, home and all of the improvements. The term is typically for one year, with interest only payable monthly. There is also a finance charge which is added to the loan at closing. The construction loan is paid off when the homeowner closes on the permanent financing, typically a 30 year fixed mortgage.

Wholesale Sales to Manufactured Home Communities

Nobility sells its homes on a wholesale basis exclusively through two full-time salespersons to approximately 30 manufactured home communities. Nobility continues to seek new opportunities in the areas in which it operates, as there is ongoing turnover in the manufactured home communities as they achieve full occupancy levels. As is common in the industry, most of Nobility s independent dealers sell homes produced by several manufacturers. Sales to two publicly traded REIT s (Real Estate Investment Trusts) which own multiple retirement communities in our market area accounted for $2,001,730 or 11 % and $3,469,130 or 19% of our total sales in fiscal year 2013 and $1,952,795 or 12% and $3,416,285 or 22% of our total sales in fiscal year 2012.

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Nobility does not generally offer consigned inventory programs or other credit terms to its dealers and ordinarily receives payment for its homes within 15 to 30 days of delivery. However, Nobility may offer extended terms to unrelated park dealers who do a high volume of business with Nobility. In order to stimulate sales, Nobility sells homes for display to related manufactured home communities on extended terms and recognizes revenue when the homes are sold to the end users. The high visibility of Nobility s homes in such communities generates additional sales of its homes through such dealers.

Regulation

The manufacture, distribution and sale of homes are subject to governmental regulation at the federal, state and local levels. The Department of Housing and Urban Development (HUD) has adopted national construction and safety standards that preempt state standards. In addition, HUD regulations require that manufactured homes be constructed to more stringent wind load and thermal standards. Compliance with these standards involves approval by a HUD approved engineering firm of engineering plans and specifications on all models. HUD has also promulgated rules requiring producers of manufactured homes to utilize wood products certified by their suppliers to meet HUD s established limits on formaldehyde emissions and to place in each home written notice to prospective purchasers of possible adverse reaction from airborne formaldehyde in homes. HUD s standards also require periodic inspection by state or other third party inspectors of plant facilities and construction procedures, as well as inspection of manufactured home units during construction. In addition, some components of manufactured homes may also be subject to Consumer Product Safety Commission standards and recall requirements. Modular homes manufactured by Nobility are also required to comply with the Florida Building Code established by the Florida Department of Business and Professional Regulations.

Nobility estimates that compliance with federal, state and local environmental protection laws will have no material effect upon capital expenditures for plant or equipment modifications or earnings for the next fiscal year.

The transportation of manufactured homes is subject to state regulation. Generally, special permits must be obtained to transport the home over public highways and restrictions are imposed to promote travel safety including restrictions relating to routes, travel periods, speed limits, safety equipment and size.

Nobility s homes are subject to the requirements of the Magnuson-Moss Warranty Act and Federal Trade Commission rulings which regulate warranties on consumer products. Nobility provides a limited warranty of one year on the structural components of its homes.

Competition

The manufactured home industry is highly competitive. The initial investment required for entry into the business of manufacturing homes is not unduly large. State bonding requirements for entry in the business vary from state to state. The bond requirement for Florida is $50,000. Nobility competes directly with other manufacturers, some of whom are both considerably larger and possess greater financial resources than Nobility. Nobility estimates that of the 45 manufacturers selling in the state, approximately 15 manufacture homes of the same type as Nobility and compete in the same market area. Nobility believes that it is generally competitive with most of those manufacturers in terms of price, service, warranties and product performance.

Employees

As of January 10, 2014, the Company had 97 full-time employees, including 25 employed by Prestige. Approximately 48 employees are factory personnel compared to approximately 43 in such positions a year ago and 49 are in management, administrative, supervisory, sales and clerical positions (including 22 management and sales personnel employed by Prestige) compared to approximately 46 a year ago. In addition, Nobility employs part-time employees when necessary.

Nobility makes contributions toward employees group health and life insurance. Nobility, which is not subject to any collective bargaining agreements, has not experienced any work stoppage or labor disputes and considers its relationship with employees to be generally satisfactory.

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Item 1A. Risk Factors

As a smaller reporting company, we are not required to provide the information required by this item.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of January 10, 2014, Nobility owned two manufacturing plants:

Location	Approximate Size
3741 SW 7th Street	72,000 sq ft.
Ocala, Florida	
6432 SE 115th Lane	33,500 sq. ft.
Belleview, Florida	

Nobility s Ocala facility is located on approximately 35.5 acres of land on which an additional two-story structure adjoining the plant serves as Nobility s corporate offices. The plant, which is of metal construction, is in good condition and requires little maintenance.

Nobility s Belleview facility is constructed of metal and concrete construction. The property is in good condition and requires little maintenance. The Belleview manufacturing plant was temporarily closed and its operations were consolidated into the Ocala manufacturing plant in the second quarter of 2009 due to the reduction in our manufacturing operations. The Company leased the Belleview plant to a third party for a two year period that began in February 2011 and renewed the lease for an additional two years in February 2013.

Prestige owns the properties on which it s Pace (closed February 2012), Panama City, Yulee, Punta Gorda and Ocala North, Florida retail sales centers are located. Prestige leases the property for its other 6 retail sales centers.

Item 3. Legal Proceedings

We are a party to various legal proceedings that arise in the ordinary course of our business. We are not currently involved in any litigation nor to our knowledge, is any litigation threatened against us, the outcome of which would, in our judgment based on information currently available to us, have a material adverse effect on our financial position or results of operations.

The Company does not maintain casualty insurance on some of its property, including the inventory at its retail centers, its plant machinery and plant equipment and is at risk for those types of losses.

Item 4. Mine Safety Disclosures

None.

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PART II

Item 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Nobility s common stock was listed on the NASDAQ Global Market under the symbol NOBH until September 17, 2012. The Company s common stock currently trades under the symbol NOBH on the OTC Markets Group, Inc. (the Pink Sheets). The following table shows the range of high and low sales prices and/or high and low bid quotations (as applicable) for the common stock for each fiscal quarter of 2013 and 2012 on the over-the-counter market and NASDAQ Global Market, respectively. Any over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

	Fiscal Year End			
	November 2, 2013		November 3, 2012	
Fiscal Quarter	High	Low	High	Low
1st	$ 5.69	$ 4.50	$ 7.23	$ 4.76
2nd	5.75	5.00	8.99	5.70
3rd	9.00	5.60	7.45	4.69
4th	9.35	8.35	6.35	4.34

Holders

At January 24, 2014, the approximate number of holders of record of common stock was 154 (not including individual participants in security position listings).

Dividends

The Board of Directors declared no dividends in fiscal years 2013 and 2012.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table displays equity compensation plan information as of the end of the fiscal year ended November 2, 2013. For further information, see Note 12 of Notes to Consolidated Financial Statements .

Equity Compensation Plan Information

	Number of securities to be issued upon exercise of outstanding options,	Weighted-average exercise price of outstanding options,	Number of securities remaining available for issuance under equity compensation plans (excluding

	warrants and rights (a)	warrants and rights (b)	securities reflected in column (a)) (c)
Equity compensation plans approved by security holders			300,000
Equity compensation plans not approved by security holders	30,400	$ 13.58	
Total	30,400	$ 13.58	300,000

Recent Sales of Unregistered Securities

Nobility has not sold any securities within the past two years which were not registered under the Securities Act.

Issuer Repurchases of Equity Securities

Nobility has not repurchased any of its equity securities within the past two years.

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Item 6. Selected Financial Data

As a smaller reporting company, we are not required to provide the information required by this item.

Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations

General

Nobility focuses on home buyers who generally purchase their manufactured homes from retail sales centers to locate on property they own. Nobility has aggressively pursued this market through its Prestige retail sales centers. While Nobility actively seeks to make wholesale sales to independent retail dealers, its presence as a competitor limits potential sales to dealers located in the same geographic areas serviced by its Prestige retail sales centers.

Nobility has aggressively targeted the retirement community market, which is made up of retirees moving to Florida and typically purchasing or renting homes to be located on sites leased from park communities offering a variety of amenities. Sales are not limited by the presence of the Company s Prestige retail sales centers in this type of arrangement, as the retirement community sells homes only within their community.

Nobility has a product line of approximately 100 active models. Although market demand can fluctuate on a fairly short-term basis, the manufacturing process is such that Nobility can alter its product mix relatively quickly in response to changes in the market. During fiscal years 2013 and 2012, Nobility continued to experience consumer demand for smaller, less expensive homes. Beginning in 2011, two publicly traded REIT s and other companies which own multiple retirement communities increased their purchase of lower price homes, which helped to improve the slower sales in their communities. Our three, four and five bedroom manufactured homes are favored by families, compared with the one, two and three-bedroom homes that typically appeal to the retirement buyers who reside in the manufactured housing communities.

Nobility s joint venture and FRSA with 21st Mortgage Corporation provides mortgage financing to retail customers who purchase Nobility s manufactured homes at Prestige retail sales centers. Effective December 31, 2013, 21st Mortgage Corporation informed the Company they will no longer originate loans under the terms of the FRSA due to regulatory changes. No revenue was recorded under this agreement in fiscal years 2013 or 2012. 21st Mortgage Corporation will continue to provide financing to retail customers who purchase the Company s manufactured homes at Prestige retail sales centers.

In an effort to make manufactured homes more competitive with site-built housing, financing packages are available to provide (1) 30-year financing, (2) an interest rate reduction program, (3) combination land/manufactured home loans, and (4) a 5% down payment program for qualified buyers.

In the third quarter of fiscal year 2009, Majestic 21 secured $5,000,000 in financing from a commercial bank. The Company guarantees 50% of this financing. Subsequent to our 2009 fiscal year end, 21st Mortgage Corporation announced that their parent company had agreed to provide additional capital to fund loan originations, which became available when Majestic 21 fully utilized the proceeds from the $5,000,000 commercial loan. As of November 2, 2013, the outstanding principal balance of the note was $2,034,100 and the amount of collateral held by our joint venture partner for the Majestic 21 note payable was $2,791,316. The Company has also been able to sign dealer agreements with additional lenders who provide financing for our homes.

Prestige also maintains several other outside financing sources that provide financing to retail homebuyers for its manufactured homes and the Company is in the process of developing relationships with new lenders.

Prestige s wholly-owned subsidiary, Mountain Financial, Inc., is an independent insurance agent and licensed loan originator. Mountain Financial provides construction loans, mortgage brokerage services, automobile insurance, extended warranty coverage and property and casualty insurance to Prestige customers in connection with their purchase and financing of manufactured homes.

The Company s fiscal year ends on the first Saturday on or after October 31. The years ended November 2, 2013 and November 3, 2012 each consisted of fifty-two week periods.

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Results of Operations

The Company reported net income of approximately $747,000 in fiscal year 2013, compared to a net income of approximately $50,000 during fiscal year 2012.

The following table summarizes certain key sales statistics and percent of gross profit as of and for fiscal years ended November 2, 2013 and November 3, 2012.

	2013	2012
New homes sold through Company owned sales centers	99	60
Pre-owned homes sold through Company owned sales centers	49	40
Homes sold to independent dealers	242	268
Total new factory built homes produced	324	312
Average new manufactured home price - retail	$ 62,433	$ 64,598
Average new manufactured home price - wholesale	$ 30,104	$ 26,990
As a percent of net sales:		
Gross profit from the Company owned retail sales centers	13%	12%
Gross profit from the manufacturing facilities - including intercompany sales	16%	19%

Total net sales in fiscal year 2013 were $18,525,950 compared to $15,834,971 in fiscal year 2012.

Sales to two publicly traded REIT s and other companies which own multiple retirement communities in our market area accounted for approximately 31% and 38% of our sales for the twelve months ended November 2, 2013 and November 3, 2012, respectively. Accounts receivable due from these customers were $2,473,090 at November 2, 2013.

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. The manufactured housing industry has until recently been affected by declining or stagnating unit shipments. This decline or stagnation, caused primarily by adverse economic conditions, tightening retail and wholesale credit markets and a depressed site-built housing market, is resulting in historically low industry shipments. According to the Florida Manufactured Housing Association, shipments in Florida for the period from November 2012 through September 2013 were up approximately 17% from the same period last year. Our 2013 sales increased 17% from 2012 sales. Although 2013 shipments increased, the intermediate outlook for the manufactured housing industry in Florida and the nation is uncertain. The long-term demographic trends still favor future growth in the Florida market area we serve. Management remains convinced that our specific geographic market is one of the best long-term growth areas in the country. The country must experience a better economy with less uncertainty, continued improved sales in the existing home market, declining unemployment, increased consumer confidence and more retail financing for the sales of our affordable homes, for the Company to improve significantly.

We understand that during this very complex economic environment, maintaining our strong financial position is vital for future growth and success. Because of the recent historically poor business conditions in our market area and the lack of any clarity as to when today s economic challenges will improve measurably, we will continue to evaluate Prestige s retail model centers in Florida, along with all other expenses and react in a manner consistent with maintaining our strong financial position.

We have specialized for 46 years in the design and production of quality, affordable manufactured homes at our plant located in central Florida. With our multiple retail sales centers, a finance company joint venture, an insurance subsidiary, and investments in retirement manufactured home communities, we are the only vertically integrated manufactured home company headquartered in Florida.

Insurance agent commissions in fiscal year 2013 were $204,960 compared to $211,076 in fiscal year 2012. The decline in insurance agent commissions resulted from a decline in new policies written and renewals. 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 is deemed necessary for policy cancellations at November 2, 2013 and November 3, 2012.

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The revenues from the construction lending operations in fiscal year 2013 were $29,688 compared to $31,907 in fiscal year 2012. The decrease in revenues was due to fewer homes sales in fiscal year 2013 financed with a construction loan.

Cost of goods sold at our manufacturing facilities include: materials, direct and indirect labor and manufacturing expenses (which consists of factory occupancy, salary and salary related, delivery costs, mobile home service costs and other manufacturing expenses). Cost of goods sold at our retail sales centers include: appliances, air conditioners, electrical and plumbing hook-ups, furniture, insurance, impact and permit fees, land and home fees, manufactured home, service warranty, setup contractor, interior drywall finish, setup display, skirting, steps, well and septic tank and other expenses.

Gross profit as a percentage of net sales was 18.2% in fiscal year 2013 compared to 18.1% in fiscal year 2012. Our gross profit of $3,376,673 increased 18.1% compared to $2,859,493 for 2012.

Selling, general and administrative expenses at our manufacturing facility include salaries, professional services, advertising and promotions, corporate expense, employee benefits, office equipment and supplies and utilities. Selling, general and administrative expenses at our retail sales center include: advertising, retail sales centers expenses, salary and salary related, professional fees, corporate expense, employee benefit, office equipment and supplies, utilities and travel. Selling, general and administrative expenses at the insurance company include: advertising, professional fees and office supplies.

Selling, general and administrative expenses decreased approximately $115,000 from 2012 to 2013. As a percent of net sales, selling, general and administrative expenses were 14.0% in fiscal year 2013 compared to 17.1% in fiscal year 2012. The decrease in selling, general and administrative expenses in 2013 resulted primarily from a decrease in accounting expenses.

The Company earned $121,293 from its joint venture, Majestic 21, in fiscal year 2013 compared to $95,035 in fiscal year 2012. The earnings from Majestic 21 represent the allocation of profit and losses which are owned 50% by 21st Mortgage Corporation and 50% by the Company. The increase in earnings was due to a higher net interest margin.

The Company recorded a loss on its investment in Cypress Creek of $289,990 and $334,779 in fiscal year 2013 and 2012 respectively. The decrease in the loss was due to improved operating results for Cypress Creek. No loss was recorded in fiscal year 2013 and 2012 for Walden Woods as this investment was fully impaired in 2011.

The Company earned interest on cash, cash equivalents and short-term investments in the amount of $53,346 in fiscal year 2013 compared to $59,834 in fiscal year 2012. The decreased interest income was primarily due to the lower variable rate earned on our cash and cash equivalents balances.

The Company realized pre-tax income of approximately $741,000 in 2013 compared to a pre-tax income of approximately $50,000 in fiscal 2012.

The Company recorded an income tax benefit of $6,000 in 2013. No income tax expense or benefit was recorded in 2012. The Company was able to use net operating loss carry forwards to offset its current income tax liabilities for 2013 and 2012.

As a result of the factors discussed above, net income in fiscal year 2013 was $747,106 or $0.18 per share and net income in fiscal year 2012 was $49,759 or $0.01 per share.

Liquidity and Capital Resources

Cash and cash equivalents were $10,468,453 at November 2, 2013 compared to $7,352,480 at November 3, 2012. Short-term investments were $455,232 at November 2, 2013 compared to $320,946 at November 2, 2012. The increase in cash was due primarily to a reduction in inventory and pre-owned homes. Working capital was $19,869,747 at November 2, 2013 as compared to $18,589,914 at November 3, 2012. Nobility owns the entire inventory for its Prestige retail sales centers which includes new, pre-owned and repossessed or foreclosed homes and does not incur any third party floor plan financing expenses. The Company has no material commitments for capital expenditures.

The Company currently has no line of credit facility and does not believe that such a facility is currently necessary to its operations. The Company has no debt. The Company also has approximately $2.6 million of cash surrender value of life insurance which it may be able to access as an additional source of liquidity though the Company has not currently viewed this to be necessary. As of November 2, 2013, 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 $35 million.

Looking ahead, the Company s strong balance sheet and significant cash reserves accumulated in profitable years has allowed the Company to remain sufficiently liquid so as to allow continuation of operations and should enable the Company to take advantage of market opportunities when presented by an expected improvement in the overall and the industry specific economy in fiscal 2014 and beyond. Management believes it has sufficient levels of liquidity as of the date of the filing of this Form 10-K to allow the Company to operate into the foreseeable future.

Critical Accounting Policies and Estimates

The Company applies judgment and estimates, which may have a material effect in the eventual outcome of assets, liabilities, revenues and expenses, accounts receivable, inventory and goodwill. The following explains the basis and the procedure where judgment and estimates are applied.

Revenue Recognition

The Company recognizes revenue from its retail sales upon the occurrence of the following:

- Its receipt of a down payment,
- Construction of the home is complete,
- Home has been delivered and set up at the retail home buyer s site and title has been transferred to the retail home buyer,
- Remaining funds have been released by the finance company (financed sales transaction), remaining funds have been committed by the finance company by an agreement with respect to financing obtained by the customer, usually in the form of a written approval for permanent home financing received from a lending institution, (financed construction sales transaction) or cash has been received from the home buyer (cash sales transaction), and
- Completion of any other significant obligations.

The Company recognizes revenues from its independent dealers upon receiving wholesale floor plan financing or establishing retail credit approval for terms, shipping of the home and transferring title and risk of loss to the independent dealer. For wholesale shipments to independent dealers, the Company has no obligation to setup the home or to complete any other significant obligations.

The Company recognizes revenues from its wholly-owned subsidiary, Mountain Financial, Inc., as follows: commission income (and fees in lieu of commissions) is recorded as of the effective date of insurance coverage or the billing date, whichever is later. Commissions on premiums billed and collected directly by insurance companies are recorded as revenue when received which, in many cases, is the Company s first notification of amounts earned due to the lack of policy and renewal information. Contingent commissions are recorded as revenue when received. Contingent commissions are commissions paid by insurance underwriters and are based on the estimated profit and/or overall volume of business placed with the underwriter. The data necessary for the calculation of contingent commissions cannot be reasonably obtained prior to the receipt of the commission which, in many cases, is the Company s first notification of amounts earned. The Company provides 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 November 2, 2013 or November 3, 2012.

Investments in Retirement Communities

The Company has a 31.3% investment interest in Walden Woods, which owns and operates a 236 residential lot manufactured home community located in Homosassa, Florida. The Company fully impaired its investment in Walden Woods in 2011. The majority owner of Walden Woods is the Company s principal shareholder.

The Company has a 48.5% limited partnership investment in Cypress Creek, which owns and operates a 403 residential lot manufactured home community located in Winter Haven, Florida.

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In 2011, the Company assessed the fair value of its investment in the two manufactured home communities, using projected financial information. The analysis for Walden Woods revealed that the value for Walden Woods was less than the value at which the Company was carrying the investment on the balance sheet. Consequently, the Company fully impaired its investment in Walden Woods, resulting in a noncash charge to losses from investments in retirement community limited partnerships of $791,355. The fair value analysis for Cypress Creek also resulted in impairment. The Company took a noncash $1.3 million charge to reduce the carrying value of this investment in third quarter of 2011. In 2013 and 2012, no impairment in the carrying value of Cypress Creek was necessary.

These investments are accounted for under the equity method of accounting and are reviewed quarterly for impairment. The Company holds a 31.3% interest in Walden Woods and a 48.5% interest in Cypress Creek and all allocations of profit and loss are on a pro-rata basis. Since all allocations are to be made on a pro-rata basis and the Company s maximum exposure is limited to its investment in Walden Woods and Cypress Creek, management has concluded that the Company would not absorb a majority of Walden Woods and Cypress Creek s expected losses nor receive a majority of Walden Woods and Cypress Creek s expected residual returns; therefore, the Company is not required to consolidate Walden Woods and Cypress Creek with the accounts of Nobility Homes in accordance with ASC No. 810-10.

Investment in Majestic 21

On May 20, 2009, the Company became a 50% guarantor on a $5 million note payable entered into by Majestic 21, a joint venture in which the Company owns a 50% interest. 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 Corporation (our joint venture partner) 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 Corporation 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 November 2, 2013, the outstanding principal balance of the note was $2,034,100 and the amount of collateral held by our joint venture partner for the Majestic 21 note payable was $2,791,316. 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.

At November 2, 2013, there was approximately $171,385 in loan loss reserves or 0.89% of the portfolio in Majestic 21. The Majestic 21 joint venture partnership is monitoring loan loss reserves on a monthly basis and is adjusting the loan loss reserves as necessary. The Majestic 21 joint venture is reflected on 21st Mortgage Corporation s financial statements which are included in the financial statements of its ultimate parent which is a public company. Management believes the loan loss reserves are adequate based upon its review of the Majestic 21 joint venture partnership s financial statements.

Income Taxes

The Company accounts for income taxes utilizing the asset and liability method. This approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company has determined that, due to significant negative evidence as a result of losses in numerous consecutive years through 2011, a valuation reserve is required to reduce the Company s net deferred taxes to a level supportable by certain tax planning strategies that could be enacted to realize deferred tax assets, if necessary.

The primary tax planning strategy is the potential sale of real estate, primarily land not currently used in the operations of the Company, to generate taxable gains. The Company has assessed that these strategies could result in the realization of approximately $2.0 million of deferred tax assets. The amount of deferred tax assets above this amount are reserved with a valuation allowance. The valuation allowance was approximately $1.5 million at November 2, 2013 and $2.1 at November 3 2012.

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The Company s tax planning strategies include estimates as to the amount of gains on sales of properties that could be realized. The Company believes its estimates are reasonable and supportable but if circumstances change, these amounts could be affected which would impact the amount of net deferred taxes which would be supportable. The Company will continue to monitor these matters at each future reporting period.

Finance Revenue Sharing Agreement

The Company entered into a FRSA with 21st Mortgage Corporation during 2004. The FRSA allows for revenue sharing distributions of excess reserves that accumulated under the escrow arrangement to the Company and 21st Mortgage Corporation. The Company has determined that escrow balances should be sufficient to cover losses on repurchases in the normal course of business and has recognized revenue under the arrangement on an as-received basis. Effective December 31, 2013, 21st Mortgage Corporation informed the Company they will no longer originate loans under the terms of the FRSA due to regulatory changes. No revenue was recorded under this agreement in fiscal years 2013 or 2012. 21st Mortgage Corporation will continue to provide financing to retail customers who purchase the Company s manufactured homes at Prestige retail sales centers.

Rebate Program

The Company has a rebate program for some dealers, based upon the number and type of homes purchased, which pays rebates based upon sales volume to the dealers. Volume rebates are recorded as a reduction of sales in the accompanying consolidated financial statements. The rebate liability is calculated and recognized as eligible homes are sold based upon factors surrounding the activity and prior experience of specific dealers and is included in accrued expenses in the accompanying consolidated balance sheets.

Off-Balance Sheet Arrangements

As part of our ongoing business, we do not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or variable interest entities (VIE s), which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As of November 2, 2013, we are not involved in any material unconsolidated entities (other than the Company s investments in Majestic 21, the FRSA and retirement community limited partnerships).

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.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

As a smaller reporting company, we are not required to provide the information required by this item.

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Item 8. Financial Statements and Supplementary Data

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders

of Nobility Homes, Inc.

We have audited the accompanying consolidated balance sheets of Nobility Homes, Inc. and subsidiaries (the Company) as of November 2, 2013 and November 3, 2012, and the related consolidated statements of comprehensive income, changes in stockholders equity, and cash flows for each of the years in the two-year period ended November 2, 2013. 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 audits 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 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 provides 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 Nobility Homes, Inc. and subsidiaries as of November 2, 2013 and November 3, 2012, and the results of their operations and their cash flows for each of the years in the two-year period ended November 2, 2013, in conformity with U. S. generally accepted accounting principles.

/s/ Averett Warmus Durkee, P.A.

Orlando, Florida

January 28, 2014

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Nobility Homes, Inc.

Consolidated Balance Sheets

November 2, 2013 and November 3, 2012

	November 2, 2013	November 3, 2012
Assets		
Current assets:		
Cash and cash equivalents	$ 10,468,453	$ 7,352,480
Short-term investments	455,232	320,946
Accounts receivable - trade	2,701,057	2,850,276
Mortgage notes receivable, current	4,549	3,483
Inventories	5,043,816	5,781,880
Pre-owned homes, current	2,187,598	2,503,164
Prepaid expenses and other current assets	319,546	480,055
Deferred income taxes	656,461	679,745
Total current assets	21,836,712	19,972,029
Property, plant and equipment, net	3,731,463	3,801,552
Pre-owned homes	4,316,397	4,430,833
Mortgage notes receivable, long term	183,753	186,516
Income tax receivable		248,164
Other investments	2,938,273	3,106,970
Deferred income taxes	1,339,539	1,237,255
Other assets	2,804,484	2,687,540
Total assets	$ 37,150,621	$ 35,670,859
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	$ 645,519	$ 404,546
Accrued compensation	170,026	112,372
Accrued expenses and other current liabilities	614,368	514,520
Customer deposits	537,052	350,677
Total current liabilities	1,966,965	1,382,115
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
Additional paid in capital	10,632,060	10,618,542
Retained earnings	33,319,784	32,572,678
Accumulated other comprehensive income	240,378	106,090
Less treasury stock at cost, 1,307,854 shares	(9,545,057)	(9,545,057)
Total stockholders equity	35,183,656	34,288,744
Total liabilities and stockholders equity	$ 37,150,621	$ 35,670,859

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

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Nobility Homes, Inc.

Consolidated Statements of Comprehensive Income

For the years ended November 2, 2013 and November 3, 2012

	Year Ended November 2, 2013	Year Ended November 3, 2012
Net sales	$ 18,525,950	$ 15,834,971
Cost of goods sold	(15,149,277)	(12,975,478)
Gross profit	3,376,673	2,859,493
Selling, general and administrative expenses	(2,594,981)	(2,709,481)
Operating income	781,692	150,012
Other income (loss):		
Interest income	53,346	59,834
Undistributed earnings in joint venture - Majestic 21	121,293	95,035
Losses from investments in retirement community limited partnerships	(289,990)	(334,779)
Miscellaneous	74,447	79,657
Total other loss	(40,904)	(100,253)
Income before provision for income taxes	740,788	49,759
Income tax benefit	6,318	
Net income	747,106	49,759
Other comprehensive income:		
Unrealized investment gain	134,288	28,317
Comprehensive income	$ 881,394	$ 78,076
Weighed average number of shares outstanding:		
Basic	4,057,053	4,056,843
Diluted	4,057,053	4,056,843
Net income per share:		
Basic	$ 0.18	$ 0.01
Diluted	$ 0.18	$ 0.01

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

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Nobility Homes, Inc.

Consolidated Statements of Changes in Stockholders Equity

For the years ended November 2, 2013 and November 3, 2012

	Common Stock Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total
Balance at November 5, 2011	4,056,144	$ 536,491	$ 10,579,467	$ 32,524,828	$ 77,773	$ (9,551,693)	$ 34,166,866
Stock-based compensation	909		39,075	(1,909)		6,636	43,802
Unrealized investment gain					28,317		28,317
Net income				49,759			49,759
Balance at November 3, 2012	4,057,053	536,491	10,618,542	32,572,678	106,090	(9,545,057)	34,288,744
Stock-based compensation			13,518				13,518
Unrealized investment gain					134,288		134,288
Net income				747,106			747,106
Balance at November 2, 2013	4,057,053	$ 536,491	$ 10,632,060	$ 33,319,784	$ 240,378	$ (9,545,057)	$ 35,183,656

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

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Nobility Homes, Inc.

Consolidated Statements of Cash Flows

For the years ended November 2, 2013 and November 3, 2012

	Year Ended November 2, 2013	Year Ended November 3, 2012
Cash flows from operating activities:		
Net income	$ 747,106	$ 49,759
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	102,968	116,248
Amortization of bond premium/discount		1,668
Undistributed earnings in joint venture - Majestic 21	(121,293)	(95,035)
Losses from investments in retirement community limited partnerships	289,990	334,779
Loss on disposal of property, plant and equipment	33,682	
Stock-based compensation	13,518	43,802
Deferred income taxes	(79,000)	
Decrease (increase) in:		
Accounts receivable - trade	149,219	(1,673,778)
Inventories	738,064	713,690
Pre-owned homes	430,002	1,824,325
Prepaid expenses and other assets	160,509	(60,578)
Income taxes receivable	248,164	
(Decrease) increase in:		
Accounts payable	240,973	16,117
Accrued compensation	57,654	(1,441)
Accrued expenses and other current liabilities	99,848	(351,367)
Customer deposits	186,375	(107,380)
Net cash provided by operating activities	3,297,779	810,809
Cash flows from investing activities:		
Purchase of property, plant and equipment	(68,859)	(57,982)
Proceeds from the sale of property, plant and equipment	2,300	
Collections on mortgage notes receivable	1,697	924
Increase in cash surrender value of life insurance	(116,944)	(112,489)
Proceeds from maturity of long-term investment		505,000
Net cash provided by (used in) investing activities	(181,806)	335,453
Increase in cash and cash equivalents	3,115,973	1,146,262
Cash and cash equivalents at beginning of year	7,352,480	6,206,218

Cash and cash equivalents at end of year	$ 10,468,453	$ 7,352,480
Supplemental disclosure of cash flows information:		
Income taxes received	$ (169,164)	$

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

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Notes to Consolidated Financial Statements

NOTE 1 Reporting Entity and Significant Accounting Policies

Description of Business and Principles of Consolidation The consolidated financial statements include the accounts of Nobility Homes, Inc. (Nobility), its wholly-owned subsidiaries, Prestige Home Centers, Inc. (Prestige) Nobility Parks I, LLC, Nobility Parks II, LLC and Prestige s wholly-owned subsidiaries, Mountain Financial, Inc., an independent insurance agency and mortgage broker, and Majestic Homes, Inc., (collectively the Company). The Company is engaged in the manufacture and sale of manufactured and modular homes to various dealerships, including its own retail sales centers, and manufactured housing communities throughout Florida. The Company has one manufacturing plant in operation that is located in Ocala, Florida. At November 2, 2013 Prestige operated ten Florida retail sales centers: Ocala (2), Chiefland, Auburndale, Inverness, Hudson, Tavares, Yulee, Panama City and Punta Gorda.

All intercompany accounts and transactions have been eliminated in consolidation. The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying disclosures. These estimates and assumptions are based upon management s best knowledge of current events and actions that the Company may take in the future. The Company is subject to uncertainties such as the impact of future events, economic, environmental and political factors and changes in the Company s business environment; therefore, actual results could differ from these estimates. Accordingly, the accounting estimates used in the preparation of the Company s consolidated financial statements will change as new events occur, as more experience is acquired, as additional information is obtained and as the Company s operating environment changes. Changes in estimates are made when circumstances warrant. Such changes in estimates and refinements in estimation methodologies are reflected in the reported financial condition and results of operations; if material, the effects of changes in estimates are disclosed in the notes to the consolidated financial statements. Significant estimates and assumptions by management affect: valuation of pre-owned homes, the allowance for doubtful accounts, the carrying value of long-lived assets, the provision for income taxes and related deferred tax accounts, certain accrued expenses and contingencies, warranty reserve and stock-based compensation.

Fiscal Year The Company s fiscal year ends on the first Saturday on or after October 31. The years ended November 2, 2013 and November 3, 2012 each consisted of fifty-two week periods.

Revenue Recognition The Company recognizes revenue from its retail sales of new manufactured homes upon the occurrence of the following:

- its receipt of a down payment,
- construction of the home is complete,

home has been delivered and set up at the retail home buyer s site, and title has been transferred to the retail home buyer,

remaining funds have been released by the finance company (financed sales transaction), remaining funds have been committed by the finance company by an agreement with respect to financing obtained by the customer, usually in the form of a written approval for permanent home financing received from a lending institution, (financed construction sales transaction) or cash has been received from the home buyer (cash sales transaction), and

completion of any other significant obligations.

The Company recognizes revenue from the sale of the repurchased homes upon transfer of title to the new purchaser.

The Company recognizes revenues from its independent dealers upon receiving wholesale floor plan financing or establishing retail credit approval for terms, shipping of the home, and transferring title and risk of loss to the independent dealer.

The Company recognizes revenues from its wholly-owned subsidiary, Mountain Financial, Inc., as follows: commission income (and fees in lieu of commissions) is recorded as of the effective date of insurance coverage or the billing date, whichever is later. Commissions on premiums billed and collected directly by insurance companies are recorded as revenue when received which, in many cases, is the Company s first notification of amounts earned due to the lack of policy and renewal information. Contingent commissions are recorded as revenue when received. Contingent commissions are commissions paid by insurance underwriters and are based on the estimated profit and/or overall volume of business placed with the underwriter. The data necessary for the calculation of contingent commissions cannot be reasonably obtained prior

Notes to Consolidated Financial Statements

to the receipt of the commission which, in many cases, is the Company s first notification of amounts earned. The Company provides 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 November 2, 2013 or November 3, 2012.

Revenues by Products and Services Revenues by net sales from manufactured housing, insurance agent commissions, and construction lending operations for the years ended November 2, 2013 and November 3, 2012 are as follows:

	2013	2012
Manufactured housing	$ 15,495,710	$ 12,815,516
Pre-owned homes-FRSA	1,706,056	2,310,588
Trade-in and other pre-owned homes	1,089,536	465,884
Insurance agent commissions	204,960	211,076
Construction lending operations	29,688	31,907
Total net sales	$ 18,525,950	$ 15,834,971

Cash and Cash Equivalents The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable Accounts receivable are stated at net realizable value. An allowance for doubtful accounts is provided based on prior collection experiences and management s analysis of specific accounts. At November 2, 2013 and November 3, 2012, in the opinion of management, all accounts were considered fully collectible and, accordingly, no allowance was deemed necessary.

Accounts receivable fluctuates due to the number of homes sold to independent dealers. The Company recognizes revenues from its independent dealers upon receiving wholesale floor plan financing or establishing retail credit approval for terms, shipping of the home, and transferring title and risk of loss to the independent dealer.

Investments The Company s investments consist of money market accounts as well as equity securities of a public company. Investments with maturities of less than one year are classified as short-term investments. Debt securities that the Company has the positive intent and ability to hold until maturity are accounted for as held-to-maturity securities and are carried at amortized cost. Premiums and discounts on investments in debt securities are amortized over the contractual lives of those securities. The method of amortization results in a constant effective yield on those securities (the interest method). The Company s equity investment in a public company is classified as available-for-sale and carried at fair value. Unrealized gains on the available-for-sale securities, net of taxes, are recorded in accumulated other comprehensive income.

The Company continually reviews its investments to determine whether a decline in fair value below the cost basis is other than temporary. If the decline in fair value is judged to be other than temporary, the cost basis of the security is written down to fair value and the amount of the write-down is included in the accompanying consolidated statements of income and other comprehensive income.

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 home inventory is valued at the Company s cost to acquire the inventory plus refurbishment costs incurred to date to bring the inventory to a more saleable state. This amount is reduced by a valuation reserve which management believes results in inventory being valued at market.

Trade in and other pre-owned homes are stated at cost or net realizable value. Homes taken as trade-ins are recorded at estimated actual cash value which approximates wholesale value. Other pre-owned homes are recorded at cost determined on the specific identification method and acquired from the Company s joint venture partner, Majestic 21 and remarketed. Majestic 21 reimburses the Company for all costs related to these homes.

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Notes to Consolidated Financial Statements

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

Property, Plant and Equipment Property, plant and equipment are stated at cost and depreciated over their estimated useful lives using the straight-line method. Routine maintenance and repairs are charged to expense when incurred. Major replacements and improvements are capitalized. Gains or losses are credited or charged to earnings upon disposition.

Investment in Majestic 21 Majestic 21 was formed in 1997 as a joint venture with our joint venture partner, an unrelated entity 21st Mortgage Corporation (21st Mortgage). We have been allocated our share of net income and distributions on a 50/50 basis since Majestic 21 s formation. While Majestic 21 has been deemed to be a variable interest entity, the Company only holds a 50% interest in this entity and all allocations of profit and loss are on a 50/50 basis. Since all allocations are to be made on a 50/50 basis and joint decisions with the joint venture partner are made which most significantly impact Majestic 21 economic performance therefore, the Company is not required to consolidate Majestic 21 with the accounts of Nobility Homes in accordance with FASB ASC 810. Management believes that the Company s maximum exposure to loss as a result of its involvement with Majestic 21 is its investment in the joint venture recorded in the accounts of Nobility Homes as of November 2, 2013 and November 3, 2012. Based on management s evaluation, there was no impairment of this investment at November 2, 2013 or November 3, 2012.

The Company entered into an arrangement in 2002 to repurchase certain homes. Under this arrangement or any other arrangement, the Company is not obligated to repurchase any foreclosed/repossessed units of Majestic 21 as it does not have a repurchase agreement or any other guarantees with Majestic 21. However, the Company buys back foreclosed/repossessed units and acts as a remarketing agent. It resells those units through the Company s network of retail centers as we believe it benefits the historical loss experience of the joint venture. The only impact on the Company s operations from this arrangement are commissions earned on the resale of these units and interest received from Majestic 21 for funds the company used to carry the units while in inventory.

See Note 14 for discussion of the Company s guarantee of a $5 million note payable of Majestic 21.

Finance Revenue Sharing Agreement During fiscal year 2004, the Company transferred $250,000 from its existing joint venture in Majestic 21 in order to participate in a FRSA between 21st Mortgage Corporation, Prestige Homes, Inc., and Majestic Homes, Inc. without forming a separate entity. In connection with this FRSA, mortgage financing will be provided on manufactured homes sold through the Company s retail centers to customers who qualify for such mortgage financing.

Effective December 31, 2013, 21st Mortgage Corporation informed the Company they will no longer originate loans under the terms of the FRSA due to regulatory changes. No revenue was recorded under this agreement in fiscal years 2013 or 2012. 21st Mortgage Corporation will continue to provide financing to retail customers who purchase the Company s manufactured homes at Prestige retail sales centers.

Other Investments The Company has a 31.3% investment interest in Walden Woods South LLC (Walden Woods), which owns and operates a retirement manufactured home community located in Homosassa, Florida. The Company fully impaired its investment in Walden Woods in 2011. The majority owner of Walden Woods is the Company s principal shareholder.

The Company owns 100% of a limited liability company called Nobility Parks II, LLC to hold a 48.5% interest in a retirement manufactured home community, CRF III, Ltd. (Cypress Creek) located in Winter Haven, Florida. Nobility Parks II, LLC has the right to assign some of its ownership to partners other than Nobility Homes. The Company recorded an impairment charge on its investment in Cypress Creek in 2011.

See further discussion of these investments in Note 5.

Notes to Consolidated Financial Statements

Impairment of Long-Lived Assets In the event that facts and circumstances indicate that the carrying value of a long-lived asset may be impaired, an evaluation of recoverability is performed by comparing the estimated future undiscounted cash flows associated with the asset to the asset s carrying amount to determine if a write-down is required. If such evaluations indicate that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values.

Customer Deposits A retail customer is required to make a down payment ranging from $500 to 35% of the retail contract price based upon the credit worthiness of the customer. The retail customer receives the full down payment back when the Company is not able to obtain retail financing. If the retail customer receives retail financing and decides not to go through with the retail sale, the Company can withhold 20% of the retail contract price. The Company does not receive any deposits from their independent dealers.

Company Owned Life Insurance The Company has purchased life insurance policies on certain key executives. Company owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Warranty Costs The Company provides for a warranty as the manufactured homes are sold. Amounts related to these warranties for fiscal years 2013 and 2012 are as follows:

	2013	2012
Beginning accrued warranty expense	$ 75,000	$ 75,000
Less: reduction for payments	(165,627)	(176,074)
Plus: additions to accrual	165,627	176,074
Ending accrued warranty expense	$ 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.

Accrued Home Setup Costs Accrued home setup costs represent amounts due to vendors and/or independent contractors for various items related to the actual setup of the home on the retail home buyers site. These costs include appliances, air conditioners, electrical/plumbing hook-ups, furniture, insurance, impact/permit fees, land/home fees, extended service plan, freight, skirting, steps, well, septic tanks and other setup costs and are included in accrued expenses in the accompanying consolidated balance sheets. See Note 9 of Notes to Consolidated Financial Statements .

Stock-Based Compensation At November 2, 2013, the Company has a stock incentive plan (the Plan) which authorizes the issuance of options to purchase common stock. Stock-based compensation is measured at the grant date based on the fair value of the award and is recognized as expense over the period during which an employee is required to provide service in exchange for the award (usually the vesting period).

Rebate Program The Company has a rebate program for some dealers based upon the number and type of home purchased, which pay rebates based upon sales volume to the dealers. Volume rebates are recorded as a reduction of sales in the accompanying consolidated financial statements. The rebate liability is calculated and recognized as eligible homes are sold based upon factors surrounding the activity and prior experience of specific dealers and is included in accrued expenses in the accompanying consolidated balance sheets.

Advertising Advertising for Prestige retail sales centers consists primarily of newspaper, radio and television advertising. All costs are expensed as incurred. Advertising expense amounted to approximately $223,100 and $222,900 for fiscal year 2013 and 2012, respectively.

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Notes to Consolidated Financial Statements

Audit Fees The Company generally records audit fees in the period in which services are provided. Audit fees relating to the finalization of the audit generally will be reflected in the financial statements of the subsequent year. Due to certain issues, primarily relating to FRSA accounting matters that occurred during 2011 the Company incurred significant audit fees in financial statements for fiscal year 2012 and 2013 relating to the finalization of the fiscal 2011 audit. Audit fees which related to the completion of the 2011 audit were $83,891 and $279,891 in 2013 and 2012, respectively.

Income Taxes The Company accounts for income taxes utilizing the asset and liability method. This approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Net Income per Share These financial statements include basic and diluted net income per share information for all periods presented. The basic net income per share is calculated by dividing net income by the weighted-average number of shares outstanding. The diluted net income per share is calculated by dividing net income by the weighted-average number of shares outstanding, adjusted for dilutive common shares.

For the year ended November 2, 2013 and November 3, 2012, options to purchase 30,400 and 54,150 shares, respectively, have been excluded from the computation of potentially dilutive securities as the effect on net income per share is antidilutive.

Shipping and Handling Costs Net sales include the revenue related to shipping and handling charges billed to customers. The related costs associated with shipping and handling is included as a component of cost of goods sold.

Comprehensive Income Comprehensive income includes net income as well as other comprehensive income. The Company s other comprehensive income consists of unrealized gains on available-for-sale securities, net of related taxes.

Segments The Company s chief operating decision maker is its Chief Executive Officer, who reviews financial information on a company-wide or consolidated basis. Accordingly, the Company accounts for its operations in accordance with FAS ASC 280, Segment Reporting. No segment disclosures have been made as the Company considers its business activities as a single segment.

Major Customers Sales to two publicly traded REIT s which own multiple retirement Communities in our market area accounted for $2,001,730 or 11 % and $3,469,130 or 19% of our total sales in fiscal year 2013 and $1,952,795 or 12% and $3,416,285 or 22% of our total sales in fiscal year 2012.

Concentration of Credit Risk The Company s financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, short-term and long-term investments and accounts receivable. At times, the Company s deposits may exceed federally insured limits. However, the Company has not experienced any losses in such accounts and management believes the Company is not exposed to any significant credit risk on these accounts. The majority of the Company s sales are credit sales which are made primarily to customers whose ability to pay is dependent upon the industry economics prevailing in the areas where they operate; however, concentrations of credit risk with respect to accounts receivables is limited due to generally short payment terms. The Company also performs ongoing credit evaluations of its customers to help further reduce credit risk. The Company maintains reserves for potential credit losses when deemed necessary and such losses have historically been within management s expectations.

Recently Issued Accounting Pronouncements From time to time, new accounting pronouncements are issued by the FASB and other regulatory bodies that are adopted by the Company as of the specified effective date. Unless otherwise discussed, management believes that the impact of recently issued standards, which are not yet effective, will not have a material impact on the Company s Consolidated Financial Statements upon adoption.

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Notes to Consolidated Financial Statements

NOTE 2 Investments

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

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

	November 3, 2012			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Equity securities in a public company	$ 167,930	$ 153,016	$	$ 320,946

The fair values were estimated based on quoted market prices using current market rates at each respective period end.

NOTE 3 Fair Values of Financial Investments

The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximates fair value because of the short maturity of those instruments.

The Company accounts for the fair value of financial investments in accordance with (ASC No. 820).

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 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.

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Notes to Consolidated Financial Statements

The following table represents the Company s financial assets and liabilities which are carried at fair value at November 2, 2013 and November 3, 2012.

	November 2, 2013		
	Level 1	Level 2	Level 3
Equity securities in a public company	$ 455,232	$	$
Non-recurring fair value investment			467,934
	$ 455,232	$	$ 467,934

	November 3, 2012		
	Level 1	Level 2	Level 3
Equity securities in a public company	$ 320,946	$	$
Non-recurring fair value investment			757,924
	$ 320,946	$	$ 757,924

The level 3 non-recurring fair value investment represents the investment in Cypress Creek limited partnership.

NOTE 4 Related Party Transactions
Affiliated Entities

TLT, Inc. The President and Chairman of the Board of Directors (President) and the Executive Vice President each own 50% of the stock of TLT, Inc. TLT, Inc. is the general partner of limited partnerships which are developing manufactured housing communities in Central Florida (the TLT Communities). The President owns between a 24.75% and a 49.5% direct and indirect interest in each of these limited partnerships. The Executive Vice President owns between a 49.5% and a 57.75% direct and indirect interest in each of these limited partnerships. The TLT Communities have purchased manufactured homes exclusively from the Company since 1990. Sales to TLT Communities were not significant during fiscal years 2013 and 2012.

Walden Woods The Company s principal shareholder owns 51% of Walden Woods South LLC (South), which owns the Walden Wood park.

NOTE 5 Other Investments
Investment in Joint Venture Majestic 21 During fiscal 1997, the Company contributed $250,000 for a 50% interest in a joint venture engaged in providing mortgage financing on manufactured homes. This investment is accounted for

under the equity method of accounting.

While Majestic 21 has been deemed to be a variable interest entity, the Company only holds a 50% interest in this entity and all allocations of profit and loss are on a 50/50 basis. Since all allocations are to be made on a 50/50 basis and the Company s maximum exposure is limited to its investment in Majestic 21, management has concluded that the Company would not absorb a majority of Majestic 21 s expected losses nor receive a majority of Majestic 21 s expected residual returns; therefore, the Company is not required to consolidate Majestic 21 with the accounts of Nobility Homes in accordance with ASC 810.

See Note 14 for discussion of the Company s guarantee of a $5 million note payable of Majestic 21.

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Notes to Consolidated Financial Statements

The following is summarized financial information of the Company s joint venture:

	November 2, 2013	November 3, 2012
Total Assets	$ 16,569,995	$ 15,368,882
Total Liabilities	$ 12,129,322	$ 11,170,792
Total Equity	$ 4,440,673	$ 4,198,091
Net Income	$ 242,583	$ 190,072

There were no distributions received from the joint venture in fiscal years 2013 and 2012.

With regard to our investment in Majestic 21, there are no differences between our investment balance and the amount of underlying equity in net assets owned by Majestic 21.

Investment in Retirement Community Limited Partnerships The Company has a 31.3% investment interest in Walden Woods South LLC (Walden Woods), which owns and operates a retirement manufactured home community named Walden Woods located in Homosassa, Florida. The Company fully impaired its investment in Walden Woods in 2011. The majority owner of Walden Woods is the Company s principal shareholder. The Company s principal shareholder guaranteed the financing used to purchase Walden Woods Park, which created an implicit guarantee from the Company. The implicit guarantee caused Walden Woods Park to be a variable interest entity as defined in Accounting Standard Codification (ASC) 810. The Company is considered to currently have an implicit guarantee with Walden Woods because it is a related party to the primary guarantor. In determining the primary beneficiary of the variable interest entity, the Company has determined the principal shareholder has the power to direct the activities that most significantly impact the economic performance of Walden Woods. As a result, in accordance with ASC 810, Walden Woods has not been consolidated in the financial statements of the Company.

The Company owns 100% of a limited liability company called Nobility Parks II, LLC to hold a 48.5% interest in a retirement manufactured home community, CRF III, Ltd. (Cypress Creek) located in Winter Haven, Florida. Nobility Parks II, LLC has the right to assign some of its ownership to partners other than Nobility Homes. The Company recorded an impairment charge on its investment in Cypress Creek in 2011.

These investments in Walden Woods and Cypress Creek are accounted for under the equity method of accounting and all allocations of profit and loss are on a pro-rata basis. Since the Company s maximum exposure is limited to its investment in Walden Woods and Cypress Creek, management has concluded that the Company would not absorb a majority of Walden Woods or Cypress Creek s expected losses nor receive a majority of Walden Woods and Cypress Creek s expected residual returns; therefore, the Company is not required to consolidate Walden Woods and Cypress Creek with the accounts of Nobility Homes in accordance with FASB ASC No. 810-10.

The following is summarized financial information of Walden Woods and Cypress Creek as of September 30, 2013 and September 30, 2012*:

	September 30, 2013	September 30, 2012
Total Assets	$ 13,559,275	$ 14,159,361
Total Liabilities	$ 15,231,044	$ 14,829,587
Total Equity	$ (1,671,769)	$ (670,226)

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

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Notes to Consolidated Financial Statements

The following table summarizes the change in the investments for fiscal year 2013 and 2012:

	Walden Woods	Cypress Creek
Investment at November 5, 2011	$	$ 1,092,703
Losses on investments		(334,779)
Investment at November 3, 2012		757,924
Losses on investment		(289,990)
Investment at November 2, 2013	$	$ 467,934

The Company has no obligation to fund future operating losses of Walden Woods and accordingly, has not reduced the investment carrying value to less than zero.

NOTE 6 Inventories

The Company acquired certain repossessed pre-owned inventory in 2011 as part of an Amendment of the FSRA agreement with 21st Mortgage Corporation. The Company expects that the pre-owned inventory will be sold over the next 3 years and will monitor and reduce, if necessary, the value of this inventory if circumstances so indicate in future periods. If the real estate market further deteriorates, the Company could experience additional losses on the disposition of these homes beyond the level of the reserve recorded by the Company.

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Notes to Consolidated Financial Statements

A breakdown of the elements of inventory at November 2, 2013 and November 3, 2012 is as follows:

	November 2, 2013	November 3, 2012
Raw materials	$ 571,621	$ 505,122
Work-in-process	108,641	90,444
Finished homes	4,344,117	5,140,200
Model home furniture and others	19,437	46,114
Inventories, net	$ 5,043,816	$ 5,781,880
Pre-owned homes *	$ 9,215,590	$ 10,335,524
Inventory impairment reserve	(2,711,595)	(3,401,527)
	6,503,995	6,933,997
Less homes expected to sell in 12 months	(2,187,598)	(2,503,164)
Pre-owned homes, long-term	$ 4,316,397	$ 4,430,833

* The following table summarizes a breakdown of pre-owned homes inventory for fiscal year 2013 and 2012:

	FRSA pre-owned homes	Trade in and other pre-owned homes	Total pre-owned homes
Balance at November 5, 2011	$ 11,886,362	$ 970,784	$ 12,857,146
Purchased	275,572	167,281	442,853
Sold	(2,530,643)	(433,832)	(2,964,475)
Balance at November 2, 2012	9,631,291	704,233	10,335,524
Purchased		1,399,205	1,399,205
Sold	(1,718,453)	(800,686)	(2,519,139)
Balance at November 2, 2013	$ 7,912,838	$ 1,302,752	$ 9,215,590

An analysis of the inventory impairment reserve at November 2, 2013 and November 3, 2012 is as follows:

	November 2, 2013	November 3, 2012
Beginning inventory impairment reserve	$ 3,401,527	$ 4,098,824
Less: Reductions for homes sold	(393,138)	(475,031)
Inventory holding costs	(302,497)	(251,067)
Plus: Additions to impairment reserve	5,703	28,801
Ending inventory impairment reserve	$ 2,711,595	$ 3,401,527

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Notes to Consolidated Financial Statements

NOTE 7 Properties, Plant and Equipment

Property, plant and equipment, along with their estimated useful lives and related accumulated depreciation are summarized as follows:

	Range of Lives in Years	November 2, 2013	November 3, 2012
Land		$ 2,349,383	$ 2,349,383
Land improvements	10-20	839,912	872,977
Buildings and improvements	15-40	2,538,248	2,571,628
Machinery and equipment	3-10	1,061,463	1,131,687
Furniture and fixtures	3-10	437,434	489,979
		7,226,440	7,415,654
Less accumulated depreciation		(3,494,977)	(3,614,102)
		$ 3,731,463	$ 3,801,552

NOTE 8 Other Assets

Other assets are comprised of the following:

	November 2, 2013	November 3, 2012
Cash surrender value of life insurance	$ 2,648,197	$ 2,531,253
Other	156,287	156,287
Total other assets	$ 2,804,484	$ 2,687,540

NOTE 9 Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities are comprised of the following:

	November 2, 2013	November 3, 2012
Accrued warranty expense	$ 75,000	$ 75,000
Accrued legal		18,000

Accrued taxes		235,490		159,014
Other accrued expenses		303,878		262,506
Total accrued expenses and other current liabilities	$	614,368	$	514,520

NOTE 10 Income Taxes

The Company computes income tax expense using the liability method. Under this method, deferred income taxes are provided, to the extent considered realizable by management, for basis differences of assets and liabilities for financial reporting and income tax purposes.

The Company follows guidance issued by the Financial Accounting Standards Board (FASB) with respect to accounting for uncertainty in income taxes. A tax position is recognized as a benefit only if it is more-likely-than-not that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit is recorded.

The Company and its subsidiaries are subject to U.S. federal income tax, as well as income tax of the state of Florida. The Company s income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination. The Company does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

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Notes to Consolidated Financial Statements

The Company recognizes interest and/or penalties related to income tax matters in income tax expense. The Company did not reflect any amounts for interest and penalties in its 2013 or 2012 statements of operations, nor are any amounts accrued for interest and penalties at November 2, 2013 or November 3, 2012.

The provision for income taxes for the years ended consists of the following:

	November 2, 2013	November 3, 2012
Current tax benefit:		
Federal	$ (6,318)	$
State		
	(6,318)	
Deferred tax benefit	652,902	10,034
Valuation allowance	(652,902)	(10,034)
Income tax benefit	$ (6,318)	$

The following table shows the reconciliation between the statutory federal income tax rate and the actual provision for income taxes for the years ended:

	November 2, 2013	November 3, 2012
Provision - federal statutory tax rate	$ 251,868	$ 16,918
Increase (decrease) resulting from:		
State taxes, net of federal tax benefit	26,891	1,947
Permanent differences:		
Tax exempt interest		(1,317)
Stock option expirations	225,860	
Changes in DTA valuation allowance	(652,902)	(10,034)
Other	141,965	(7,514)
Income tax benefit	$ (6,318)	$

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Notes to Consolidated Financial Statements

The types of temporary differences between the tax bases of assets and liabilities and their financial reporting amounts and the related deferred tax assets and deferred tax liabilities are as follows:

	November 2, 2013	November 3, 2012
Deferred tax assets:		
Allowance for doubtful accounts	$ 87,261	$ 87,261
Inventories	1,164,353	1,428,743
Carrying value of other investments	1,834,434	1,799,252
Accrued expenses	44,271	42,275
Stock-based compensation	32,382	276,087
Net operating loss carryforwards	438,632	552,877
Valuation allowance	(1,465,233)	(2,118,135)
Total deferred tax assets	2,136,100	2,068,360
Deferred tax liabilities:		
Depreciation	(32,784)	(30,274)
State income tax refunds	(29,598)	(57,605)
Amortization	(58,810)	(52,105)
Prepaid expenses	(18,908)	(11,376)
Net deferred tax assets	$ 1,996,000	$ 1,917,000

At November 2, 2013, the Company has unused net operating loss carry forwards totaling approximately $1,200,000 that may be applied against taxable income. If not used, the net operating loss carry forwards of $300,000 and $900,000 will expire in 2031 and 2032 respectively.

These amounts are included in the accompanying consolidated balance sheets under the following captions:

	November 2, 2013	November 3, 2012
Current assets:		
Deferred tax assets	$ 1,295,882	$ 1,558,278
Deferred tax liabilities	(157,523)	(127,468)
Valuation allowance	(481,898)	(751,065)
Net current deferred taxes	656,461	679,745
Non-current assets:		
Deferred tax assets	2,414,469	2,686,703

Deferred tax liabilities	(91,595)	(82,379)
Valuation allowance	(983,335)	(1,367,069)
Net non-current deferred taxes	1,339,539	1,237,255
Net deferred tax asset	$ 1,996,000	$ 1,917,000

In assessing the ability to realize a portion of the deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. In fiscal 2013 and 2012 the Company has determined that, due to significant negative evidence as a result of losses in numerous consecutive years through 2011, a valuation reserve is required to reduce the Company s net deferred taxes to a level supportable by certain tax planning strategies that could be enacted to realize deferred tax assets, if necessary.

The primary tax planning strategy is the potential sale of real estate, primarily land not currently used in the operations of the Company, to generate taxable gains. The Company has assessed that these strategies could result in the realization of approximately $2.0 million of deferred tax assets. The amount of deferred tax assets above this amount are reserved with a valuation allowance. The valuation allowance was approximately $1.5 million at November 2, 2013 and $2.1 at November 3, 2012.

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Notes to Consolidated Financial Statements

The Company s tax planning strategies include estimates as to the amount of gains on sales of properties that could be realized. The Company believes these amounts are reasonable and supportable but, if circumstances change, these amounts could be affected which would impact the amount of net deferred taxes which would be supportable. The Company will continue to monitor these matters at each future reporting period.

NOTE 11 Stockholders Equity
Authorized preferred stock may be issued in series with rights and preferences designated by the Board of Directors at the time it authorizes the issuance of such stock. The Company has never issued any preferred stock. Treasury stock is recorded at cost and is presented as a reduction of stockholders equity in the accompanying consolidated financial statements. The Company did not repurchase any shares of its common stock during fiscal years 2013 or 2012.

NOTE 12 Stock Option Plan
In June 2011, the Company s Board of Directors adopted and the Company s shareholders later approved, the Nobility Homes, Inc. 2011 Stock Incentive Plan (the Plan), providing for the issuance of options to purchase shares of common stock, stock appreciation rights and other stock-based awards to employees and non-employee directors. A total of 300,000 shares were reserved for issuance under the Plan, all of which may be issued pursuant to the exercise of incentive stock options. At November 2, 2013, options available for future grant under the plan were 300,000 and no options were outstanding.

The Company has 30,400 stock options outstanding that were granted pursuant to individual award agreements outside of the 2011 Plan. The Company does not expect to award additional stock options outside of the 2011 Plan in the future.

The Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The cost is to be recognized over the period during which an employee is required to provide service in exchange for the award (usually the vesting period). The grant date fair value of employee share options and similar instruments will be estimated using option-pricing models adjusted for the unique characteristics of those instruments (unless observable market prices for the same or similar instruments are available). If an equity award is modified after the grant date, incremental compensation cost will be recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification. During fiscal years 2013 and 2012, the Company recognized approximately $13,500 and $39,100 in compensation cost related to stock options.

A summary of information with respect to options granted is as follows:

	Number of Shares	Stock Option Price Range	Weighted Average Exercise	Aggregate Intrinsic Value

			Price	
Outstanding at November 5, 2011	95,400	$7.91 - 26.56	$ 21.12	
Granted				
Exercised				
Canceled	(41,250)	7.91 - 26.56	23.66	
Outstanding at November 3, 2012	54,150	7.91 - 26.56	19.19	
Granted				
Exercised				
Canceled	(23,750)	26.38	26.38	
Outstanding at November 2, 2013	30,400	7.91 - 18.50	$ 13.58	$ 8,310

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Notes to Consolidated Financial Statements

The aggregate intrinsic value in the table above represents total intrinsic value (of options in the money), which is the difference between the Company s closing stock price on the last trading day of fiscal year 2013 and the exercise price times the number of shares, that would have been received by the option holders had the option holders exercised their options on November 2, 2013.

The following table summarizes information about the outstanding stock options at November 2, 2013:

	Options Outstanding			Options Exercisable	
Exercise Prices	Shares Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$18.50	15,250	1	$ 18.50	15,250	$ 18.50
7.91	8,150	2	7.91	5,705	7.91
10.45	3,500	3	10.45	1,575	10.45
8.49	3,500	4	8.49	875	8.49
	30,400	1.8	$ 13.58	23,405	$ 15.00

The fair value of each option is determined using the Black-Scholes option-pricing model which values options based on the stock price at the grant date, the expected life of the option, the estimated volatility of the stock, expected dividend payments, and the risk-free interest rate over the expected life of the option. The dividend yield was calculated by dividing the current annualized dividend by the option exercise price for each grant. The expected volatility was determined considering the Company s historical stock prices for the fiscal year the grant occurred and prior fiscal years for a period equal to the expected life of the option. The risk-free interest rate was the rate available on zero coupon U.S. government obligations with a term equal to the expected life of the option. The expected life of the option was estimated based on the exercise history from previous grants.

As of November 2, 2013, there is $12,914 of total unrecognized compensation cost related to non-vested share based compensation arrangements granted under the Plan. That cost is expected to be recognized over a weighted average period of 2.49 years.

NOTE 13 Employee Benefit Plan

The Company has a defined contribution retirement plan (the Plan) qualifying under Section 401(k) of the Internal Revenue Code. The Plan covers employees who have met certain service requirements. The Company makes a discretionary matching contribution of up to 20% of an employee s contribution, up to a maximum of 6% of an employee s compensation. No contribution expense was charged to operations in fiscal years 2013 and 2012.

NOTE 14 Commitments and Contingent Liabilities

Operating Leases The Company leases the property for several Prestige retail sales centers from various unrelated entities under operating lease agreements expiring through April 2016. The Company also leases certain equipment under unrelated operating leases. These leases have varying renewal options. Total rent expense for operating leases, including those with terms of less than one year, amounted to $102,833 and $115,673 in fiscal year 2013 and 2012, respectively.

Future minimum payments by year and in the aggregate, under the aforementioned leases and other non-cancelable operating leases with initial or remaining terms in excess of one year, as of November 2, 2013 are as follows for the fiscal years ending:

2014	$ 45,689
2015	$ 25,680
2016	$ 8,560

Majestic 21 On May 20, 2009, the Company became a 50% guarantor on a $5 million note payable entered into by Majestic 21, a joint venture in which the Company owns a 50% interest. 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

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Notes to Consolidated Financial Statements

declines with the amortization and repayment of the loan. As collateral for the loan, 21st Mortgage Corporation (our joint venture partner) 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 Corporation 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 November 2, 2013, the outstanding principal balance of the note was $2,034,100 and the amount of collateral held by our joint venture partner for the Majestic 21 note payable was $2,791,316. Should the collateral not be sufficient, the Company s maximum exposure at November 2, 2013, would be 50% or $1,017,050 of the outstanding principal balance. 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.

On November 2, 2013 there was approximately $171,385 in loan loss reserves or 0.89% of the portfolio in Majestic 21. The Majestic 21 joint venture partnership is monitoring loan loss reserves on a monthly basis and is adjusting the loan loss reserves as necessary. The Majestic 21 joint venture is reflected on 21st Mortgage Corporation s financial statements which are included in the financial statements of its ultimate parent which is a public company. Management believes the loan loss reserves are adequate based upon its review of the Majestic 21 joint venture partnership s financial statements.

Other Contingent Liabilities Certain claims and suits arising in the ordinary course of business have been filed or are pending against the Company. In the opinion of management, the ultimate outcome of these matters will not have a material adverse effect on the Company s financial position, results of operations or cash flows. Accordingly, the Company has not made any accrual provisions for litigation in the accompanying consolidated financial statements.

The Company does not maintain casualty insurance on some of its property, including the inventory at our retail centers, our plant machinery and plant equipment and is at risk for those types of losses.

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no disagreements with accountants on accounting and financial disclosure matters.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. The Company s Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer) have evaluated the effectiveness of the Company s disclosure controls and procedures (as such term is defined in Rules 13a 15(e) and 15d 15(e) 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, our Chief Executive Officer and Chief Financial Officer have concluded that the Company s disclosure controls and procedures were effective as of the Evaluation Date.

Management s Annual Report on Internal Control over Financial Reporting. The Company s management is responsible for establishing and maintaining adequate and effective internal control over financial reporting in order to provide reasonable assurance of the reliability of the Company s financial reporting and preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting involves policies and procedure that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and disposition of assets of the issuer; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the issuer are being made in accordance with authorizations of management and directors of the issuer; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the issuer Company assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. 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 Company s management assessed the effectiveness of its internal control over financial reporting as of November 2, 2013 based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and determined that its internal controls were effective.

This annual report does not include an attestation report of the Company s registered public accounting firm regarding internal control over financial reporting.

Changes in internal control over financial reporting. There were no changes in our internal controls over financial reporting that occurred during the fourth quarter of fiscal 2013 that have materially affected, or are reasonably likely to materially affect, the Company s internal controls over financial reporting.

Item 9B. Other Information

None.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information concerning Nobility s directors is incorporated by reference pursuant to Instruction G of Form 10-K from its definitive proxy statement for the 2014 annual meeting of shareholders.

The following table provides the names, ages and business experience for the past five years for each of Nobility s executive officers. Executive officers are each elected for one year terms.

Executive Officers

Terry E. Trexler (74)	Chairman of the Board and President of Nobility for more than five years; Mr. Trexler is also President of TLT, Inc.
Thomas W. Trexler (50)	Executive Vice President and Chief Financial Officer of Nobility since December 1994; President of Prestige Home Centers, Inc. since June 1995; Director of Prestige since 1993 and Vice President from 1991 to June 1995; President of Mountain Financial, Inc. since August 1992; Vice President of TLT, Inc. since September 1991.
Jean Etheredge (68)	Secretary.
Lynn J. Cramer, Jr. (68)	Treasurer.

Thomas W. Trexler, Executive Vice President, Chief Financial Officer and a director, is the son of Terry E. Trexler, Nobility s President and Chairman of the Board. There are no other family relationships between any directors or executive officers.

Section 16(a) Beneficial Ownership Reporting Compliance

Information concerning the Section 16(a) Beneficial Ownership Reporting Compliance of Nobility s officers, directors and 10% shareholders is incorporated by reference pursuant to Instruction G of Form 10-K from its definitive proxy statement for the 2014 annual meeting of shareholders.

Code of Ethics

We have adopted a code of ethics that applies to the principal executive officer, principal financial officer, executive vice presidents and controller. The code has been designed in accordance with provisions of the Sarbanes-Oxley Act of 2002, to promote honest and ethical conduct.

Our code of ethics is available on our website at www.nobilityhomes.com. You may also obtain a copy of the Nobility Homes, Inc. Code of Ethics, at no cost, by forwarding a written request to the Secretary of Nobility at Post Office Box 1659, Ocala, Florida 34478.

Item 11. Executive Compensation

Information concerning executive compensation is incorporated by reference pursuant to Instruction G of Form 10-K from Nobility s definitive proxy statement for the 2014 annual meeting of shareholders.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information concerning security ownership of certain beneficial owners and management is incorporated by reference pursuant to Instruction G of Form 10-K from Nobility s definitive proxy statement for the 2014 annual meeting of shareholders.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information concerning certain relationships and related transactions is incorporated by reference pursuant to Instruction G of Form 10-K from Nobility s definitive proxy statement for the 2014 annual meeting of shareholders.

Item 14. Principal Accounting Fees and Services

Information concerning principal accountant fees and services is incorporated by reference pursuant to Instruction G of Form 10-K from Nobility s definitive proxy statement for the 2014 annual meeting of shareholders.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Consolidated Financial Statements and Schedules

Report of Averett Warmus Durkee, P.A.

Consolidated Balance Sheets at November 2, 2013 and November 3, 2012

Consolidated Statements of Comprehensive Income for the Years Ended November 2, 2013 and November 3, 2012

Consolidated Statements of Changes in Stockholders Equity for the Years Ended November 2, 2013 and November 3, 2012

Consolidated Statements of Cash Flows for the Years Ended November 2, 2013 and November 3, 2012

Notes to Consolidated Financial Statements

(b) Exhibits:

In reviewing the agreements included as exhibits to this report, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about the Company, its subsidiaries or other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;

- have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;

- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and

- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about the Company may be found elsewhere in this report and the Company s other public files, which are available without charge through the SEC s website at http://www.sec.gov.

3. (a) Nobility s Articles of Incorporation, as amended (filed as an exhibit to Nobility s Form 10-K for the fiscal year ended November 1, 1997 and incorporated herein by reference).

   (b) Bylaws, as amended March 28, 1994 (filed as an exhibit to Nobility s Form 10-KSB for the fiscal year ended October 29, 1994 and incorporated herein by reference.)

10. (a) Joint Venture Agreement with 21st Century Mortgage Corporation (filed as an exhibit to Nobility s Form 10-K for the fiscal year ended November 1, 1997 and incorporated herein by reference).

   (b) 2011 Stock Incentive Plan (filed as part of Nobility s definitive proxy statement filed on June 7, 2011 and incorporated herein by reference).

   (c) Agreement dated September 7, 2001 between Nobility and Terry E. Trexler relating to use of life insurance proceeds (filed as an exhibit to Nobility s Form 10-K for the fiscal year ended November 3, 2001 and incorporated herein by reference).

   (d) Finance Revenue Sharing Agreement dated April 10, 2004 between 21st Mortgage Corporation, Prestige Home Centers, Inc. and Majestic Homes, Inc. (filed as an exhibit to Nobility s Form 10-K for the fiscal year ended October 31, 2009 and incorporated herein by reference).

(e) Seventh Amendment to the Finance Revenue Sharing Agreement dated April 10, 2004 with 21st Mortgage Corporation (filed as an exhibit to Nobility s Form 8-K filed November 14, 2011 and incorporated herein by reference).

(f) Loan and Security Agreement dated May 20, 2009, by and among Clayton Bank & Trust, Majestic 21 Partnership, 21st Mortgage Corporation, Majestic Homes, Inc. and the Company, as guarantor (filed as an exhibit to Nobility s Form 10-K for the fiscal year ended October 31, 2009 and incorporated herein by reference).

(g) Term Note dated May 20, 2009 in favor of Clayton Bank & Trust (filed as an exhibit to Nobility s Form 10-K for the fiscal year ended October 31, 2009 and incorporated herein by reference).

14. Nobility s Code of Ethics (filed as an exhibit to Nobility s form 10-K for the fiscal year ended November 4, 2006 and incorporated herein by reference).

21. Subsidiaries of Nobility.

23.1 Consent of Averett Warmus Durkee, P.A.

31. (a) Written Statement 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) Written Statement 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 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.

NOBILITY HOMES, INC.

DATE: January 28, 2014	By: /s/ Terry E. Trexler Terry E. Trexler, Chairman, President and Chief Executive Officer (Principal Executive Officer)
DATE: January 28, 2014	By: /s/ Thomas W. Trexler Thomas W. Trexler, Executive Vice President and Chief Financial Officer (Principal Financial Officer)
DATE: January 28, 2014	By: /s/ Lynn J. Cramer, Jr. Lynn J. Cramer, Jr., Treasurer and Principal Accounting Officer

Pursuant to the requirements of 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:

DATE: January 28, 2014	By: /s/ Terry E. Trexler Terry E. Trexler, Director
DATE: January 28, 2014	By: /s/ Richard C. Barberie Richard C. Barberie, Director
DATE: January 28, 2014	By: /s/ Robert Holliday Robert Holliday, Director
DATE: January 28, 2014	By: /s/ Robert P. Saltsman Robert P. Saltsman, Director
DATE: January 28, 2014	By: /s/ Thomas W. Trexler Thomas W. Trexler, Director