

U.S. SECURITIES AND EXCHANGE COMMISSION Washington, DC 20549

FORM 10-K
(Mark one)

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

For the fiscal year ended: November 30, 2015

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 0-31555

BAB, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

36-4389547

(IRS Employer or organization Identification No.)

500 Lake Cook Road, Suite 475 Deerfield, Illinois 60015

(Address of principal executive offices) (Zip Code)

Registrant's telephone number: (847) 948-7520

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

Title of each class

Common Stock

Name of exchange on which registered

NASDAQ/OTC

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

None

(Title of Class)

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

Indicate by check mark whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes No

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark 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. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (check one): Large Accelerated Filer , Accelerated Filer , Non-Accelerated Filer , Smaller Reporting Company .

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

State issuer's revenues for its most recent fiscal year: \$2,215,780.

The aggregate market value of the voting common equity held by nonaffiliates as of the last business day of the registrant's most recently completed second fiscal quarter was: \$2,872,682 based on 4,419,510 shares held by nonaffiliates as of May 31, 2015; Closing price (\$0.65) for said shares in the NASDAQ OTCQB Marketplace as of such date.

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 7,263,508 shares of Common Stock, as of February 23, 2016.

DOCUMENTS INCORPORATED BY REFERENCE

See index to exhibits

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PART I

ITEM 1. BUSINESS

BAB, Inc (“the Company”) has three wholly owned subsidiaries: BAB Systems, Inc. (“Systems”) and BAB Operations, Inc. (“Operations”) and BAB Investments, Inc. (“Investments”). Systems was incorporated on December 2, 1992, and was primarily established to franchise Big Apple Bagels® (“BAB”) specialty bagel retail stores. My Favorite Muffin (“MFM”) was acquired in 1997 and is included as a part of Systems. Brewster’s (“Brewster’s”) was established in 1996 and the coffee is sold in BAB and MFM locations. SweetDuet® (“SD”) frozen yogurt can be added as an additional brand in a BAB or MFM location. Operations was formed in 1995, primarily to operate Company-owned stores of which there are currently none. The assets of Jacobs Bros. Bagels (“Jacobs Bros.”) were acquired in 1999, and any branded wholesale business uses this trademark. Investments was incorporated in 2009 to be used for the purpose of acquisitions. To date there have been no acquisitions.

The Company was incorporated under the laws of the State of Delaware on July 12, 2000. The Company currently franchises and licenses bagel and muffin retail units under the BAB and MFM trade names. At November 30, 2015, the Company had 84 franchise units and 3 licensed units in operation in 23 states and one international location. There are 7 units under development. The Company additionally derives income from the sale of its trademark bagels, muffins and coffee through nontraditional channels of distribution including under licensing agreements with Kohr Bros. Frozen Custard, Kaleidoscoops and Green Beans Coffee. Also, included in licensing fees and other income is Operations Sign Shop results. For franchise consistency and convenience, the Sign Shop provides the majority of signage to franchisees, including but not limited to, menu panels, build charts, interior and exterior signage and point of purchase materials.

The BAB franchised brand consists of units operating as “Big Apple Bagels®,” featuring daily baked bagels, flavored cream cheeses, premium coffees, gourmet bagel sandwiches and other related products. Licensed BAB units serve the Company's frozen bagel and related products baked daily. BAB units are primarily concentrated in the Midwest and Western United States. The MFM brand consists of units operating as “My Favorite Muffin®,” featuring a large variety of freshly baked muffins, coffees and related products, and units operating as “My Favorite Muffin and Bagel Cafe,” featuring these products as well as a variety of specialty bagel sandwiches and related products. The SweetDuet® brand is a fusion concept, pairing self-serve frozen yogurt with MFM’s exclusive line of My Favorite Muffin gourmet muffins. SD frozen yogurt can be added as an additional brand in a BAB or MFM location. Although the Company doesn't actively market Brewster's stand-alone franchises, Brewster's coffee products are sold in most franchised units.

The Company is leveraging on the natural synergy of distributing muffin products in existing BAB units and, alternatively, bagel products and Brewster's Coffee in existing MFM units. The Company expects to continue to realize efficiencies in servicing the combined base of BAB and MFM franchisees.

Net Income

The Company reported net income of \$110,000 and \$512,000 for the years ended November 30, 2015 and 2014, respectively.

Food Service Industry

Food service businesses are often affected by changes in consumer tastes; national, regional, and local economic conditions; demographic trends; traffic patterns; and the type, number and location of competing restaurants. Multi-unit food service chains, such as the Company's, can also be substantially adversely affected by publicity resulting from problems with food quality, illness, injury or other health concerns or operating issues stemming from one store or a limited number of stores. The food service business is also subject to the risk that shortages or interruptions in supply caused by adverse weather or other conditions could negatively affect the availability, quality and cost of ingredients and other food products. In addition, factors such as inflation, increased food and labor costs, regional weather conditions, availability and cost of suitable sites and the availability of experienced management and hourly employees may also adversely affect the food service industry in general and the Company's results of operations and financial condition in particular.

CUSTOMERS

The Company's franchisees represent a varied geographic and demographic group. Among some of the primary services the Company provides to its franchisees are marketing assistance, training, time-tested successful recipes, bulk purchasing discounts, food service knowledgeable personnel and brand recognition.

SUPPLIERS

The Company's major suppliers are Coffee Bean International, Dawn Food Products, Inc., Schreiber Foods, Coca-Cola and U.S. Foods. The Company is not dependent on any of these suppliers for future growth and profitability since like products may be purchased from these suppliers are available from other sources.

LOCATIONS

The Company had 84 franchised locations and 3 licensed units in 23 states and one international location. There are 7 units under development.

STORE OPERATIONS

BIG APPLE BAGELS®--BAB franchised stores bake a variety of fresh bagels daily and offer up to 11 flavors of cream cheese spreads. Stores also offer a wide assortment of breakfast and lunch bagel sandwiches, salads, soups, various dessert items, fruit smoothies, gourmet coffees and other beverages. A typical BAB store is in an area with a mix of both residential and commercial properties and ranges from 1,500 to 2,000 square feet. The Company's current store design is approximately 1,800 square feet, with seating capacity for 20 to 30 persons, and includes approximately 750 square feet devoted to production and baking. A satellite store is typically smaller than a production store, averaging 800 to 1,200 square feet. Although franchise stores may vary in size from other franchise stores, store layout is generally consistent.

MY FAVORITE MUFFIN®--MFM franchised stores bake 20 to 25 varieties of muffins daily from over 250 recipes, plus a variety of bagels. They also serve gourmet coffees, beverages and, at My Favorite Muffin and Bagel Cafe locations, a variety of bagel sandwiches and related products. The typical MFM store design is approximately 1,800 square feet, with seating capacity for 20 to 30 persons.

SWEETDUET®--SD The Company has one SweetDuet franchised store which offers frozen yogurt and various toppings from which customers prepare their own yogurt creations. They also serve My Favorite Muffin® gourmet muffins and Brewster's® Coffee. Beginning in 2014, the SweetDuet concept is available as an added brand to a BAB or MFM location.

BREWSTER'S® COFFEE--Although the Company doesn't have, or actively market, Brewster's stand-alone franchises, Brewster's coffee products are sold in most of the franchised units.

FRANCHISING

The Company requires payment of an initial franchise fee per store, plus an ongoing 5% royalty on net sales. Additionally, BAB, MFM and SD franchisees are members of a marketing fund requiring an ongoing 3% contribution for general system-wide marketing. The Company currently requires a franchise fee of \$25,000 on a franchisee's first full production BAB or MFM store. There is currently a \$10,000 veterans discount for the franchise fee for the first location. The fee for subsequent production stores for BAB and MFM is \$20,000. Beginning in 2014, the SD concept is available at no additional charge as an added brand to a BAB or MFM location.

The Company's current Franchise Disclosure Documents ("FDD") provides for, among other things, the opportunity for prospective franchisees to enter into a Preliminary Agreement for their first production store. This agreement enables a prospective franchisee a period of 60 days in which to locate a site. The fee for this Preliminary Agreement is \$10,000. If a site is not located and approved by the Company within the 60 days, the prospective franchisee will receive a refund of \$7,000. If a site is approved, the entire \$10,000 will be applied toward the initial franchise fee. See also last paragraph under "Government Regulation" section in this 10-K. The Company's Franchise Agreement provides a franchisee with the right to develop one store at a specific location. Each Franchise Agreement is for a term of 10 years with the right to renew. Franchisees are expected to be in operation no later than 10 months following the signing of the Franchise Agreement.

In 2014 a Master Franchise Agreement ("MFA") was entered into with a Dubai based organization which includes ten Middle East Countries. The MFA is for \$200,000, is nonrefundable and represents full payment for the MFA and the first fifteen owned by the Master Franchisee, and/or franchised locations. There was an initial payment of \$100,000 paid upon execution of the agreement, \$50,000 was paid April 2015 and the remaining \$50,000 was paid September 2015. Master Franchisee owned BAB locations will pay a 3% royalty and service fee on gross sales. All BAB locations under the MFA operated by a franchisee will pay BAB Systems 50% of the current royalty and service fee payable to the Master Franchisee. The first Big Apple Bagels location, which is owned by the Master Franchisee, opened October 2015.

The Company currently advertises its franchising opportunities in directories, newspapers and the internet. In addition, prospective franchisees contact the Company as a result of patronizing an existing store.

COMPETITION

The quick service restaurant industry is intensely competitive with respect to product quality, concept, location, service and price. There are a number of national, regional and local chains operating both owned and franchised stores which compete with the Company on a national level or solely in a specific market or region. The Company believes that because the industry is extremely fragmented, there is a significant opportunity for expansion in the bagel, muffin, frozen yogurt and coffee concept chains.

The Company believes the primary direct competitors of its bagel units are Panera Bread Company, Bruegger's Bagel Bakery and Einstein Noah Restaurant Group, which operate Einstein Bros. Bagels. There are several other regional bagel chains with fewer than 50 stores, as well as numerous small, independently owned bagel bakeries and national fast food restaurants such as Dunkin' Donuts and McDonald's, all of which may compete with the Company. There is no major national competitor in the muffin business, but there are a number of regional and local operators. The Company believes the primary direct competitors for its yogurt concept are Red Mango, Yogurtland and TCBY. There are several regional and a number of local individual operators. Additionally, the Company competes directly with a number of national, regional and local coffee competitors.

Other competition includes supermarket bakery sections and prepackaged, fresh and frozen bagels, muffins and yogurt. Certain of these competitors may have greater product and name recognition and larger financial, marketing and distribution capabilities than the Company. The Company believes the startup costs associated with opening a retail food establishment offering similar products on a stand-alone basis are competitive with the startup costs associated with opening its stores and, accordingly, such startup costs are not an impediment to entry into the retail bagel, muffin, frozen yogurt or coffee businesses.

The Company believes that its stores compete favorably in terms of food quality, and taste, convenience and customer service and value, which the Company believes are important factors to its targeted customers. Competition in the food service industry is often affected by changes in consumer tastes, national, regional and local economic and real estate conditions, demographic trends, traffic patterns, the cost and availability of labor, consumer purchasing power, availability of product and local competitive factors. The Company attempts to manage or adapt to these factors, but not all such factors are within the Company's control. Such factors could cause the Company and some or all of its franchisees to be adversely affected.

The Company competes for qualified franchisees with a wide variety of investment opportunities in the restaurant business, as well as other industries. Investment opportunities in the bagel bakery cafe business include franchises offered by Einstein Noah Restaurant Group, Panera Bread Company and opportunities in the frozen yogurt business, including Red Mango, Yogurtland and TCBY. The Company's continued success is dependent on its reputation for providing high quality and value with respect to its service, products and franchises. This reputation is affected by the performance of its franchise stores and licensed units that sell branded products over which the Company has limited control.

TRADEMARKS AND SERVICE MARKS

The trademarks, trade names and service marks used by the Company contain common descriptive English words and thus may be subject to challenge by users of these words, alone or in combination with other words, to describe other services or products. Some persons or entities may have prior rights to these names or marks in their respective localities. Accordingly, there is no assurance that such names and marks are available in all locations. Any challenge, if successful, in whole or in part, could restrict the Company's use of the names and marks in areas in which the challenger is found to have used the name or mark prior to the Company's use. Any such restriction could limit the expansion of the Company's use of the names or marks into that region, and the Company and its franchisees may be materially and adversely affected.

The trademarks and service marks "Big Apple Bagels®," "My Favorite Muffin®," "SweetDuet®" and "Brewster's® Coffee" are registered under applicable federal trademark law. These marks are licensed by the Company to its franchisees pursuant to Franchise Agreements. In February 1999, the Company acquired the trademark of "Jacobs Bros. Bagels®" upon purchasing certain assets of Jacobs Bros. The "Jacobs Bros. Bagels®" mark is also registered under applicable federal trademark law.

The Company is aware of the use by other persons and entities in certain geographic areas of names and marks which are the same as, or similar to, the Company's names and marks. Some of these persons or entities may have prior rights to those names or marks in their respective localities; therefore, there is no assurance that the names and marks are available in all locations. It is the Company's policy to pursue registration of its names and marks whenever possible and to vigorously oppose any infringement of its names and marks.

GOVERNMENT REGULATION

The Company is subject to the Trade Regulation Rule of the Federal Trade Commission (the "FTC") entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures" (the "FTC Franchise Rule") and state and local laws and regulations that govern the offer, sale and termination of franchises and the refusal to renew franchises. Continued compliance with these broad federal, state and local regulatory networks is essential and costly. The failure to comply with such regulations may have a material adverse effect on the Company and its franchisees. Violations of franchising laws and/or state laws and regulations regulating substantive aspects of doing business in a particular state could limit the Company's ability to sell franchises or subject the Company and its affiliates to rescission offers, monetary damages, penalties, imprisonment and/or injunctive proceedings. In addition, under court decisions in certain states, absolute vicarious liability may be imposed upon franchisors based upon claims made against franchisees. Even if the Company is able to obtain insurance coverage for such claims, there can be no assurance that such insurance will be sufficient to cover potential claims against the Company.

The Company and its franchisees are required to comply with federal, state and local government regulations applicable to consumer food service businesses, including those relating to the preparation and sale of food, minimum wage requirements, overtime, working and safety conditions, citizenship requirements, as well as regulations relating to zoning, construction, health and business licensing. Each store is subject to regulation by federal agencies and to licensing and regulation by state and local health, sanitation, safety, fire and other departments. Difficulties or failures in obtaining the required licenses or approvals could delay or prevent the opening of a new Company-owned or franchise store, and failure to remain in compliance with applicable regulations could cause the temporary or permanent closing of an existing store. The Company believes that it is in material compliance with these provisions. Continued compliance with these federal, state and local laws and regulations is costly but essential, and failure to comply may have an adverse effect on the Company and its franchisees.

The Company's franchising operations are subject to regulation by the FTC under the Uniform Franchise Act which requires, among other things, that the Company prepare and periodically update a comprehensive disclosure document known as a FDD in connection with the sale and operation of its franchises. In addition, some states require a franchisor to register its franchise with the state before it may offer a franchise to a prospective franchisee. The Company believes its FDD, together with any applicable state versions or supplements, comply with both the FTC guidelines and all applicable state laws regulating franchising in those states in which it has offered franchises.

The Company is also subject to a number of state laws, as well as foreign laws (to the extent it offers franchises outside of the United States), that regulate substantive aspects of the franchisor-franchisee relationship, including, but not limited to, those concerning termination and non-renewal of a franchise.

EMPLOYEES

As of November 30, 2015, the Company employed 17 persons in the Corporate headquarters, consisting of 16 full time and 1 part-time employees. The employees are responsible for corporate management and oversight, franchising, accounting, advertising and Sign Shop operations. None of the Company's employees are subject to any collective bargaining agreements and management considers its relations with its employees to be good.

ITEM 1A. RISK FACTORS

Not required for smaller reporting companies.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not required for smaller reporting companies.

ITEM 2. PROPERTIES

The Company's principal executive office, consisting of approximately 7,150 square feet, is located in Deerfield, Illinois and is leased. The Company elected to extend the lease term under the first amendment to the original lease and it expires September 30, 2018. There is an option to extend the lease for an additional five years.

ITEM 3. LEGAL PROCEEDINGS

We are subject to various legal proceedings and claims, either asserted or unasserted, which arise in the ordinary course of business. While the outcome of such proceedings or claims cannot be predicted with certainty, management does not believe that the outcome of any such proceedings or claims will have a material effect on our financial position. Except as stated below, we know of no pending or threatened proceeding or claim to which we are or will be a party.

On July 8, 2013, a judgment was entered in the Circuit Court of Cook County against BAB Operations, Inc. ("Operations"), a wholly owned subsidiary of BAB, Inc., and in favor of a former landlord of Operations, Alecta Real Estate USA, LLC. In September 2013 the Company filed an appeal. On March 23, 2015 the Appellate Court found in favor of the plaintiff and against Operations, affirming the trial court's judgment. The legal settlement of \$243,000 was recorded in the first quarter of 2015 and payment was made in the second quarter of 2015 and included the judgment, attorney's fees and interest.

ITEM 4. MINE SAFETY DISCLOSURES

None

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The following table sets forth the quarterly high and low reported closing sales prices for the Company's common stock, as reported in the Nasdaq Small Cap Market for the two years ended November 30, 2015 and 2014. The Company's common stock is traded on the NASDAQ OTCQB Marketplace under the symbol "BABB."

Year Ended: November 30, 2015	Low	High
First quarter	0.70	0.76
Second quarter	0.59	0.78
Third quarter	0.55	0.72
Fourth quarter	0.54	0.74
Year Ended: November 30, 2014	Low	High
First quarter	0.77	0.86
Second quarter	0.73	0.84
Third quarter	0.73	0.83
Fourth quarter	0.70	0.76

As of February 16 2016, the Company's Common Stock was held by 146 holders of record. Registered ownership includes nominees who may hold securities on behalf of multiple beneficial owners. *The Company estimates that the number of beneficial owners of its common stock at February 16, 2016, is approximately 1,100 based upon information provided by a proxy services firm.*

STOCK OPTIONS

In May 2001, the Company's Board of Directors approved a Long-Term Incentive and Stock Option Plan (Plan), with an amendment in May 2003 to increase the Plan from the reserve of 1,100,000 shares to 1,400,000 shares of Common Stock for grant. A total of 1,400,000 stock options have been granted to directors, officers and employees. In 2015 and 2014, no options were granted. As of November 30, 2015, there were 1,162,500 stock options exercised or forfeited under the Plan. (See Note 6 of the audited consolidated financial statements included herein.)

CASH DISTRIBUTION AND DIVIDEND POLICY

On December 3, 2015 a \$0.01 quarterly and a \$0.02 special cash distribution/dividend per share was declared and paid on January 6, 2016.

The Board of Directors declared a cash distribution/dividend on March 2, June 4 and September 2, 2015 of \$0.01 per share, paid April 10, July 8, and October 6, 2015, respectively. On December 3, 2014 a \$0.01 quarterly and \$.01 special cash distribution/dividend per share was declared and paid January 6, 2015.

The Board of Directors declared a \$0.01 quarterly cash distribution/dividend per share on March 12, June 13 and September 2, 2014, paid April 14, July 16, and October 6, 2014, respectively. On December 2, 2013 a \$0.01 quarterly and a \$0.02 special cash distribution/dividend per share was declared and paid January 3, 2014.

On May 6, 2013, the Board of Directors (“Board”) of BAB, Inc. authorized and declared a dividend distribution of one right for each outstanding share of the common stock of BAB, Inc. to stockholders of record at the close of business on May 13, 2013. Each right entitles the registered holder to purchase from the Company one one-thousandth of a share of the Series A Participating Preferred Stock of the Company at an exercise price of \$0.90 per one-thousandth of a Preferred Share, subject to adjustment. The complete terms of the Rights are set forth in a Preferred Shares Rights Agreement, dated May 6, 2013, between the Company and IST Shareholder Services, as rights agent.

The Board adopted the Rights Agreement to protect stockholders from coercive or otherwise unfair takeover tactics. In general terms, it works by imposing a significant penalty upon any person or group that acquires 15% (or 20% in the case of certain institutional investors who report their holdings on Schedule 13G) or more of the Common Shares without the approval of the Board. As a result, the overall effect of the Rights Agreement and the issuance of the Rights may be to render more difficult a merger, tender or exchange offer or other business combination involving the Company that is not approved by the Board. However, neither the Rights Agreement nor the Rights should interfere with any merger, tender or exchange offer or other business combination approved by the Board.

Full details about the Rights Plan are contained in a Form 8-K filed by the Company with the U.S. Securities and Exchange Commission on May 7, 2013.

On June 18, 2014 an amendment to the Preferred Shares Rights Agreement was filed appointing American Stock Transfer & Trust Company, LLC as successor to Illinois Stock Transfer Company. All original rights and provisions remain unchanged. On August 18, 2015 an amendment was filed to the Preferred Shares Rights Agreement changing the final expiration date to mean the fifth anniversary of the original date of the agreement. All other original rights and provisions remain the same.

ITEM 6. SELECTED FINANCIAL DATA

Not required for smaller reporting companies.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The selected financial data contained herein has been derived from the consolidated financial statements of the Company included elsewhere in this Report on Form 10-K. The data should be read in conjunction with the consolidated financial statements and notes thereto. Certain statements contained in Management's Discussion and Analysis of Financial Condition and Results of Operations, including statements regarding the development of the Company's business, the markets for the Company's products, anticipated capital expenditures, and the effects of completed and proposed acquisitions, and other statements and disclosures contained herein and throughout this Annual Report regarding matters that are not historical facts, are forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995). In such cases, we may use words such as "believe," "intend," "expect," "anticipate" and the like. Because such statements include risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Certain risks and uncertainties are wholly or partially outside the control of the Company and its management, including its ability to attract new franchisees; the continued success of current franchisees; the effects of competition on franchisee store results; consumer acceptance of the Company's products in new and existing markets; fluctuation in development and operating costs; brand awareness; availability and terms of capital; adverse publicity; acceptance of new product offerings; availability of locations and terms of sites for store development; food, labor and employee benefit costs; changes in government regulation (including increases in the minimum wage); regional economic and weather conditions; the hiring, training, and retention of skilled corporate and restaurant management; and the integration and assimilation of acquired concepts. Accordingly, readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. The Company undertakes no obligation to publicly release the results of any revision to these forward-looking statements which may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

GENERAL

The Company has 84 franchised and 3 licensed units with 7 units under development at the end of 2015. Units in operation and under development at the end of 2014 included 87 franchised and 5 licensed units and 5 units under development. System-wide revenues were \$34.8 million in 2015 and \$35.7 million in 2014.

The Company's revenues are derived primarily from the ongoing royalties paid to the Company by its franchisees and from receipt of initial franchise fees. Additionally, the Company derives revenue from the sale of licensed products (My Favorite Muffin mix, Big Apple Bagels cream cheese and Brewster's coffee), and through licensing agreements (Kohr Bros. and Green Beans Coffee). Also included in licensing fees and other income is Operation's Sign Shop results. For franchise consistency and convenience, the Sign Shop provides the majority of signage to franchisees, including but not limited to, posters, menu panels, build charts, outside window stickers and counter signs.

YEAR 2015 COMPARED TO YEAR 2014

Total revenues from all sources decreased \$319,000, or 12.6%, to \$2,216,000 in 2015 from \$2,535,000 in the prior year due to a decrease in franchisee fee revenue of \$193,000, a decrease in licensing fees and other income of \$94,000 and a decrease in royalty revenue of \$32,000.

Royalty revenue from franchise stores decreased \$32,000, or 1.8%, to \$1,715,000 in 2015 as compared to \$1,747,000 in 2014 due to fewer locations. Franchise fee revenue decreased \$193,000, or 69.4%, to \$85,000 in 2015 versus \$278,000 in 2014. During fiscal 2015 there were 3 store openings and 4 transfers compared to 2 store openings, 6 transfers and an International Franchise Agreement (“IFA”) signed with a UAE franchisee for \$200,000 in 2014. At November 30, 2015 the Company had 7 units under development compared to 5 units under development at fiscal year-end 2014. Licensing fees and other income decreased \$94,000, or 18.4%, to \$416,000 in 2015 compared to \$510,000 in 2014. The decrease in licensing and other income was primarily due to a decrease of \$46,000 in settlement income, \$24,000 in nontraditional revenues and \$24,000 for Sign Shop revenues in 2015 as compared to 2014.

Total operating expenses in 2015 were \$2,113,000, or 95.4% of revenues, compared to \$1,997,000, or 78.8% of revenues in 2014. Total operating expenses increased \$116,000, or 5.8%, in 2015 compared to 2014. A judgment of \$243,000 in 2015 created the overall expense increase. Without the judgment, total 2015 operating expenses would have been \$1,870,000, decreasing \$127,000 compared to 2014.

Increases in operating expenses in addition to the judgment expense in 2015 compared to 2014 were, advertising and promotion increased \$20,000 because of an increase in franchise advertising in general and specific markets in 2015 compared to 2014. A Safe Harbor 401(k) matching fund began in January 2015 for employees with an employer matching program up to a maximum of 4% of salary. The 2015 employer contribution was \$35,000. There was also an increase in the cost of health insurance premiums of \$15,000. These increased expenses were primarily offset with a decrease in corporate office payroll and payroll related expenses of \$76,000 in 2015, compared to 2014, a decrease in the provision for uncollectible accounts of \$67,000, a decrease in professional fee expense of \$30,000, a decrease in Sign Shop cost of goods expense of \$12,000 and a decrease in occupancy expenses of \$8,000.

Interest income increased \$1,000 to \$2,000 in 2015 versus \$1,000 in 2014.

Interest expense decreased \$1,000 to \$3,000 in 2015 versus \$4,000 in 2014, as a result of a decrease in outstanding debt.

There was an income tax benefit of \$9,000 in 2015 compared to an income tax expense of \$22,000 in 2014.

Net income totaled \$110,000, or 5.0% of revenue in 2015 as compared to \$512,000 or 20.2%, of revenue in the prior year. Earnings per share for basic and diluted outstanding shares is \$.02 for 2015 and \$.07 for 2014.

LIQUIDITY AND CAPITAL RESOURCES

At November 30, 2015, the Company had working capital of \$527,000 and unrestricted cash of \$837,000. At November 30, 2014, the Company had working capital of \$800,000 and unrestricted cash of \$710,000.

During fiscal 2015, the Company had net income of \$110,000 and other operating activities which provided cash of \$526,000. The principal adjustments to reconcile net income to cash provided by operating activities were depreciation and amortization of \$17,000, less the provision for uncollectible accounts of \$8,000. In addition, changes in other operating assets and liabilities increased a total of \$407,000. During fiscal 2014, the Company had net income of \$512,000 and operating activities which provided cash of \$500,000. The principal adjustments to reconcile net income to cash provided by operating activities were depreciation and amortization of \$18,000, plus the provision for uncollectible accounts of \$58,000, and a loss on assets held for resale of \$4,000. In addition, changes in other operating assets and liabilities decreased a total of \$92,000.

During fiscal 2015, the Company used \$3,000 for investing activities for trademark renewal. During fiscal 2014, the Company used \$8,000 for investing activities for trademark renewals.

For financing activities in fiscal 2015, \$32,000 was used for repayment of debt and \$363,000 for cash distributions/dividend payments to common stockholders. For financing activities in fiscal 2014, \$30,000 was used for repayment of debt and \$436,000 for cash distributions/dividend payments to common stockholders.

Although there can be no assurances that the Company will be able to pay cash distributions/dividends in the future, it is the Company's intent that future cash distributions/dividends will be considered based on profitability expectations and financing needs and will be declared at the discretion of the Board of Directors. It is the Company's intent going forward to declare and pay cash distributions/dividends on a quarterly basis if warranted.

On December 3, 2015 a \$0.01 quarterly and a \$0.02 special cash distribution/dividend per share was declared and paid on January 6, 2016.

The Company believes execution of its cash distribution/dividend policy will not have any material adverse effects on its ability to fund current operations or future capital investments.

The Company has no financial covenants on its outstanding debt. The Company's outstanding debt consists of a note payable in the amount of \$33,000 at November 30, 2015. On September 6, 2002, the Company signed a note payable requiring annual installments of \$35,000, including interest at a rate of 4.75% per annum, for a term of 15 years, in the original amount, including principal and interest of \$525,000. The Company purchased and retired an adjusted 1,380,040 shares of BAB, Inc. common stock from a former stockholder. A final payment of \$35,000 is due on October 1, 2016.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet arrangements, other than the lease commitments disclosed in Note 7 of the audited consolidated financial statements included herein.

CRITICAL ACCOUNTING POLICIES

The Company's significant accounting policies are presented in the Notes to the Consolidated Financial Statements (see Note 2 of the audited consolidated financial statements included herein). While all of the significant accounting policies impact the Company's Consolidated Financial Statements, some of the policies may be viewed to be more critical. The more critical policies are those that are most important to the portrayal of the Company's financial condition and results of operations and that require management's most difficult, subjective and/or complex judgments and estimates. Management bases its judgments and estimates on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of judgments and estimates form the basis for making judgments about the Company's value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates under different assumptions or conditions. Management believes the following are its most critical accounting policies because they require more significant judgments and estimates in preparation of its consolidated financial statements.

Revenue Recognition

Royalty fees from franchised stores represent a 5% fee on net retail and wholesale sales of franchised units. Royalty revenues are recognized on an accrual basis using actual franchise receipts. Generally, franchisees report and remit royalties on a weekly basis. The majority of month-end receipts are recorded on an accrual basis based on actual numbers from reports received from franchisees shortly after the month-end. Estimates are utilized in certain instances where actual numbers have not been received and such estimates are based on the average of the last 10 weeks' actual reported sales.

The Company recognizes franchise fee revenue on the store's opening. Direct costs associated with the sale of franchises are deferred until the franchise fee revenue is recognized. These costs include site approval, construction approval, commissions, blueprints and training costs.

In 2014 a Master Franchise Agreement ("MFA") was entered into with a Dubai based organization which includes ten Middle East Countries. The MFA is for \$200,000, is nonrefundable and represents full payment for the MFA and the first fifteen owned by the Master Franchisee, and/or franchised locations. There was an initial payment of \$100,000 paid upon execution of the agreement, \$50,000 was paid April 2015 and the remaining \$50,000 was paid September 2015. Master Franchisee owned BAB locations will pay a 3% royalty and service fee on gross sales. All BAB locations under the MFA operated by a franchisee will pay BAB Systems 50% of the current royalty and service fee payable to the Master Franchisee. The first Big Apple Bagels location, which is owned by the Master Franchisee, opened October 2015.

The Company earns a licensing fee from the sale of BAB branded and nonbranded products, which includes coffee, cream cheese, muffin mix and par baked bagels from a third-party commercial bakery to the franchised and licensed units.

Long-Lived Assets

Property and equipment are recorded at cost. Improvements and replacements are capitalized, while expenditures for maintenance and routine repairs that don't extend the life of the asset are charged to expense as incurred. Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets. Property, equipment and leasehold improvements are stated at cost, less accumulated depreciation. Estimated useful lives for the purpose of depreciation and amortization are 3 to 7 years for property and equipment and 10 years, or the term of the lease if less, for leasehold improvements.

Following the guidelines contained in ASC 350, the corporation tests goodwill and intangible assets that are not subject to amortization for impairment annually or more frequently if events or circumstances indicate that impairment is possible. Goodwill and intangible assets were tested at the end of the first fiscal quarter in 2015 and 2014 and it was found that the carrying value of goodwill and intangible assets were not impaired.

The impairment test performed February 28, 2015 was based on a discounted cash flow model using management's business plan projected for expected cash flows. Based on the computation it was determined that no impairment was identified. An impairment test was also performed in 2014 and based on the computations using discounted cash flows, it was also determined that no impairment occurred.

Management does not believe that any impairment exists at November 30, 2015.

Concentrations of Credit Risk

Certain financial instruments potentially subject the Company to concentrations of credit risk. These financial instruments consist primarily of royalty and wholesale accounts receivables. The Company believes it has maintained adequate reserves for doubtful accounts. The Company reviews the collectibility of receivables periodically taking into account payment history and industry conditions.

Valuation Allowance and Deferred Taxes

A valuation allowance is the portion of a deferred tax asset for which it is more likely than not that a tax benefit will not be realized.

As of November 30, 2015 the Company has net operating loss carryforwards expiring between 2016 and 2029 for U.S. federal income tax purposes of approximately \$3,605,000. The Company routinely reviews the future realization of tax assets based on projected future reversals of taxable temporary differences, available tax planning strategies and projected future taxable income. A valuation allowance has been established for \$827,000 and \$900,000 as of November 30, 2015 and 2014, respectively, for the deferred tax benefit related to those loss carryforwards and other deferred tax assets, that are more likely than not that the deferred tax asset will not be realized.

Recent Accounting Pronouncements

Revenue from Contracts with Customers, ASU 2014-09 establishes a comprehensive revenue recognition standard for virtually all industries in U.S. GAAP, including those that previously followed industry-specific guidance such as the real estate, construction and software industries. The revenue standard's core principle is built on the contract between a vendor and a customer for the provision of goods and services. It attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled. The standard requires five basic steps: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, (v) recognize revenue when (or as) the entity satisfies a performance obligation. Entities will generally be required to make more estimates and use more judgment than under current guidance, which will be highlighted for users through increased disclosure requirements. The ASU is effective for the Company, for annual periods beginning after December 15, 2017. The Company will adopt ASU 2014-09 for fiscal year ending November 30, 2019 and the Company is evaluating the impact that adoption of this guidance might have on the Company's consolidated financial position, cash flows or results of operations.

Management does not believe that there are any other recently issued and effective or not yet effective pronouncements as of November 30, 2015 that would have or are expected to have any significant effect on the Company's financial position, cash flows or results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In regard to interest, foreign currency and commodity price risk the Company does not believe that these are significant risk factors.

ITEM 8. FINANCIAL STATEMENTS

The Consolidated Financial Statements and Report of Independent Registered Public Accounting Firm is included immediately following.

BAB, Inc.
Years Ended November 30, 2015 and 2014

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Report of Independent Registered Public Accounting Firm

Stockholders and Board of Directors of BAB, Inc.

We have audited the accompanying consolidated balance sheets of BAB, Inc. and Subsidiaries as of November 30, 2015 and 2014 and the related consolidated statements of income, stockholders' equity and cash flows for the years then ended. BAB, Inc.'s management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit 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 internal control over financial reporting. Our audit 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 consolidated 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 provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of BAB, Inc. and Subsidiaries as of November 30, 2015 and 2014, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

By: /s/ Sassetti LLC
Oak Park, Illinois
February 24, 2016

BAB, Inc
Consolidated Balance Sheets
November 30, 2015 and 2014

	2015	2014
ASSETS		
Current Assets		
Cash	\$ 837,382	\$ 709,555
Restricted cash	420,739	420,834
Receivables		
Trade accounts and notes receivable (net of allowance for doubtful accounts of \$33,077 in 2015 and \$48,250 in 2014)	75,079	182,975
Marketing fund contributions receivable from franchisees and stores	21,111	23,708
Inventories	26,824	25,519
Prepaid expenses and other current assets	83,796	73,943
Total Current Assets	<u>1,464,931</u>	<u>1,436,534</u>
Property, plant and equipment (net of accumulated depreciation of \$150,083 in 2015 and \$147,638 in 2014)		
	3,476	5,921
Trademarks	455,182	454,479
Goodwill	1,493,771	1,493,771
Definite lived intangible assets (net of accumulated amortization of \$96,389 in 2015 and \$81,689 in 2014)	22,987	35,187
Deferred tax asset	248,000	248,000
Total Noncurrent Assets	<u>2,223,416</u>	<u>2,237,358</u>
Total Assets	<u>\$ 3,688,347</u>	<u>\$ 3,673,892</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Current portion of long-term debt	\$ 33,413	\$ 31,898
Accounts payable	13,055	10,845
Accrued expenses and other current liabilities	311,916	308,315
Unexpended marketing fund contributions	442,105	213,750
Deferred franchise fee revenue	105,000	40,000
Deferred licensing revenue	32,083	32,083
Total Current Liabilities	<u>937,572</u>	<u>636,891</u>
Long-term debt (net of current portion)	-	33,413
Total Liabilities	<u>937,572</u>	<u>670,304</u>
Stockholders' Equity		
Preferred shares -\$.001 par value; 4,000,000 authorized; no shares outstanding as of November 30, 2015 and November 30, 2014	-	-
Preferred shares -\$.001 par value; 1,000,000 Series A authorized; no shares outstanding as of November 30, 2015 and November 30, 2014	-	-
Common stock -\$.001 par value; 15,000,000 shares authorized; 8,466,953 shares issued and 7,263,508 shares outstanding as of November 30, 2015 and November 30, 2014	13,508,257	13,508,257
Additional paid-in capital	987,034	987,034
Treasury stock	(222,781)	(222,781)
Accumulated deficit	(11,521,735)	(11,268,922)
Total Stockholders' Equity	<u>2,750,775</u>	<u>3,003,588</u>
Total Liabilities and Stockholders' Equity	<u>\$ 3,688,347</u>	<u>\$ 3,673,892</u>

See accompanying notes

BAB, Inc
Consolidated Statements of Income
Years Ended November 30, 2015 and 2014

	2015	2014
REVENUES		
Royalty fees from franchised stores	\$ 1,714,881	\$ 1,746,991
Franchise fees	85,000	277,500
Licensing fees and other income	415,899	510,099
Total Revenues	<u>2,215,780</u>	<u>2,534,590</u>
OPERATING EXPENSES		
Selling, general and administrative expenses:		
Payroll and payroll-related expenses	1,090,775	1,167,288
Occupancy	173,476	180,947
Advertising and promotion	57,491	37,951
Professional service fees	126,515	156,348
Travel	48,861	49,355
Employee benefit expense	154,206	104,235
Depreciation and amortization	17,145	17,983
Legal Settlement	243,046	-
Other	201,258	282,485
Total Operating Expenses	<u>2,112,773</u>	<u>1,996,592</u>
Income from operations	<u>103,007</u>	<u>537,998</u>
Interest income	1,705	673
Interest expense	(2,850)	(4,308)
Income before provision for income taxes	<u>101,862</u>	<u>534,363</u>
Provision for income taxes		
Current tax (benefit)/expense	(8,500)	22,417
Net Income	<u>\$ 110,362</u>	<u>\$ 511,946</u>
Earnings per share - Basic and Diluted		
	<u>\$ 0.02</u>	<u>\$ 0.07</u>
Weighted average shares outstanding - Basic		
	7,263,508	7,263,508
Effect of dilutive common stock		
	-	-
Weighted average shares outstanding - Diluted		
	7,263,508	7,263,508
Cash distributions declared per share		
	<u>\$ 0.05</u>	<u>\$ 0.06</u>

See accompanying notes

BAB, Inc
Consolidated Statements of Stockholders' Equity
Years Ended November 30, 2015 and 2014

	Common Stock		Additional Paid-In Capital	Treasury Stock		Accumulated Deficit	Total
	Shares	Amount		Shares	Amount		
November 30, 2013	<u>8,466,953</u>	<u>\$ 13,508,257</u>	<u>\$ 987,034</u>	<u>1,203,445</u>	<u>\$ (222,781)</u>	<u>\$ (11,345,057)</u>	<u>\$ 2,927,453</u>
Dividends Declared						(435,811)	(435,811)
Net Income						511,946	511,946
November 30, 2014	<u>8,466,953</u>	<u>\$ 13,508,257</u>	<u>\$ 987,034</u>	<u>1,203,445</u>	<u>\$ (222,781)</u>	<u>\$ (11,268,922)</u>	<u>\$ 3,003,588</u>
Dividends Declared						(363,175)	(363,175)
Net Income						110,362	110,362
November 30, 2015	<u>8,466,953</u>	<u>\$ 13,508,257</u>	<u>\$ 987,034</u>	<u>1,203,445</u>	<u>\$ (222,781)</u>	<u>\$ (11,521,735)</u>	<u>\$ 2,750,775</u>

See accompanying notes

BAB, Inc
Consolidated Statements of Cash Flows
Years Ended November 30, 2015 and 2014

	2015	2014
Operating activities		
Net income	\$ 110,362	\$ 511,946
Adjustments to reconcile net income to cash flows provided by operating activities:		
Depreciation and amortization	17,145	17,983
Provision for uncollectible accounts, net of recoveries	(8,376)	58,224
Loss on assets held for sale	-	3,783
Changes in:		
Trade accounts receivable and notes receivable	116,272	(103,905)
Restricted cash	95	160,635
Marketing fund contributions receivable	2,597	(13,691)
Inventories	(1,305)	2,025
Prepaid expenses and other	(9,853)	7,589
Accounts payable	2,210	(11,698)
Accrued liabilities	3,601	28,195
Unexpended marketing fund contributions	228,355	(146,933)
Deferred revenue	65,000	(14,584)
Net Cash Provided by Operating Activities	<u>526,103</u>	<u>499,569</u>
Investing activities		
Capitalization of trademark renewals	(3,203)	(7,643)
Net Cash Used In Investing Activities	<u>(3,203)</u>	<u>(7,643)</u>
Financing activities		
Repayment of borrowings	(31,898)	(30,451)
Cash distributions/dividends	(363,175)	(435,811)
Net Cash Used In Financing Activities	<u>(395,073)</u>	<u>(466,262)</u>
Net Increase in Cash	127,827	25,664
Cash, Beginning of Period	709,555	683,891
Cash, End of Period	<u>\$ 837,382</u>	<u>\$ 709,555</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 3,102</u>	<u>\$ 4,549</u>
Income taxes paid	<u>\$ 13,731</u>	<u>\$ -</u>

See accompanying notes

BAB, Inc
Notes to the Consolidated Financial Statements
November 30, 2015 and 2014

Note 1 - Nature of Operations

BAB, Inc (“the Company”) has three wholly owned subsidiaries: BAB Systems, Inc. (“Systems”) and BAB Operations, Inc. (“Operations”) and BAB Investments, Inc. (“Investments”). Systems was incorporated on December 2, 1992, and was primarily established to franchise Big Apple Bagels® (“BAB”) specialty bagel retail stores. My Favorite Muffin (“MFM”) was acquired in 1997 and is included as a part of Systems. Brewster’s (“Brewster’s”) was established in 1996 and the coffee is sold in BAB and MFM locations. SweetDuet® (“SD”) frozen yogurt can be added as an additional brand in a BAB or MFM location. Operations was formed in 1995, primarily to operate Company-owned stores of which there are currently none. The assets of Jacobs Bros. Bagels (“Jacobs Bros.”) were acquired in 1999, and any branded wholesale business uses this trademark. Investments was incorporated in 2009 to be used for the purpose of acquisitions. To date there have been no acquisitions.

The Company was incorporated under the laws of the State of Delaware on July 12, 2000. The Company currently franchises and licenses bagel and muffin retail units under the BAB, MFM and SD trade names. At November 30, 2015, the Company had 84 franchise units and 3 licensed units in operation in 23 states and one international location. There are 7 units under development. The Company additionally derives income from the sale of its trademark bagels, muffins and coffee through nontraditional channels of distribution including under licensing agreements with Kohr Bros. Frozen Custard, Kaleidoscoops and Green Beans Coffee. Also, included in licensing fees and other income is Operations Sign Shop results. For franchise consistency and convenience, the Sign Shop provides the majority of signage to franchisees, including but not limited to, posters, menu panels, build charts, outside window stickers and counter signs.

Note 2 - Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Royalty fees from franchised stores represent a 5% fee on net retail and wholesale sales of franchised units. Royalty revenues are recognized on an accrual basis using actual franchise receipts. Generally, franchisees report and remit royalties on a weekly basis. The majority of month-end receipts are recorded on an accrual basis based on actual numbers from reports received from franchisees shortly after the period-end. Estimates are utilized in certain instances where actual numbers have not been received.

The Company recognizes franchise fee revenue on the store’s opening. Direct costs associated with the sale of franchises are deferred until the franchise fee revenue is recognized. These costs include site approval, construction approval, commissions, blueprints and training costs.

BAB, Inc
Notes to the Consolidated Financial Statements
November 30, 2015 and 2014

Note 2 -Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

The Company will recognize revenue upon a signed and completed franchise agreement for a Master Franchise Agreement (“MFA”), such as was entered into in 2014 with a Dubai based organization. The revenue for a MFA is a nonrefundable fee and the amount of the fee is dependent on the area covered by the MFA. In addition there will be ongoing royalty fees as determined by the contract.

Big Apple Bagels®, SweetDuet Frozen Yogurt and Gourmet Muffins® and My Favorite Muffin® operating units, licensed units and unopened stores for which a Franchise Agreement has been executed, are as follows:

	2015	2014
Operating Units		
Franchise Owned	84	87
Licensed Units	3	5
	87	92
Unopened stores with Franchise Agreements:	7	5
Total operating units and units with Franchise Agreements	<u>94</u>	<u>97</u>

License fees and other income primarily consist of license fees, Sign Shop revenues and defaulted and terminated franchise contract revenues. Revenue is recorded on an accrual basis. Actual amounts are used to record the majority of license fees although at times it is necessary to use estimates. Revenues and expenses recorded for the Sign Shop, as well as defaulted and terminated franchise contract revenue, are actual amounts.

Segments

Accounting standards have established annual reporting standards for an enterprise’s operating segments and related disclosures about its products, services, geographic areas and major customers. The Company’s operations were confined to a single reportable segment.

BAB, Inc
Notes to the Consolidated Financial Statements
November 30, 2015 and 2014

Note 2 - Summary of Significant Accounting Policies (Continued)

Marketing Fund

A Marketing Fund has been established for BAB, MFM and SD. Franchised stores are required to contribute a fixed percentage of their net retail sales to the Marketing Fund. Liabilities for unexpended funds received from franchisees are included as a separate line item in accrued expenses and Marketing Fund cash accounts are included in restricted funds in the accompanying Balance Sheet. The Marketing Fund also derives revenues from rebates paid by certain vendors on the sale of BAB and MFM licensed products to franchisees.

Cash

As of November 30, 2015 and 2014, the Marketing Fund cash balances, which are restricted, were \$421,000 and \$190,000, respectively.

The FDIC maximum insurance on all interest and noninterest bearing checking accounts is \$250,000 for each entity. The Company exceeded FDIC limits on its operating and marketing accounts but did not experience any losses.

Accounts and Notes Receivable

Receivables are carried at original invoice amount less estimates for doubtful accounts. Management determines the allowance for doubtful accounts by reviewing and identifying troubled accounts and by using historical collection experience. A receivable is considered to be past due if any portion of the receivable balance is outstanding 90 days past the due date. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded as income when received. Certain receivables have been converted to unsecured interest-bearing notes.

Inventories

Inventories are valued at the lower of cost or market under the first-in, first-out (FIFO) method.

Property, Plant and Equipment

Property and equipment and leasehold improvements are stated at cost less accumulated depreciation and amortization. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are 3 to 7 years for property and equipment and 10 years, or term of lease if less, for leasehold improvements. Maintenance and repairs are charged to expense as incurred. Expenditures that materially extend the useful lives of assets are capitalized.

Goodwill and Other Intangible Assets

Accounting Standard Codification ("ASC") 350 "Goodwill and Other Intangible Assets" requires that assets with indefinite lives no longer be amortized, but instead be subject to annual impairment tests. The Company follows this guidance.

BAB, Inc
Notes to the Consolidated Financial Statements
November 30, 2015 and 2014

Note 2 - Summary of Significant Accounting Policies (Continued)

Goodwill and Other Intangible Assets (Continued)

The Company tests goodwill that is not subject to amortization for impairment annually or more frequently if events or circumstances indicate that impairment is possible. Goodwill was tested at the end of the first quarter, February 28, 2015 and it was found that the carrying value of goodwill and intangible assets were not impaired.

The impairment test performed February 28, 2015 was based on a discounted cash flow model using management's business plan projected for expected cash flows. Based on the computation it was determined that no impairment was needed. An impairment test was performed at February 28, 2014 and based on the computation using discounted cash flows, it was also determined that no impairment occurred.

The net book value of goodwill and intangible assets with indefinite and definite lives are as follows:

	<u>Goodwill</u>	<u>Trademarks</u>	<u>Definite Lived Intangibles</u>	<u>Total</u>
Net Balance as of November 30, 2013	\$ 1,493,771	\$ 448,022	\$ 47,803	\$ 1,989,596
Additions	-	6,457	1,186	7,643
Amortization expense	-	-	(13,802)	(13,802)
Net Balance as of November 30, 2014	<u>1,493,771</u>	<u>454,479</u>	<u>35,187</u>	<u>1,983,437</u>
Additions	-	703	2,500	3,203
Amortization expense	-	-	(14,700)	(14,700)
Net Balance as of November 30, 2015	<u>\$ 1,493,771</u>	<u>\$ 455,182</u>	<u>\$ 22,987</u>	<u>\$ 1,971,940</u>

Definite lived intangible assets are being amortized over their useful lives. The estimated amortization expense for each of the next two remaining years is as follows:

Fiscal Period	Definite Lived Intangibles
2016	\$ 15,325
2017	7,662
Total	<u>\$ 22,987</u>

BAB, Inc
Notes to the Consolidated Financial Statements
November 30, 2015 and 2014

Note 2 - Summary of Significant Accounting Policies (Continued)

Advertising and Promotion Costs

The Company expenses advertising and promotion costs as incurred. Advertising and promotion expense was \$57,000 and \$38,000 in 2015 and 2014, respectively. All advertising and promotion costs were related to the Company's franchise operations.

Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The benefits from net operating losses carried forward may be impaired or limited in certain circumstances. In addition, a valuation allowance can be provided for deferred tax assets when it is more likely than not that all or some portion of the deferred tax asset will not be realized.

The Company files a consolidated U.S. income tax return and tax returns in various state jurisdictions. Review of the Company's possible tax uncertainties as of November 30, 2015 did not result in any positions requiring disclosure. Should the Company need to record interest and/or penalties related to uncertain tax positions or other tax authority assessments, it would classify such expenses as part of the income tax provision. The Company has not changed any of its tax policies or adopted any new tax positions during the fiscal year ended November 30, 2015 and believes it has filed appropriate tax returns in all jurisdictions for which it has nexus.

The Company's income tax returns for the years ending November 30, 2012, 2013 and 2014 are subject to examination by the IRS and corresponding states, generally for three years after they are filed. (See Note 3.)

Earnings Per Share

The Company computes earnings per share ("EPS") under ASC 260 "Earnings per Share." Basic net earnings are divided by the weighted average number of common shares outstanding during the year to calculate basic net earnings per common share. Diluted net earnings per common share are calculated to give effect to the potential dilution that could occur if options or other contracts to issue common stock were exercised and resulted in the issuance of additional common shares.

	2015	2014
Numerator:		
Net income available to common shareholders	\$ 110,632	\$ 511,946
Denominator:		
Weighted average outstanding shares		
Basic	7,263,508	7,263,508
Earnings per Share - Basic	<u>\$ 0.02</u>	<u>\$ 0.07</u>
Effect of dilutive common stock	-	-
Weighted average outstanding shares		
Diluted	7,263,508	7,263,508
Earnings per share - Diluted	<u>\$ 0.02</u>	<u>\$ 0.07</u>

BAB, Inc
Notes to the Consolidated Financial Statements
November 30, 2015 and 2014

Note 2 - Summary of Significant Accounting Policies (Continued)

Earnings Per Share (Continued)

At November 30, 2015 and 2014 there are 237,500 and 314,400, respectively of unexercised options that are not included in the computation of dilutive EPS because their impact would be antidilutive due to the market price of the common stock being lower than the option prices. In addition, the weighted average shares do not include any effects for potential shares related to the Preferred Shares Rights Agreement.

Stock-Based Compensation

The Company recognizes compensation cost using a fair-value based method for all share-based payments granted after November 30, 2006, plus any awards granted to employees up through November 30, 2006 that remain unvested at that time. The Company had no recorded compensation expense arising from share-based payment arrangements for the Company's stock option plan in 2015 or 2014.

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash, accounts receivable, notes receivable, accounts payable and short-term debt approximate their fair values because of the relatively short maturity of these instruments. The carrying value of long-term debt, including the current portion, approximate fair value based upon market prices for the same or similar instruments.

Recent Accounting Pronouncements

Revenue from Contracts with Customers, ASU 2014-09 establishes a comprehensive revenue recognition standard for virtually all industries in U.S. GAAP, including those that previously followed industry-specific guidance such as the real estate, construction and software industries. The revenue standard's core principle is built on the contract between a vendor and a customer for the provision of goods and services. It attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled. The standard requires five basic steps: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, (v) recognize revenue when (or as) the entity satisfies a performance obligation. Entities will generally be required to make more estimates and use more judgment than under current guidance, which will be highlighted for users through increased disclosure requirements. The ASU is effective for the Company, for annual periods beginning after December 15, 2017. The Company will adopt ASU 2014-09 for fiscal year ending November 30, 2019 and the Company is evaluating the impact that adoption of this guidance might have on the Company's consolidated financial position, cash flows or results of operations.

Management does not believe that there are any other recently issued and effective or not yet effective pronouncements as of November 30, 2015 that would have or are expected to have any significant effect on the Company's financial position, cash flows or results of operations.

BAB, Inc
Notes to the Consolidated Financial Statements
November 30, 2015 and 2014

Note 3 – Income Taxes

The components of the Company's current (benefit)/provision for income taxes are as follows:

	2015	2014
Current		
Federal	\$ -	\$ -
State	(8,500)	22,417
Deferred	-	-
Total	<u>\$ (8,500)</u>	<u>\$ 22,417</u>

The effective tax rate used to compute income tax expense and deferred tax assets and liabilities is a federal rate of 34% and a state rate of 4.95%, net of the federal tax effect.

A reconciliation of the expected income tax expense to the recorded income tax expense is as follows for the years ended November 30:

	2015	2014
Federal income tax provision computed at federal statutory rate	\$ 37,400	\$ 174,062
State income taxes, net of federal tax provision	5,445	30,410
Other adjustments	21,657	24,183
Change in valuation allowance and expiration of certain net operating losses	(73,002)	(206,238)
Income Tax Provision	<u>\$ (8,500)</u>	<u>\$ 22,417</u>

The components of the Company's deferred tax assets and liabilities for federal and state income taxes consist of the following:

	2015	2014
Deferred revenue	\$ 53,394	\$ 28,790
Deferred rent	18,229	19,803
Marketing Fund net contributions	163,878	75,796
Allowance for doubtful accounts and notes receivable	12,883	19,271
Accrued expenses	70,000	64,765
Net operating loss carryforwards	1,404,222	1,604,057
Valuation allowance	(827,445)	(900,447)
Total Deferred Income Tax Asset	<u>\$ 895,161</u>	<u>\$ 912,035</u>
Depreciation and amortization	\$ (645,909)	\$ (661,953)
Franchise Costs	(1,252)	(2,082)
Total Deferred Income Tax Liabilities	<u>\$ (647,161)</u>	<u>\$ (664,035)</u>
Total Net Deferred Tax Asset	<u>\$ 248,000</u>	<u>\$ 248,000</u>

BAB, Inc
Notes to the Consolidated Financial Statements
November 30, 2015 and 2014

Note 3 – Income Taxes (Continued)

As of November 30, 2015 the Company has net operating loss carryforwards expiring between 2016 and 2029 for U.S. federal income tax purposes of approximately \$3,605,000. The Company routinely reviews the future realization of tax assets based on projected future reversals of taxable temporary differences, available tax planning strategies and projected future taxable income. A valuation allowance has been established for \$827,000 and \$900,000 as of November 30, 2015 and 2014, respectively, for the deferred tax benefit related to those loss carryforwards and other deferred tax assets, that are more likely than not that the deferred tax asset will not be realized.

Note 4 - Long-Term Debt

On September 6, 2002, the Company signed a note payable requiring annual installments of \$35,000, including interest at a rate of 4.75% per annum, for a term of 15 years, in the original amount of \$386,000. The Company purchased and retired 1,380,040 shares of BAB, Inc. common stock from a former stockholder. The balance of the note payable as of November 30, 2015 is all current debt. The balance was \$33,000 and \$65,000 as of November 30, 2015 and 2014, respectively. The final payment is due October 1, 2016.

Note 5 - Stockholders' Equity

On December 3, 2015 a \$0.01 quarterly and a \$0.02 special cash distribution/dividend per share was declared and paid on January 6, 2016.

The Board of Directors declared a cash distribution/dividend on March 2, June 4 and September 2, 2015 of \$0.01 per share, paid April 10, July 8, and October 6, 2015, respectively. On December 3, 2014 a \$0.01 quarterly and \$.01 special cash distribution/dividend per share was declared and paid January 6, 2015.

The Board of Directors declared a \$0.01 quarterly cash distribution/dividend per share on March 12, June 13 and September 2, 2014, paid April 14, July 16, and October 6, 2014, respectively. On December 2, 2013 a \$0.01 quarterly and a \$0.02 special cash distribution/dividend per share was declared and paid January 3, 2014.

BAB, Inc
Notes to the Consolidated Financial Statements
November 30, 2015 and 2014

On May 6, 2013 BAB Inc. adopted a Preferred Shares Rights Agreement (“Rights Plan”) and declared a dividend distribution of one right (equivalent to one one-thousandth of a preferred share), for each outstanding share of common stock. The Rights Plan is intended to protect BAB, Inc. and its stockholders from efforts to obtain control of BAB, Inc. that the Board of Directors determines are not in the best interest of BAB, Inc. and its stockholders. BAB, Inc. issued one Right for each current share of stock outstanding at the close of business on May 13, 2013. The rights will not be exercisable unless a person or group acquires 15% (20% institutional investors) or more of BAB, Inc.’s common stock (“trigger event”). Should a trigger event occur, each right entitles the registered holder to purchase from the Company one one-thousandth of a share of the Series A Participating Preferred Stock of the Company at an exercise price of \$0.90 per one-thousandth of a Preferred Share, subject to adjustment. The Rights will expire in three years from the date of declaration.

On June 18, 2014 an amendment to the Preferred Shares Rights Agreement was filed appointing American Stock Transfer & Trust Company, LLC as successor to Illinois Stock Transfer Company. All original rights and provisions remain unchanged. On August 18, 2015 an amendment was filed to the Preferred Shares Rights Agreement changing the final expiration date to mean the fifth anniversary of the date of the original agreement. All other original rights and provisions remain the same.

Note 6 - Stock Options

In May 2001, the Company approved a Long-Term Incentive and Stock Option Plan (“Plan”). The Plan reserved 1,400,000 shares of common stock for grant, all of which have been granted as of November 30, 2009. The Plan terminated on May 25, 2011. The Plan permitted granting of awards to employees and non-employee Directors and agents of the Company in the form of stock appreciation rights, stock awards and stock options. The Plan was administered by a Committee of the Board of Directors appointed by the Board. The Plan gave broad powers to the Board and Committee to administer and interpret the Plan, including the authority to select the individuals to be granted options and rights and to prescribe the particular form and conditions of each option or right granted.

Under the Plan, the exercise price of each option equals the market price of the Company’s stock on the date of grant. The options granted vary in vesting from immediate to a vesting period over five years. The options granted are exercisable within a 10 year period from the date of grant. All stock issued from the granted options must be held for one year from date of exercise. Options issued and outstanding expire on various dates through November 28, 2016. The range of exercise prices of options outstanding at November 30, 2015 is \$0.97 to \$1.38.

During fiscal 2015 and 2014 no options were granted or exercised. Activity under the Plan during the two years ended November 30 is as follows:

	2015		2014	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Options outstanding at beginning of year	314,400	\$ 1.16	368,373	\$ 1.16
Forfeited or expired	(76,900)	0.93	(53,973)	0.96
Outstanding at end of year	237,500	\$ 1.275	314,400	\$ 1.156

BAB, Inc
Notes to the Consolidated Financial Statements
November 30, 2015 and 2014

Note 6 - Stock Options (Continued)

Options Outstanding and Exercisable			
Range of exercise price	Options outstanding	Weighted average remaining contractual life	Weighted average exercise price
\$1.15 - \$1.27	62,500	0.25	\$ 1.227
\$0.97	20,000	1.00	\$ 0.970
\$1.25 - \$1.38	155,000	1.00	\$ 1.334
	<u>237,500</u>		<u>\$ 1.275</u>

The aggregate intrinsic value in the table below is before income taxes, based on the Company's closing stock price of \$0.56 as of the last business day of the period ended November 30, 2015. There were no options exercised in 2015 or 2014.

Options Outstanding				Options Exercisable		
Outstanding at 11/30/15	Wgtd. Avg. Remaining Life	Wgtd. Avg. Exercise Price	Aggregate Intrinsic Value	Exercisable at 11/30/15	Wgtd. Avg. Exercise Price	Aggregate Intrinsic Value
237,500	0.80	\$ 1.275	\$ -	237,500	\$ 1.275	\$ -

In fiscal 2015 and 2014 the Company recorded no compensation cost arising from share-based payment arrangements.

Note 7 - Commitments

The Company rents its Corporate office under a lease which requires it to pay base rent, real estate taxes, insurance and general repairs and maintenance. The lease is through September 30, 2018. Rent expense for the years ended November 30, 2015 and 2014 was \$169,000 and \$177,000, respectively. Monthly rent is recorded on a straight-line basis over the term of the lease with a deferred rent liability being recognized. As of November 30, 2015, future minimum annual rental commitments under the Corporate lease are as follows:

Year Ending November 30:	
2016	\$ 120,257
2017	134,843
2018	115,197
Total	<u>\$ 370,297</u>

BAB, Inc
Notes to the Consolidated Financial Statements
November 30, 2015 and 2014

Note 8 – Employee Benefit Plan

The Company maintains a qualified 401(k) plan which allows eligible participants to make pretax contributions. In fiscal 2015 the Company changed the 401(k) plan, establishing it as a Safe Harbor plan effective January 1, 2015. Contributions are matched by the Company up to a maximum of 4% of employee earnings based on the employees' contribution. In fiscal 2015 the Company's employer match was \$35,000. The Company did not make a contribution in 2014.

Note 9 – Contingencies

We are subject to various legal proceedings and claims, either asserted or unasserted, which arise in the ordinary course of business. While the outcome of such proceedings or claims cannot be predicted with certainty, management does not believe that the outcome of any such proceedings or claims will have a material effect on our financial position. Except as stated below, we know of no pending or threatened proceeding or claim to which we are or will be a party.

On July 8, 2013, a judgment was entered in the Circuit Court of Cook County against BAB Operations, Inc. ("Operations"), a wholly owned subsidiary of BAB, Inc., and in favor of a former landlord of Operations, Alecta Real Estate USA, LLC. In September 2013 the Company filed an appeal. On March 23, 2015 the Appellate Court found in favor of the plaintiff and against Operations, affirming the trial court's judgment. The legal settlement of \$243,000 was recorded in the first quarter of 2015 and payment was made in the second quarter of 2015 and included the judgment, attorney's fees and interest.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

In connection with the audits of the Company's consolidated financial statements for each of the fiscal years ended November 30, 2015 and 2014, and through the date of this Current Report, there were: (1) no disagreements between the Company and Sassetti LLC on any matters of accounting principles or practices, financial statement disclosure or auditing scope or procedures.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

BAB, Inc.'s Chief Executive Officer and Chief Financial Officer have evaluated the Company's disclosure controls and procedures, as defined in Item 307 of Regulation S-K of the Securities Exchange Act of 1934, as of the end of the period covered by this report, and they have concluded that these controls and procedures were effective (i) to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) to ensure that information required to be disclosed by us in the reports that we submit under the Exchange Act is accumulated and communicated to our management, including our executive and financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

Internal Control Over Financial Reporting

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the Chief Executive Officer and the Chief Financial Officer, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

In March 2014 the Chief Financial Officer left the Company and the Controller was promoted to the position. An individual was hired in a part-time position through the end of August and duties/control procedures were reallocated to maintain appropriate internal control over financial reporting. A full-time individual was hired beginning September 2014 and duties/control procedures have been reallocated so that appropriate internal control over financial reporting is and has been maintained through fiscal 2015 (as such defined in Rule 13a-15(f) and 15(d)-15(f) under the Exchange Act).

Our evaluation of internal control over financial reporting includes using the COSO framework, an integrated framework for the evaluation of internal controls issued by the Committee of Sponsoring Organizations of the Treadway Commission, to identify the risks and control objectives related to the evaluation of our control environment.

Based on our evaluation under the framework described above, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Company's internal controls and procedures were effective over financial reporting as of November 30, 2015.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation requirements by the Company's registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permits the Company to provide only management's report in this annual report.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal controls or in other factors that could materially affect these controls over financial reporting during the last fiscal quarter. We have not identified any significant deficiencies or material weaknesses in our internal controls, and therefore there were no corrective actions taken.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's executive officers and directors, and persons who beneficially own more than ten percent of the Company's Common Stock, to file initial reports of ownership and reports of changes in ownership with the Securities and Exchange Commission (the "SEC"). Executive officers, directors and greater than ten percent beneficial owners are required by the SEC to furnish the Company with copies of all Section 16(a) forms they file.

Based upon a review of the copies of such forms furnished to the Company, the Company believes that all Section 16(a) filing requirements applicable to its executive officers and directors were met during the year ended November 30, 2015.

BAB, Inc. (the Company) has a formally established Code of Ethics, pursuant to Section 406 of the Sarbanes-Oxley Act. In order to view the Code of Ethics in its entirety, see the BAB, Inc. Annual Report, Part III, Item 9, dated November 30, 2007 and filed with the Securities and Exchange Commission on February 28, 2008.

Identification of Directors

The following two directors are independent directors:

Steven G. Feldman became a director of the Company in May 2003. Mr. Feldman brings 25 plus years of experience in business, sales and marketing as the CEO of Techcare, LLC (1987-2011), an IT managed services firm in Deerfield, IL that was purchased in 2011 by All Covered, a Division of Konica Minolta Solutions, USA, Inc. Since 2014 Mr. Feldman has been working with and investing in a variety of startup companies in the Chicago area. Mr. Feldman earned his degree in accounting and his CPA at the University of Illinois at Champaign-Urbana.

James A. Lentz became a director of the Company in May 2004. From 1971 until 2000, Mr. Lentz was a business professor for Moraine Valley Community College (MVCC). During his tenure at MVCC, Mr. Lentz taught a variety of business related classes, including accounting, finance and marketing. In addition, Mr. Lentz has 10 years of experience in the food industry, including holding the position of Director of Franchise Training for BAB Systems, Inc. from 1992 through 1996. Mr. Lentz received both his undergraduate degree and a Masters in Business Administration from Northern Illinois University.

Executive Officers and Directors

Michael W. Evans has served as Chief Executive Officer, President and Director of the Company since its inception. Mr. Evans oversees all aspects of BAB, Inc., including franchise development, marketing, as well as all corporate franchise sales performance, corporate finance and corporate and franchise operations.

Michael K. Murtaugh has served as Vice President and General Counsel and Director of the Company since its inception. Mr. Murtaugh is responsible for dealing directly with state franchise regulatory officials, for the negotiation and enforcement of franchise and area development agreements and for negotiations of acquisition and other business arrangements. Before joining the Company, Mr. Murtaugh was a partner with the law firm of Baker & McKenzie, where he practiced law from 1971 to 1993.

Executive Officer

Geraldine Conn joined the Company as Controller in 2001. In 2014 she became the Chief Financial Officer and Treasurer upon the resignation of the prior Chief Financial Officer. She is responsible for accounting, financial reporting, risk management and human resource administration. Ms. Conn has over 25 years of accounting and finance experience in a management role. Ms. Conn received her CPA in 1986 and a Masters in Business Administration in 1990 from DePaul University.

Directors and Executive Officers

The following tables set forth certain information with respect to each of the Directors and Executive Officers of the Company and certain key management personnel.

Directors and Executive Officers	Age	Position Held with Company
Michael W. Evans	59	Chief Executive Officer, President and Director
Michael K. Murtaugh	71	Vice President, General Counsel, Secretary and Director
Geraldine Conn	64	Chief Financial Officer and Treasurer
Steven G. Feldman	59	Director
James A. Lentz	68	Director

AUDIT COMMITTEE

The Audit Committee consists of two members, who are both independent directors and both have been deemed to be financial experts as defined in Regulation S-K, Item 407. The function of the Audit Committee is to interact with the independent registered public accounting firm of the Company and to recommend to the Board of Directors the appointment of the independent registered public accounting firm.

The current Audit Committee consists of Steven G. Feldman and James A. Lentz. The two independent directors comply with the definition of "independent directors" as required by current law and regulations. The Audit Committee has adopted a written Audit Charter. See Appendix I in the Proxy, Form 14A filed on May 5, 2015 for the Charter in its entirety.

ITEM 11. EXECUTIVE COMPENSATION

The following table sets forth the cash compensation by executive officers that received annual salary and bonus compensation of more than \$100,000 during years 2015 and 2014 (the "Named Executive Officers"). The Company has no employment agreements with any of its executive officers.

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Options Awards (\$)	Nonequity Incentive Plan Compensation (\$)	Non-qualified deferred Compensation earnings (\$)	All other compensation (\$)	Total (\$)
Michael W. Evans	2015	232,886	-	-	-	-	-	-	232,886
President and CEO	2014	230,517	47,494	-	-	-	-	-	278,011
Michael K. Murtaugh	2015	174,671	-	-	-	-	-	-	174,671
Vice President and General Counsel	2014	172,894	35,261	-	-	-	-	-	208,155
Geraldine Conn	2015	105,000	5,000	-	-	-	-	-	110,000
Chief Financial Officer	2014	N/A	-	-	-	-	-	-	-

The following tables set forth any stock or stock options awarded to executive officers that that are exercisable and not yet exercised or unexercisable as of November 30, 2015:

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

Name	Number of securities underlying unexercised options (#) Exercisable	Number of securities underlying unexercised options (#) Unexercisable	Equity incentive plan awards: number of securities underlying unexercised unearned options (#)	Option exercise price (\$)	Option expiration date
Michael W. Evans	20,000	-	-	1.27	2016
President and CEO	50,000	-	-	1.38	2016
Michael K. Murtaugh	20,000	-	-	1.27	2016
Vice President and General Counsel	50,000	-	-	1.38	2016

**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END
 (Continued)**

Name	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested (\$)	Equity incentive plan awards: number of unearned shares, units or other rights that have not vested (#)	Equity incentive plan awards: market or payout value of unearned shares, units or other rights that have not vested (\$)
Michael W. Evans President and CEO	-	-	-	-
Michael K. Murtaugh Vice President and General Counsel	-	-	-	-

The following table sets forth any compensation paid to directors during fiscal year ended November 30, 2015:

**DIRECTOR COMPENSATION
 Compensation for fiscal year ended November 30, 2015**

Name	Fees earned or paid in cash (\$)	Stock awards (\$)	Option awards (\$)	Non-equity incentive plan compensation (\$)	Non-qualified deferred compensation earnings (\$)	All other compensation (\$)	Total (\$)
Steven Feldman	2,500	-	-	-	-	-	2,500
James Lentz	2,500	-	-	-	-	-	2,500

Indemnification of Directors and Officers

The Company's Certificate of Incorporation limits personal liability for breach of fiduciary duty by its directors to the fullest extent permitted by the Delaware General Corporation Law (the "Delaware Law"). Such Certificate eliminates the personal liability of directors to the Company and its shareholders for damages occasioned by breach of fiduciary duty, except for liability based on breach of the director's duty of loyalty to the Company, liability for acts or omissions not made in good faith, liability for acts or omissions involving intentional misconduct, liability based on payments or improper dividends, liability based on violation of state securities laws, and liability for acts occurring prior to the date such provision was added. Any amendment to or repeal of such provisions in the Company's Certificate of Incorporation shall not adversely affect any right or protection of a director of the Company for with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

In addition to the Delaware Law, the Company's Bylaws provide that officers and directors of the Company have the right to indemnification from the Company for liability arising out of certain actions to the fullest extent permissible by law. Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Act") may be permitted to directors, officers or persons controlling the Company pursuant to such indemnification provisions, the Company has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is therefore unenforceable.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth as of February 19, 2016 the record and beneficial ownership of Common Stock held by (i) each person who is known to the Company to be the beneficial owner of more than 5% of the Common Stock of the Company; (ii) each current director; (iii) each "named executive officer" (as defined in Regulation S-B, Item 402 under the Securities Act of 1933); and (iv) all executive officers and directors of the Company as a group. Securities reported as "beneficially owned" include those for which the named persons may exercise voting power or investment power, alone or with others. Voting power and investment power are not shared with others unless so stated. The number and percent of shares of Common Stock of the Company beneficially owned by each such person as of February 19, 2016 includes the number of shares which such person has the right to acquire within sixty (60) days after such date.

Name and Address	Shares	Percentage
Michael W. Evans 500 Lake Cook Road, Suite 475 Deerfield, IL 60015	1,533,579 ⁽¹⁾⁽²⁾⁽³⁾	20.66
Michael K. Murtaugh 500 Lake Cook Road, Suite 475 Deerfield, IL 60015	1,038,054 ⁽¹⁾	13.98
Geraldine Conn 500 Lake Cook Road, Suite 475 Deerfield, IL 60015	20,300	.27
Steven G. Feldman 750 Estate Drive, Suite 104 Deerfield, IL 60015	20,000 ⁽⁴⁾	.27
James A. Lentz 1415 College Lane South Wheaton, IL 60189	24,932 ⁽⁴⁾	.34
Joseph P. Daly 497 Circle Freeway Cincinnati, OH 45246	400,000	5.39
Executive officers and directors as a group (5 persons)	2,636,865 ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	35.52

- (1) Includes 70,000 stock options fully exercisable as of 2/19/16.
- (2) Includes 3,500 shares inherited by spouse.
- (3) Includes 31,111 shares held by children.
- (4) Includes 10,000 stock options fully exercisable as of 2/19/16.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

There are no transactions between the Company and related parties, including officers and directors of the Company. It is the Company's policy that it will not enter into any transactions with officers, directors or beneficial owners of more than 5% of the Company's Common Stock, or any entity controlled by or under common control with any such person, on terms less favorable to the Company than could be obtained from unaffiliated third parties and all such transactions require the consent of the majority of disinterested members of the Board of Directors.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The Board of Directors upon recommendation of the Audit Committee, appointed the firm Sassetti LLC, certified public accountants, for 2015 audit and tax services.

The audit reports of Sassetti LLC on the consolidated financial statements of BAB, Inc. and Subsidiaries as of and for the years ended November 30, 2015 and 2014 did not contain an adverse opinion or a disclaimer of opinion, and was not qualified or modified as to uncertainty, audit scope or accounting principles.

Audit fees relate to audit work performed on the financial statements as well as work that generally only the independent auditor can reasonably be expected to provide, including discussions surrounding the proper application of financial accounting and/or reporting standards and reviews of the financial statements included in quarterly reports filed on Form 10-Q. Fees for audit services provided by Sassetti LLC in each of fiscal 2015 and 2014 were \$63,000.

Tax compliance services provided by Sassetti LLC were \$13,000 for each of 2015 and 2014.

During the years ended November 30, 2015 and 2014, Sassetti LLC did not perform any other services for the Company.

Preapproval of Policies and Procedures by Audit Committee

The accountants provide a quote for services to the Audit Committee before work begins for the fiscal year. After discussion, the Audit Committee then makes a recommendation to the Board of Directors on whether to accept the proposal.

Percentage of Services Approved by Audit Committee

All services were approved by the Audit Committee.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this report:

- (1) Financial Statements
Consolidated Balance Sheets as at November 30, 2015 and 2014 and the Consolidated Statements of Income, Shareholders' Equity and Cash Flows for the years ended November 30, 2015 and 2014 are reported on by Sassetti LLC. These statements are prepared in accordance with United States GAAP.
- (2) Financial Statement Schedules - none

(b) INDEX TO EXHIBITS

The following Exhibits are filed herewith or incorporated by reference:

INDEX NUMBER	DESCRIPTION
3.1	Articles of Incorporation (See Form 10-KSB for year ended November 30, 2006)
3.2	Bylaws of the Company (See Form 10-KSB for year ended November 30, 2006)
4.1	Preferred Shares Rights Agreement (See Form 8-K filed May 6, 2013 and as amended June 18, 2014, August 18, 2015)
10.1	Long-Term Debt (Stock Redemption Agreement)(See Form 8-K filed July 8, 2002)
10.2	Long-Term Incentive and Stock Option Plan
21.1	List of Subsidiaries of the Company
31.1, 31.2	Section 302 of the Sarbanes-Oxley Act of 2002
32.1, 32.2	Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation
101.DEF*	XBRL Taxonomy Extension Definition
101.LAB*	XBRL Taxonomy Extension Labels
101.PRE*	XBRL Taxonomy Extension Presentation

*XBRL Information is furnished and not filed or a part of a registration statement or prospectus For purpose of sections 110 or 12 of the Securities Act of 1933, as amended is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

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.

BAB, INC.

By /s/ Michael W. Evans
Michael W. Evans, Director, Chief Executive Officer and President (Principal Executive Officer)
Dated: February 24, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report on Form 10-K has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated.

Dated: February 24, 2016
By /s/ Michael W. Evans
Michael W. Evans, Director, Chief Executive Officer and President (Principal Executive Officer)

Dated: February 24, 2016
By /s/ Michael K. Murtaugh
Michael K. Murtaugh, Director and Vice President/General Counsel and Secretary

Dated: February 24, 2016
By /s/ Geraldine Conn
Geraldine Conn, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)

Dated: February 24, 2016
By /s/ Steven G. Feldman
Steven G. Feldman, Director

Dated: February 24, 2016
By /s/ James A. Lentz
James A. Lentz, Director

Exhibit 10.1

THIS STOCK REDEMPTION AGREEMENT (the "Agreement") is made as of the 30th day of June, 2002, by and between BAB, Inc., a Delaware corporation ("Company"), and Bruno Guazzoni, an individual ("Guazzoni").

WHEREAS, Guazzoni owns 345,010 shares of common stock of the Company; and

WHEREAS, Guazzoni wishes to sell shares and Company wishes to purchase Guazzoni's shares of the Company.

THE COMPANY AND GUAZZONI HEREBY AGREE AS FOLLOWS:

1. Purchase and Sale; Purchase Price and Closing. The Company agrees to purchase and Guazzoni agrees to sell 345,010 shares of common stock of the Company (the "Shares") free and clear of any liens and encumbrances, for the aggregate purchase price in the amount equal to Five Hundred Twenty-Five Thousand and 00/100 Dollars (\$525,000.00), payable in fifteen annual equal installments of Thirty-Five Thousand and 00/100 Dollars (\$35,000.00), commencing on the first day of October, 2002, and the anniversary date thereafter until paid in full.

In lieu of its obligation to pay the amounts due under this Agreement, the Company may deliver to Guazzoni an annuity in the amount of the payments issued by a bank, financial institution or insurance company having its senior long term debt rated at least A by Moody's or equivalent rating service.

2. Closing. The closing for redemption and the purchase and sale of the Shares (the "Closing") shall be held at the offices of Wolin & Rosen, Ltd., 55 West Monroe Street, Suite 3600, Chicago, Illinois 60603, on July 1, 2002, at such time as the parties agree, or as the parties may otherwise agree.

3. Representations and Warranties of Guazzoni. Guazzoni hereby represents and warrants to the Company as follows:

(a) Access to Information. Guazzoni or Guazzoni's professional advisor has been granted the opportunity to ask questions of and receive answers from representatives of the Company, its officers, directors, employees and agents concerning the terms and conditions of the Company, and its business and prospects, and to obtain any additional information which Guazzoni or Guazzoni's professional advisor deems necessary to verify the accuracy and completeness of the information received.

(b) Reliance on Own Advisors. Guazzoni has relied completely on the advice of, or has consulted with, Guazzoni's own personal tax, investment, legal or other advisors and has not relied on the Company or any of its affiliates, officers, directors, attorneys, accountants or any affiliates of any thereof. The foregoing, however, does not limit or modify Guazzoni's right to rely upon representations and warranties of the Company in Section 5 of this Agreement.

(c) Capability to Evaluate. Guazzoni has such knowledge and experience in financial and business matters so as to enable Guazzoni to utilize the information made available to him in connection with this Agreement in order to evaluate the merits and risks of selling shares of common stock of the Company, which are substantial.

(d) Due Diligence. Guazzoni, in making Guazzoni's investment decision to sell the Company common stock hereunder, represents that Guazzoni has received and had an opportunity to review the Company's books and records, including financial statements and such other information as deemed necessary. Guazzoni has had full access to all the information he considers necessary or appropriate to make an informed decision to sell.

(e) Investment Experience; Fend for Self. Guazzoni has substantial experience in investing in securities and has made investments in securities other than those of the Company. Guazzoni acknowledges that Guazzoni is able to fend for Guazzoni's self in the transactions contemplated by this Agreement.

(f) Company Financial Status. Guazzoni acknowledges that the Company expects to report a profit for the second quarter recently ended and expects to remain profitable for the remaining quarters of the fiscal year 2002.

(g) Title to Shares. Guazzoni owns beneficially and of record the Shares and has good and valid title to the Shares, free and clear of any and all liens and that 345,010 shares is the total amount of shares of common stock beneficially and of record owned by Guazzoni in the Company. After the redemption, Guazzoni will not own or beneficially own any shares of common stock in the Company. Upon delivery to Company of the stock certificates representing the Company's Shares and payment therefore, the Company shall acquire good and valid title to such Shares, free and clear of all liens.

4. Representations and Warranties of the Company. The Company hereby represents and warrants to Guazzoni that:

(a) Organization, Good Standing, and Qualification. The Company is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware and has all requisite power and authority to carry on its business as now conducted and as proposed to be conducted. The Company is not the subject of any pending, threatened or, to its knowledge, contemplated investigation or administrative or legal proceeding by the Internal Revenue Service, the taxing authorities of any state or local jurisdiction, or the Securities and Exchange Commission ("SEC"), or any state securities commission, or any other governmental entity, which have not been disclosed to Guazzoni.

(b) Corporate Condition. The financial and statistical information of the Company and data are, in all material respects, accurately presented and prepared on a basis consistent with such financial statements and the books and records of the Company. Without limiting the foregoing, there are no material liabilities, contingent or actual, that are not disclosed (other than liabilities incurred by the Company in the ordinary course of its business, consistent with its past practice). The Company has paid all material taxes which are due, except for taxes which it reasonably disputes and which have been disclosed to Guazzoni. There is no material claim, litigation, or administrative proceeding pending, or, to the best of the Company's knowledge, threatened against the does not omit to state any material fact required to be stated therein or herein necessary to make the statements contained therein or herein not misleading in the light of the circumstances under which they were made.

(c) Authorization. All action on the part of the Company by its officers and board of directors, necessary for the authorization, execution and delivery of this Agreement, the performance of all obligations of the Company hereunder has been taken, and this Agreement, constitutes the valid and legally binding obligations of the Company, enforceable in accordance with its terms, except insofar as the enforceability may be limited by applicable bankruptcy, insolvency, reorganization, or other similar laws affecting creditors' rights generally or by principles governing the availability of equitable remedies. The Company has obtained all consents and approvals required for it to execute, deliver and perform its obligations under this Agreement.

(d) Compliance with Other Instruments. The Company is not in violation or default of any provisions of its Articles of Incorporation or by-laws each as it may be amended and in effect on and as of the date of the Agreement or of any provision of any instrument or contract to which it is a party or by which it is bound or, to its knowledge, of any provision of any federal or state judgment, writ, decree, order, statute, rule or governmental regulation applicable to the Company, which would have a material adverse effect on the Company's business or prospects. There exists no condition that, with notice, the passage of time or otherwise, would constitute a default under any such instrument or contract, except where such a default would not have a material adverse effect. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby will not result in any such violation or be in conflict with or constitute, with or without the passage of time and giving of notice, either a default under any such provision, instrument or contract or an event which results in the creation of any lien, charge or encumbrance upon any assets of the Company.

(e) No Proceedings. There are no legal or governmental proceedings pending or, to the knowledge of the Company, threatened to which the Company is a party or to which any of their respective property is subject that could reasonably be expected to result, singly or in the aggregate, in a material adverse effect.

5. Miscellaneous.

5.1 Indemnification. Each party ("Indemnifying Party") to this Agreement agrees to indemnify, defend and hold harmless the other party ("Indemnified Party") to the fullest extent permitted by law from and against any and all losses, claims, or written threats thereof (including, without limitation, any claim by a third party), damages, expenses (including reasonable fees, disbursements and other charges of counsel incurred by the Indemnified Party in any action between the Indemnifying Party and the Indemnified Party or between the Indemnified Party and any third party or otherwise) (collectively, "Losses") resulting from or arising out of any breach of any representation or warranty, covenant or agreement by the Indemnifying Party in this Agreement.

5.2 Severability. In the event that any provision of this agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision; provided that no such severability shall be effective if it materially changes the economic benefit of this agreement to any party.

5.3 Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

5.4 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Illinois without regard to its conflict of laws rules or principles.

5.5 Execution in Counterparts Permitted. This Agreement may be executed in any number of counterparts, each of which shall be enforceable against the parties actually executing such counterparts, and all of which together shall constitute one (1) instrument.

5.6 Titles and Subtitles: Gender. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement. The use in this Agreement of a masculine, feminine or neither pronoun shall be deemed to include a reference to the others.

5.7 Written Notices, Etc. Any notice, demand or request required or permitted to be given by the Camp any or Guazzoni pursuant to the terms of this Agreement shall be in writing and shall be deemed given when delivered personally, or by facsimile (with a hard copy to follow by two (2) day courier), addressed to the parties at the address and/or facsimile telephone number of the parties or such other address as a party may request by notifying the other in writing as follows:

If to Guazzoni:

Bruno Guazzoni
135 East 57th Street
15th Floor
New York, NY 10022
Facsimile No.: 212/343-2121

If to Company:

BAB, Inc.
8501 W. Higgins Road Suite 320
Chicago, IL 60631
Facsimile No.: 773/380-6183
Attention: Michael Murtaugh

with a copy to:

Wolin & Rosen, Ltd.
55 West Monroe Street Suite 3600
Chicago, IL 60603
Facsimile No.: 312/424-0660
Attention: Charles J Mack

5.8 Expenses. Each of the Company and Guazzoni shall pay all costs and expenses that it respectively incurs, with respect to the negotiation, execution, delivery and performance of this Agreement.

5.9 Entire Agreement; Written Amendments Required. This Agreement, including the Exhibits and Schedules attached hereto and the other documents delivered pursuant hereto constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and thereof, and no party shall be liable or bound to any other party in any manner by any warranties, representations or covenants except as specifically set forth herein or therein. Except as expressly as provided herein, neither this Agreement nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument signed by the party against whom enforcement of any such amendment; waiver, discharge or termination is sought.

5.10 Further Assurances. Each party shall do all such acts, and shall execute and deliver to the other all such certificates, instruments, assignments and other documents and shall do and perform or cause to be done all matters and such other things necessary or expedient to be done as either party may reasonable request from time to time in order to give full effect to this Agreement.

Interest :Rate Stipulation

BAB, Inc., a Delaware Corporation. ("BAB") and Bruno Guazzoni ("Guazzoni") hereby enter into the following Interest Rate Stipulation ("Stipulation").

Whereas, BAB and Guazzoni have entered into a Stock Redemption Agreement dated June 30, 2002 whereby BAB acquired 345,010 shares of BAB, Inc. Stock formerly owned by Guazzoni; and

Whereas, due to the fact that the payment arrangements for the stock require a stipulation from the parties as to the interest rate applicable to the payments which are to be made; ●

It is hereby stipulated that the interest rate applicable to the purchase of the Stock under the Stock Purchase Agreement shall be 4.75% and the amortization schedule for the Stock Redemption Agreement shall be as set forth on Exhibit A to this stipulation.

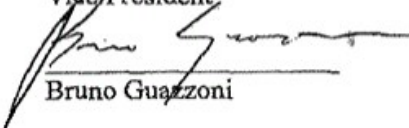
Agreed to:

BAB Inc., a Delaware Corporation

By: 

Michael K. Murtaugh

Vice President


Bruno Guazzoni

BAB Inc.
Note Payable Schedule
for Bruno Guazzoni
9/1/02 through 10/01/16

annual
 interest rate 4.75%

\$35,000 15 payments
 \$525,000 Total

		Interest Paid	Principal Paid	Balance	shares purchased	price per share
				385,531.17	345,010	1.1174
		0.00	0.00	385,531.17		
1	10/1/02	1,526.06	33,473.94	352,057.23		
2	10/1/03	16,722.72	18,277.28	333,779.95		
3	10/1/04	15,854.55	19,145.45	314,634.50		
4	10/1/05	14,945.14	20,054.86	294,579.64		
5	10/1/06	13,992.53	21,007.47	273,572.17		
6	10/1/07	12,994.68	22,005.32	251,566.85		
7	10/1/08	11,949.43	23,050.57	228,516.27		
8	10/1/09	10,854.52	24,145.48	204,370.79		
9	10/1/10	9,707.61	25,292.39	179,078.41		
10	10/1/11	8,506.22	26,493.78	152,584.63		
11	10/1/12	7,247.77	27,752.23	124,832.40		
12	10/1/13	5,929.54	29,070.46	95,761.94		
13	10/1/14	4,548.69	30,451.31	65,310.63		
14	10/1/15	3,102.26	31,897.74	33,412.89		
15	10/1/16	1,587.11	33,412.89	(0.00)		
	Total	139,469	385,531	525,000		

EXHIBIT 10.2

**2001 LONG TERM INCENTIVE
AND
STOCK OPTION PLAN**

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**2001 LONG-TERM INCENTIVE
AND
STOCK OPTION PLAN**

Purpose of Plan

This Plan shall be known as the "BAB, INC. 2001 LONG-TERM INCENTIVE AND STOCK OPTION PLAN" and is hereinafter referred to as the "Plan". The purpose of the Plan is to aid in maintaining and developing personnel capable of assuring the future success of BAB, Inc., a Delaware corporation (the "Company"), to offer such personnel additional incentives to put forth maximum efforts for the success of the business, and to afford them an opportunity to acquire a proprietary interest in the Company through stock options and other long-term incentive awards as provided herein. Options granted under this Plan may be either incentive stock options ("Incentive Stock Options") within the meaning of Section 422 of the Internal Revenue Code of 1986 (the "Code"), or options, which do not qualify as Incentive Stock Options. Awards granted under this Plan shall be stock appreciation rights ("SARs"), restricted stock or performance awards as hereinafter described.

Stock Subject to Plan

Subject to the provisions of Section 14 hereof, the stock to be subject to options or other awards under the Plan shall be the Company's authorized Common Stock, no par value (the "Common Shares"). Such shares may be either authorized but unissued shares, or issued shares, which have been reacquired by the Company. Subject to adjustment as provided in Section 14 hereof, the maximum number of shares on which options may be exercised or other award issued under this Plan shall be 275,000 Common Shares. If an option or award under the Plan expires, or for any reason is terminated or unexercised with respect to any shares, such shares shall again be available for options or awards thereafter granted during the term of the Plan.

Administration of Plan

Except as provided in Section 3(b) hereof, the Plan shall be administered by the Board of Directors of the Company or a committee thereof. The members of any such committee shall be appointed by and serve at the pleasure of the Board of Directors. If no committee is appointed by the Board, the committee shall be comprised of all of the members of the Board of Directors. (The group administering the Plan shall hereinafter be referred to as the "Committee".)

Notwithstanding, Section 3(a) hereof, all option grants and awards under this Plan to officers, directors and others who are subject to Section 16 under the Securities Exchange Act of 1934, as amended (the "1934 Act"), and the rules and regulations of the Securities and Exchange Commission promulgated there under (the "Section 16 Regulations"), shall be made exclusively by a committee (the "Disinterested Committee") comprised of at least two members of the Board of Directors who qualify as "disinterested" plan administrators under the Section 16 Regulations, or whose administration otherwise qualifies transactions under the Plan as exempt from Section 16(b) of the 1934 Act. All references hereinafter to the "Committee" shall mean the "Disinterested Committee" if the action to be taken in administration of the Plan must be taken by the Disinterested Committee.

The Committee shall have plenary authority in its discretion, but subject to the express provisions of the Plan: (i) to determine the purchase price of the Common Stock covered by each option or award, (ii) to determine the persons to whom and the time or times at which such options and awards shall be granted and the number of shares to be subject to each, (iii) to determine the form of payment to be made upon the exercise of an SAR or in connection with performance awards, either cash, Common Shares of the Company or a combination thereof, (iv) to determine the terms of exercise of each option and award, (v) to accelerate the time at which all or any part of an option or award may be exercised, (vi) to amend or modify the terms of any option or award with the consent of the optionee, (vii) to interpret the Plan, (viii) to prescribe, amend and rescind rules and regulations relating to the Plan, (ix) to determine the terms and provisions of each option and award agreement under the Plan (which agreements need not be identical), including the designation of those options intended to be Incentive Stock Options, and (x) to make all other determinations necessary or advisable for the administration of the Plan, subject to the exclusive authority of the Board of Directors under Section 15 herein to amend or terminate the Plan. The Committee's determinations on the foregoing matters, unless otherwise disapproved by the Board of Directors of the Company, shall be final and conclusive.

The Committee may select one of its members as its Chairman and shall hold its meetings at such times and places as it may determine. A majority of its members shall constitute a quorum. All determinations of the Committee shall be made by not less than a majority of its members. Any decision or determination reduces to writing and signed by all of the members of the Committee shall be fully effective as if it had been made by a majority vote at a meeting duly called and held. The grant of an option or award shall be effective only if a written agreement shall have been duly executed and delivered by and on behalf of the Company following such grant. The Committee may appoint a Secretary and may make such rules and regulations for the conduct of its business, as it shall deem advisable.

Eligibility

Incentive Stock Options may only be granted under this Plan to any full or part-time employee (which term as used herein includes, but is not limited to, officers and directors who are also employees) of the Company and of its present and future subsidiary corporations (herein called "subsidiaries"). Full or part-time employees, non-employee members of the Board of Directors, and non-employee consultants, agents or independent contractors to the Company or one of its subsidiaries shall be eligible to receive options which do not qualify as Incentive Stock Options and awards; provided, however, that members of the Disinterested Committee shall not be eligible for any option grant or award under the Plan while serving on said Disinterested Committee. In determining the persons to whom options and awards shall be granted and the number of shares subject to each, the Committee may take into account the nature of services rendered by the respective employees or consultants, their present and potential contributions to the success of the Company and such other factors as the Committee in its discretion shall deem relevant. A person who has been granted an option or award under this Plan may be granted additional options or awards under the Plan if the Committee shall so determine; provided, however, that for Incentive Stock Options, to the extent the aggregate fair market value (determined at the time the Incentive Stock Option is granted) of the Common Shares with respect to which all Incentive Stock Options are exercisable for the first time by an employee during any calendar year (under all plans described in subsection (d) of Section 422 of the Code of his employer corporation and its parent and subsidiary corporations) exceeds \$100,000, such options shall be treated as options which do not qualify as Incentive Stock Options. Nothing in the Plan or in any agreement there under shall confer on any employee any right to continue in the employ of the Company or any of its subsidiaries or affect, in any way, the right of the Company or any of its subsidiaries to terminate his or her employment at the time.

Price

The option price for all Incentive Stock Options granted under the Plan shall be determined by the Committee but shall not be less than 100% of the fair market value of the Common Shares at the date of grant of such option. The option price for options granted under the Plan, which does not qualify as Incentive Stock Options, and, if applicable, the price for all awards shall also be determined by the Committee and may be other than 100% of the fair market value of the Common Shares. For purposes of the preceding sentence and for all other valuation purposes under the Plan, the fair market value of the Common Shares shall be as reasonably determined by the Committee. If on the date of grant of any option or award hereunder the Common Shares are not traded on an established securities market, the Committee shall make a good faith attempt to satisfy the requirements of this Section 5 and in connection therewith shall take such action as it deems necessary or advisable.

Term

Each option and award and all rights and obligations there under shall expire on the date determined by the Committee and specified in the option or award agreement. The Committee shall be under no duty to provide terms of like duration for options or awards granted under the Plan, but the term of an Incentive Stock Option may not extend more than ten (10) years from the date of grant of such option and the term of options granted under the Plan which do not qualify as Incentive Stock Options may not extend more than fifteen (15) years from the date of granting of such option.

Exercise of Option or Award

The Committee shall have full and complete authority to determine whether an option or award will be exercisable in full at any time or from time to time during the term thereof, or to provide for the exercise thereof in such installments, upon the occurrence of such events (such as termination of employment for any reason) and at such times during the term of the option as the Committee may determine and specify in the option or award agreement.

The exercise of any option or award granted hereunder shall only be effective at such time that the sale of Common Shares pursuant to such exercise will not violate any state or federal securities or other laws.

An optionee or grantee electing to exercise an option or award shall give written notice to the Company of such election and of the number of shares subject to such exercise. The full purchase price of such shares shall be tendered with such notice of exercise. Payment shall be made to the Company in cash (including bank check, certified check, personal check, or money order), or, at the discretion of the Committee and as specified by the Committee, (i) by delivering certificates for the Company's Common Shares already owned by the optionee or grantee having a fair market value as of the date of grant equal to the full purchase price of the shares or (ii) a combination of cash and such shares. The fair market value of such tendered shares shall be determined as provided in Section 5 herein. Until such person has been issued the shares subject to such exercise, he or she shall possess no rights as a shareholder with respect to such shares.

Additional Restrictions

The Committee shall have full and complete authority to determine whether all or any part of the Common Shares of the Company acquired upon exercise of any of the options or awards granted under the Plan shall be subject to restrictions on the transferability thereof or any other restrictions affecting in any manner the optionee's or grantee's rights with respect thereto, but any such restriction shall be contained in the agreement relating to such options or awards.

Alternative Stock Appreciation Rights

Grant. At the time of grant of an option or award under the Plan (or at any other time), the Committee, in its discretion, may grant a Stock Appreciation Right ("SAR") evidenced by an agreement in such form as the Committee shall from time to time approve. Any such SAR may be subject to restrictions on the exercise thereof as may be set forth in the agreement representing such SAR which agreement shall comply with and be subject to the following terms and conditions and any additional terms and conditions established by the Committee that are consistent with the terms of the Plan.

Exercise. An SAR shall be exercised by the delivery to the Company of a written notice which shall state that the holder thereof elects to exercise his or her SAR as to the number of shares specified in the notice and which shall further state what portion, if any, of the SAR exercise amount (hereinafter defined) the holder thereof requests be paid to in cash and what portion, if any, is to be paid in Common Shares of the Company. The Committee promptly shall cause to be paid to such holder the SAR exercise amount either in cash, in Common Shares of the Company, or any combination of cash and shares as the Committee may determine. Such determination may be either in accordance with the request made by the holder of the SAR or in the sole and absolute discretion of the Committee. The SAR exercise amount is the excess of the fair market value of one share of the Company's Common Shares on the date of exercise over the per share exercise price in respect of which the SAR was granted, multiplied by the number of shares as to which the SAR is exercised. For the purposes hereof, the fair market value of the Company's shares shall be determined as provided in Section 5 herein.

Ten Percent Shareholder Rule

Notwithstanding any other provision in the Plan, if at the time an option is granted pursuant to the Plan the optionee owns directly or indirectly (within the meaning of Section 425(d) of the Code) Common Shares of the Company possessing more than ten percent (10%) of the total combined voting, power of all classes of stock of the Company or its parent or subsidiary corporations, if any (within the meaning, of Section 422(b)(6) of the Code), then any Incentive Stock Option to be granted to such optionee pursuant to the Plan shall satisfy the requirements of Section 422(c)(6) of the Code, and the option price shall be not less than 110% of the fair market value of the Common Shares of the Company determined as described herein, and such option by its terms shall not be exercisable after the expiration of five (5) years from the date such option is granted.

Non-Transferability

Except as otherwise provided in an option or award agreement, no option or award granted under the Plan shall be transferable by an optionee or grantee, otherwise than by will or the laws of descent or distribution, and during the lifetime of an optionee or grantee, the option shall be exercisable only by such optionee or grantee.

Restricted Stock Awards

The Committee may grant awards of Common Shares subject to forfeiture and transfer restrictions. Any restricted stock award shall be evidenced by an agreement in such form as the Committee shall from time to time approve, which agreement shall comply with and be subject to the following terms and conditions and any additional terms and conditions established by the Committee that are consistent with the terms of the Plan:

Grant of Restricted Stock Awards. Each restricted stock award made under the Plan shall be for such number of Common Shares as shall be determined by the Committee and set forth in the agreement containing the terms of such restricted stock award. Such agreement shall set forth a period of time during which the grantee must remain in the continuous employment of the Company in order for the forfeiture and transfer restrictions to lapse. If the Committee so determines, the restrictions may lapse during such restricted period in installments with respect to specified portions of the shares covered by the restricted stock award. The agreement may also, in the discretion of the Committee, set forth performance or other conditions that will subject the Common Shares to forfeiture and transfer restrictions. The Committee may, at its discretion, waive all or any part of the restrictions applicable to any or all outstanding restricted stock awards.

Delivery of Common Shares and Restrictions. At the time of a restricted stock award, a certificate representing the number of Common Shares awarded there under shall be registered in the name of the grantee. Such certificate shall be held by the Company or any custodian appointed by the Company for the account of the grantee subject to the terms and conditions of the Plan, and shall bear such a legend setting forth the restrictions imposed thereon as the Committee, in its discretion, may determine. The grantee shall have all rights of a shareholder with respect to the Common Shares, including the right to receive dividends and the right to vote such shares, subject to the following restrictions: (i) the grantee shall not be entitled to delivery of the stock certificate until the expiration of the restricted period and the fulfillment of any other restrictive conditions set forth in the restricted stock agreement with respect to such Common Shares; (ii) none of the Common Shares may be sold, assigned, transferred, pledged, hypothecated or otherwise encumbered or disposed of during such restricted period or until after the fulfillment of any such other restrictive conditions; and (iii) except as otherwise determined by the Committee, all of the Common Shares shall be forfeited and all rights of the grantee to such Common Shares shall terminate, without further obligation on the part of the Company, unless the grantee remains in the continuous employment of the Company for the entire restricted period in relation to which such Common Shares were granted and unless any other restrictive conditions relating to the restricted stock award are met. Any Common Shares, any other securities of the Company and any other property (except for cash dividends) distributed with respect to the Common Shares subject to restricted stock awards shall be subject to the same restrictions, terms and conditions as such restricted Common Shares.

Termination of Restrictions. At the end of the restricted period and provided that any other restrictive conditions of the restricted stock award are met, or at such earlier time as otherwise determined by the Committee, all restrictions set forth in the agreement relating, to the restricted stock award or in the Plan shall lapse as to the restricted Common Shares subject thereto, and a stock certificate for the appropriate number of Common Shares, free of the restrictions and the restricted stock legend, shall be delivered to the grantee or his beneficiary or estate, as the case may be.

Performance Awards

The Committee is further authorized to grant Performance awards. Subject to the terms of this Plan and any applicable award agreement, a Performance award granted under the Plan (i) may be denominated or payable in cash, Common Shares of the Company (including, without limitation, restricted stock), other securities, other awards, or other property and (ii) shall confer on the holder thereof rights valued as determined by the Committee, in its discretion, and payable to, or exercisable by, the holder of the Performance awards, in whole or in part, upon the achievement of such performance goals during such performance periods as the Committee, in its discretion, shall establish. Subject to the terms of this Plan and any applicable award agreement, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance award granted, and the amount of any payment or transfer to be made by the Company under any Performance award shall be determined by the Committee.

Dilution or Other Adjustments

If there shall be any change in the Common Shares through merger, consolidation, reorganization, recapitalization, dividend in the form of stock (of whatever amount), stock split or other change in the corporate structure, appropriate adjustments in the Plan and outstanding options and awards shall be made by the Committee. In the event of any such changes, adjustments shall include, where appropriate, changes in the aggregate number of shares subject to the Plan, the number of shares and the price per share subject to outstanding options and awards and the amount payable upon exercise of outstanding awards, in order to prevent dilution or enlargement of option or award rights.

Amendment or Discontinuance of Plan

The Board of Directors may amend or discontinue at any time. Subject to the provisions of Section 14 no amendment of the Plan, however, shall without shareholder approval: (i) increase the maximum number of shares under the Plan as provided in Section 2 herein, (ii) decrease the minimum price provided in Section 5 herein, (iii) extend the maximum term under Section 6, or (iv) modify the eligibility requirements for participation in the Plan. The Board of Directors shall not alter or impair any option or award theretofore granted under the Plan without the consent of the holder of the option or award.

Time of Granting

Nothing contained in the Plan or in any resolution adopted or to be adopted by the Board of Directors or by the shareholders of the Company, and no action taken by the Committee or the Board of Directors (other than the execution and delivery of an option or award agreement), shall constitute the granting of an option or award hereunder.

Income Tax Withholding and Tax Bonuses

In order to comply with all applicable federal or state income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that all applicable federal or state payroll, withholding, income or other taxes, which are the sole and absolute responsibility of an optionee or grantee under the Plan, are withheld or collected from such optionee or grantee. In order to assist an optionee or grantee in paying all federal and state taxes to be withheld or collected upon exercise of an option or award which does not qualify as an Incentive Stock Option hereunder, the Committee, in its absolute discretion and subject to such additional terms and conditions as it may adopt, shall permit the optionee or grantee to satisfy such tax obligation by (i) electing to have the Company withhold a portion of the shares otherwise to be delivered upon exercise of such option or award with a fair market value, determined in accordance with Section 5 herein, equal to such taxes or (ii) delivering to the Company Common Shares other than the shares issuable upon exercise of such option or award with a fair market value, determined in accordance with Section 5, equal to such taxes.

The Committee shall have the authority, at the time of grant of an option under the Plan or at any time thereafter, to approve tax bonuses to designated optionee or grantees to be paid upon their exercise of options or awards granted hereunder. The Committee shall determine the amount of any such payment. The Committee shall have full authority in its absolute discretion to determine the amount of any such tax bonus and the terms and conditions affecting the vesting and payment thereafter.

Effective Date and Termination of Plan

The Board of Directors approved the Plan by unanimous action in writing, effective March 19, 2001 and by the shareholders of the Company by unanimous action in writing, effective May 25, 2001.

Unless the Plan shall have been discontinued as provided in Section 14 hereof, the Plan shall terminate May 25, 2011. No option or award may be granted after such termination, but termination of the Plan shall not, without the consent of the optionee or grantee, alter or impair any rights or obligations under any option or award theretofore granted.

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13A-14 (a) OR RULE 15d-14 (a) OF THE SECURITIES EXCHANGE ACT OF 1934.

I, Michael W. Evans, certify that:

- (1) I have reviewed this annual report on Form 10-K of BAB, Inc.
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a -15(e) and 15d -15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a - 15(f) and 15d -15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2016

By / s/ Michael W. Evans

Michael W. Evans, Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13A-14 (a) OR RULE 15d-14 (a) OF THE SECURITIES EXCHANGE ACT OF 1934.

I, Geraldine Conn, certify that:

- (1) I have reviewed this annual report on Form 10-K of BAB, Inc.
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a -15(e) and 15d -15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a – 15(f) and 15d -15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2016

By: /s/ Geraldine Conn

Geraldine Conn, Chief Financial Officer

Exhibit 32.1

BAB, Inc.
CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the BAB, Inc. (the "Company") Annual Report on Form 10-K for the period ended November 30, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael W. Evans, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition, results of operations, and cash flows of the Company.

Date: February 24, 2016

By: /s/ Michael W. Evans

Michael W. Evans, Chief Executive Officer

Exhibit 32.2

BAB, Inc.
CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the BAB, Inc. (the "Company") Annual Report on Form 10-K for the period ended November 30, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Geraldine Conn, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition, results of operations, and cash flows of the Company.

Date: February 24, 2016

By: /s/ Geraldine Conn

Geraldine Conn, Chief Financial Officer