**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**
**Form 10-K**

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

For the fiscal year ended December 29, 2018

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

**Commission File Number: 1-9009**

**TOFUTTI BRANDS INC.**
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Delaware** | **13-3094658** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **50 Jackson Drive, Cranford, New Jersey** | **07016** |
| (Address of principal executive offices) | (Zip Code) |

**(908) 272-2400**
(Registrant's telephone number, including area code)

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

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

Title of each class
**Common Stock, par value $0.01 per share**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☒

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 (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this chapter) 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. ☒

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

Large accelerated filer ☐ Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)
Smaller reporting company ☒ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

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

The aggregate market value of the voting stock held by non-affiliates of the Registrant as of the most recently completed second fiscal quarter: $4,026,741.

As of March 25, 2019, the issuer had 5,153,706 shares of common stock, par value $0.01, outstanding.

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## INTRODUCTION

We are engaged in the development, production and marketing of TOFUTTI® brand dairy free, vegan frozen desserts, cheeses and other food products. TOFUTTI products are soy and other vegetable protein-based, vegan, dairy free products which contain no butterfat, cholesterol or lactose.

As used in this annual report, the terms "we," "us" and "our" mean Tofutti Brands Inc., unless otherwise indicated. Statements made in this annual report concerning the contents of any contract, agreement or other document are summaries of such contracts, agreements or documents and are not complete descriptions of all of their terms. If we filed any of these documents as an exhibit to this annual report or to any previous filling with the Securities and Exchange Commission, you may read the document itself for a complete recitation of its terms.

Except for the historical information contained in this annual report, the statements contained in this annual report are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, or the Exchange Act, as amended, and the Private Securities Litigation Reform Act of 1995, as amended, with respect to our business, financial condition and results of operations. Such forward-looking statements reflect our current view with respect to future events and financial results. We urge you to consider that statements which use the terms "anticipate," "believe," "do not believe," "expect," "plan," "intend," "estimate," "anticipate" and similar expressions are intended to identify forward-looking statements. We remind readers that forward-looking statements are merely predictions and therefore inherently subject to uncertainties and other factors and involve known and unknown risks that could cause the actual results, performance, levels of activity, or our achievements, or industry results, to be materially different from any future results, performance, levels of activity, or our achievements expressed or implied by such forward-looking statements. Such forward-looking statements are also included in Item 1. "Business" and Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations." Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. We undertake no obligation to update or revise any forward-looking statements to reflect new information, future events or circumstances, or otherwise after the date hereof. We have attempted to identify significant uncertainties and other factors affecting forward-looking statements in the Risk Factors section that appears in Item 1A. "Risk Factors."

We operate on a fiscal year ending on the Saturday closest to December 31. Fiscal years for the financial statements included herein are the fifty-two week period ended December 29, 2018 (fiscal 2018) and the fifty-two week period ended December 30, 2017 (fiscal 2017).

## PART I

**Item 1. Business.**

GENERAL

We are engaged in the development, production and marketing of TOFUTTI® brand dairy free, vegan frozen desserts, cheeses and other food products. TOFUTTI products are vegan, dairy free products which contain no butterfat, cholesterol or lactose and use soy and other vegetable proteins. Our products are 100% dairy free yet offer the same texture and full-bodied taste as their dairy counterparts. Our products are also free of cholesterol and derive their fat from corn and palm oils, each naturally lower in saturated fat than dairy products. With the exception of Mintz's Blintzes, all of our products are completely vegan and our vegan cheese products are gluten free as well. In addition, all of our products are certified kosher-parve and all of our vegan cheese products are also certified halal.

We were organized under the laws of the State of New York in 1981 and became a Delaware corporation in 1984. Our registered office and principal executive offices are located at 50 Jackson Drive, Cranford, New Jersey 07016, our telephone number is 908-272-2400. Our address on the Internet is www.tofutti.com. The information on our website is not incorporated by reference into this annual report.

STRATEGY

Our objective is to be a leading provider of dairy free, vegan food products, primarily cheese products and frozen desserts, to supermarkets, health food stores, and food service customers in the United States and abroad. We intend to continue to introduce new products that offer good taste while containing no butterfat, cholesterol or dairy to these markets.

We focus our marketing efforts toward those consumers who find our products essential to their everyday diets because of health, lifestyle or religious reasons. As part of this strategy, we seek to achieve brand awareness through product innovation, eye-catching packaging, trade advertising, and a strong word-of-mouth marketing program. We believe that our ability to offer a wide range of dairy free, vegan, and kosher-parve products will continue to provide us with a competitive advantage.

TOFUTTI PRODUCT LINE

We offer a broad product line vegan, dairy free products that use soy or other vegetable based proteins. Our dairy free products include frozen desserts, cheeses and spreads, and other frozen food products.

***Frozen Desserts***

- Premium **TOFUTTI®** dairy free frozen dessert, available in pre-packed pints, three-gallon cans, and soft serve mix, is sold nationally in supermarkets, health food stores, retail shops, and restaurants. Premium **TOFUTTI** was the first dairy free frozen dessert to be marketed to the general public through supermarkets. We currently offer six flavors of premium, hard frozen **TOFUTTI** in pints, three flavors in three gallon bulk cans and one soft-serve flavor.

- **TOFUTTI CUTIES®**, our best-selling frozen dessert product, are bite size frozen sandwiches combining a choice of one of four different fillings between two chocolate wafers. Half the size of traditional ice cream sandwiches, **TOFUTTI CUTIES** offer consumers a portion controlled treat. Unlike ice cream sandwiches, **CUTIES** are totally dairy free, without butterfat or cholesterol, yet with the same great taste that makes ice cream sandwiches one of the bestselling novelties in the freezer case. Tofutti Cuties come in three flavors: vanilla, chocolate and mint chocolate chip. Like all our frozen dessert products, they are completely trans-fat free, including the wafers.

- **YOURS TRULY** cones have a generous scoop of creamy vanilla **TOFUTTI** set in a chocolate-coated crispy cone, then covered in deep, rich chocolate and topped with a crispy chocolate cookie crunch.

***Dairy Free Vegan Cheese Products***

- **BETTER THAN CREAM CHEESE®** is similar in taste and texture to traditional cream cheese, but is dairy free, butterfat-free, gluten-free and contains no cholesterol. It is as versatile as real cream cheese, whether spread on a bagel, used as a dip for snack items, such as crackers or chips, or used in any favorite recipe. **BETTER THAN CREAM CHEESE** comes in three flavors, plain, Herb & Chives, and Garlic & Herb and is available in 8 oz. retail packages and in 5 lb. containers and 30 lb. bulk boxes for food service customers.

- **TOFUTTI WHIPPED BETTER THAN CREAM CHEESE** is the whipped version of our original **BETTER THAN CREAM CHEESE** available in a 14 oz. container. It is available in many supermarkets and health food stores.

- **SOUR SUPREME®** is similar in taste and texture to traditional sour cream, but is dairy free, butterfat-free, gluten-free and contains no cholesterol. **SOUR SUPREME** has the versatility of sour cream with the added benefit of being dairy free. The 12 oz. retail packages are available in plain and guacamole. The plain version is also available in 5 lb. containers for food service customers. Like **BETTER THAN CREAM CHEESE, SOUR SUPREME** is available nationally in many health food stores and select supermarkets.

- **TOFUTTI VEGAN CHEESE SLICES™** offer consumers a delicious dairy free, gluten-free, vegan alternative to regular cheese slices and contain no trans fatty acids. Available as individually wrapped slices in 8 oz. packages, **TOFUTTI VEGAN CHEESE SLICES** are sold in most health food stores and select supermarkets and come in two flavors: Mozzarella and American. The Mozzarella version is also available in 40 lb. blocks for food service customers.

- **BETTER THAN RICOTTA CHEESE®,** our dairy free ricotta cheese alternative, offers consumers a dairy-free and gluten-free alternative that tastes and works just like real ricotta cheese in all their favorite recipes. Available in 16 oz. retail containers, **BETTER THAN RICOTTA** is available nationally in supermarkets and health food stores.

***Frozen Food Products***

- **TOFUTTI BLINTZES** are frozen crepes filled with **TOFUTTI BETTER THAN CREAM CHEESE** that are dairy and cholesterol free, yet taste just like real cheese blintzes. Our **BLINTZES** are available in freezer cases in select supermarkets and health food stores and can be served hot, warm, or slightly chilled as a main meal or a snack.

***Planned 2019 Product Introductions***

We plan to reintroduce our **TOFUTTI MARRYME® BARS, CHOCOLATE FUDGE TREATS,** and **TOTALLY FUDGE POPS** in the second quarter of 2019. We also plan to introduce a new line of vegan dips and shredded cheddar and mozzarella vegan cheeses in the third quarter of 2019.

## MARKETING AND DISTRIBUTION

TOFUTTI products are sold and distributed across the United States and internationally, and can be found in gourmet specialty shops, kosher supermarkets, natural/health food stores, and national and regional supermarket chains. All of our products are sold by independent unaffiliated food brokers to distributors and sometimes on a direct basis to retail chain accounts or to warehouse accounts that directly service chain accounts. Such direct accounts include Albertsons, Walmart, Kroger, King Soopers, Fred Meyer, DeMoulas/Market Basket, Wakefern Food Corp., and Ahold USA. Food brokers act as our agents within designated territories or for specific accounts and receive commissions, which average 5% of net collected sales. Certain key domestic, kosher, and food service accounts and all international accounts are handled directly by us. Our products are also sold in approximately thirty other countries.

We currently sell our dairy-free vegan cheese products and frozen dessert products in most major markets in the United States, including Atlanta, Baltimore, Boston, Charlotte, Chicago, Cincinnati, Cleveland, Dallas, Denver, Detroit, Houston, Jacksonville, Kansas City, Los Angeles, Miami, Milwaukee, Minneapolis, Nashville, New York, Orlando, Philadelphia, Phoenix, Portland, Richmond, Salt Lake City, San Diego, San Francisco, Seattle, St. Louis, Tampa and Washington, D.C.

We currently distribute all of our products by common carrier or by allowing customers to pick-up products from outside storage facilities. We do not own, lease or otherwise maintain any vehicles involved in the shipping of our products. From our co-packing facilities, we either ship direct to our customers or we ship to outside public storage facilities from where our customers are able to pick up their orders. Use of outside storage facilities in several key locations in the United States allows us to provide our customers with products in a timely fashion. Currently, we use two warehouses in New Jersey, one for our frozen dessert and food products and one for our cheese products, and one warehouse in northern California for both categories of products.

In addition to ice cream and cheese distributors, our products are handled by most major national and regional natural and/or gourmet specialty distributors in the country. We distribute our products through thirty-nine (39) distributors to the national health food market.

Our sales to health food accounts in fiscal 2018 decreased to $5,850,000, or 45% of total sales, from approximately $6,916,000, or 49% of total sales, in fiscal 2017, due to the decline in frozen dessert sales to health food accounts. Our sales to the kosher market increased to $1,498,000, or 11% of sales, in fiscal 2018, from sales of approximately $1,364,000, or 10% of sales, in fiscal 2017.

The following table presents the geographical breakdown of our sales in our largest domestic markets for the last two fiscal years.

| | Fiscal Year ended December 29, 2018 | | Fiscal Year ended December 30, 2017 | |
|---|---|---|---|---|
| | **Sales** | **% of total Sales** | **Sales** | **% of total Sales** |
| | **(Dollars in thousands)** | | | |
| Midwest | $2,068 | 16% | $2,160 | 15% |
| Metropolitan New York | 1,901 | 15% | 1,973 | 14% |
| California | 1,633 | 12% | 2,018 | 14% |
| Florida | 851 | 7% | 1,263 | 9% |
| New England | 809 | 6% | 949 | 7% |
| Northwest | 711 | 5% | 1,038 | 7% |
| Upstate New York | 636 | 5% | 768 | 5% |

| | | | | |
|---|---|---|---|---|
| Southeast............................................... | 617 | 5% | 692 | 5% |
| Mid-Atlantic .......................................... | 498 | 4% | 625 | 4% |
| Southwest .............................................. | 416 | 3% | 500 | 4% |
| Rocky Mountains................................... | 277 | 2% | 329 | 2% |

During fiscal 2018, we shipped our products to distributors in Australia, Canada, Egypt, England, Ireland, Israel, Mexico, Panama, and South Africa. Our distributor in England acts as our master distributor for all of Europe and part of the Middle East, excluding Israel, and sells our products into approximately twenty other countries. Sales to foreign distributors increased to $2,333,000, or 18% of sales, in fiscal 2018, from $1,663,000, or 12% of sales, in fiscal 2017. We conduct all of our foreign business in U.S. dollars. Accordingly, our future export sales could be adversely affected by an increase in the value of the U.S. dollar against local currencies, which could increase the local currency price of our products.

COMPETITION

TOFUTTI frozen desserts compete with all forms of ice cream products, yogurt-based desserts and other plant-based frozen desserts. We believe that we are a leader in the dairy free frozen dessert product market and offer the most complete line of dairy free frozen dessert products. Other plant-based frozen dessert products are presently being sold throughout the United States by established manufacturers and distributors of ice cream and other frozen dessert products. The ice cream and frozen dessert industry is highly competitive and most companies with whom we compete are substantially larger and have significantly greater resources than us. All of our products face substantial competition from dairy free and dairy products marketed by companies with significantly greater resources than we have. Similar to our frozen desserts, all our vegan cheese products face stiff competition within their category from both dairy cheese products and plant-based cheese products.

In most product categories, we compete not only with widely advertised branded products, but also with generic and private label products that are generally sold at lower prices. Competition in our product categories is based on product innovation, product quality, price, brand recognition and loyalty, effectiveness of marketing, promotional activity, and the ability to identify and satisfy consumer preferences. Our market share and ability to grow our revenue could also be adversely impacted if we are not successful in introducing innovative products in response to changing consumer demands or by new product introductions of our competitors. If we are unable to build and sustain brand equity by offering recognizably superior product quality, we may be unable to maintain premium pricing over competitive products. We believe that we are able to compete effectively due to our ability to offer an array of vegan cheese products, dairy free frozen desserts, and other food products that contain no butterfat, cholesterol or lactose and are 100% dairy free, yet offer the same texture and full-bodied taste as their dairy counterparts.

PRODUCT DEVELOPMENT

All of our current products were developed by us in our own laboratory. David Mintz, our Chief Executive Officer, devotes a substantial amount of his time and effort to new product development and product reformulation. In fiscal 2018 and 2017, our product development expenses were approximately $410,000 and $393,000, respectively. These amounts do not include any portion of Mr. Mintz's salary. All product development costs are expensed as incurred and are recorded as operating expenses in our financial statements.

## PRODUCTION

We believe that all of our products are produced under the strictest quality control procedures that are available in each manufacturing facility used by us. These quality control procedures include, but are not limited to, the cleaning processes utilized prior to running our products; spot line inspections during production; in-house laboratory testing as required by government agencies; supervision of all our production by our kosher supervisory service; supervision of all our vegan cheese production by our halal supervisory service; and random testing by outside independent laboratories to ensure that our internal quality control procedures and guidelines are being properly followed.

All of our products are produced by co-packers to whom we supply certain key ingredients and packaging for the manufacturing processes. Our co-packing facilities are fully licensed and must comply with all state and federal laws and regulations. We currently utilize five co-packers. Our co-packers manufacture and package our products and, in certain instances, warehouse such products pending shipment. For certain key product categories, such as dairy free vegan cheeses and dairy free frozen desserts, we have more than one co-packer. In selecting an appropriate co-packer, we take into account all of the preceding factors, plus cost considerations such as product processing fees and freight and warehouse expenses.

For the years ended December 29, 2018 and December 30, 2017, we purchased approximately 49% and 41% of our finished goods, respectively, from Franklin Foods, our co-packer for our **BETTER THAN CREAM CHEESE, WHIPPED BETTER THAN CREAM CHEESE, SOUR SUPREME, and BETTER THAN RICOTTA** products, and 20% and 17%, respectively, of our finished goods from Ice Cream Specialties and Luke's Ice Cream, our former and current frozen dessert novelty co-packers.

### Relationships with Co-Packers

We do not have any written production agreements with our co-packers and do not anticipate that we would encounter any material difficulty in obtaining alternative production sources, at a comparable cost, if one or all of our co-packers decide to terminate their relationships with us. Nevertheless, any disruption in supply could have a material adverse effect on our company.

In order to protect our formulas, we have entered into confidentiality arrangements with our co-packers and some of our co-packers' employees. All of our employees, including officers, sign similar confidentiality agreements. There can be no assurance that such confidentiality arrangements can or will be maintained, or that our trade secrets, know-how and marketing ability cannot be obtained by others, or that others do not now possess similar or even more effective capabilities.

In September 2016, we were notified by Ice Cream Specialties, the co-packer of our frozen dessert stick novelties, Tofutti Cuties, and Yours Truly Cones, that they would cease manufacturing those products by the end of January 2018. In April 2018 we began production of our Tofutti Cuties at Luke's Ice Cream, located in Florida. Luke's Ice Cream began manufacturing Yours Truly Cones in November 2018 and will begin the manufacture of our frozen dessert novelty bars in the second quarter of 2019.

### Kosher Certification

KOF-K Kosher Supervision, or KOF-K, of Teaneck, New Jersey provides us with our kosher certification service. Before KOF-K will permit its certification, evidenced by its symbol, to be placed on a product, KOF-K must approve both the ingredients contained in the product and the facility processing the product. Approval of the manufacturing facilities we use include periodic inspections, and in most cases, on-site supervision of actual production. We pay a yearly renewal fee for certification and ongoing fees throughout the year for supervisory services for each production run. We believe that our ability to successfully market and distribute our products is dependent upon our continued compliance with the requirements of rabbinical certification. All TOFUTTI products meet the requirements for certification as kosher-parve.

**Halal Certification**

In early 2013, we completed a halal certification process at Franklin Foods, the co-packer of our **BETTER THAN CREAM CHEESE**, **WHIPPED BETTER THAN CREAM CHEESE, SOUR SUPREME** and **BETTER THAN RICOTTA** products and at Whitehall Specialties, the co-packer of our vegan cheese slices and bulk Better Than Mozzarella products. This certification is provided by the Islamic Food and Nutrition Council of America (IFANCA) of Park Ridge, Illinois and currently applies only to those products manufactured by Franklin Foods and Whitehall Specialties. Before IFANCA will permit its certification to be placed on a product, which is evidenced by its symbol, IFANCA must approve both the ingredients contained in the product and the facility processing the product. Approval of the manufacturing facilities we use includes periodic inspections. There is a yearly renewal fee for certification. All TOFUTTI vegan cheese products meet the requirements for certification as halal.

TRADEMARKS AND PATENTS

We have registered our trademark, TOFUTTI®, and other trademarks for our frozen desserts and other products in the United States and approximately thirty-seven foreign countries. We believe our trademarks are an important means of establishing consumer recognition for our products and we will vigorously oppose any unauthorized use of our trademarks. We are not currently involved in any trademark litigation.

Although we believe that our formulas and processes are proprietary, we have not sought patent protection for such technology. Instead, we are relying on the complexity of our technology, on trade secrecy laws and on confidentiality agreements. We believe that our technology has been independently developed and does not infringe the patents of others.

GOVERNMENT REGULATION

Companies engaged in the manufacture, packaging and distribution of food items are subject to extensive regulation by various government agencies which, pursuant to statutes, rules, and regulations, prescribe quality, purity, manufacturing and labeling requirements. Food products are often subject to "standard of identity" requirements, which are promulgated at either the Federal or state level to determine the permissible qualitative and quantitative ingredient content of food. To the extent that any product that we seek to market does not conform to an applicable standard, special permission to market such a product is required.

Our United States product labels are subject to regulation by the United States Food and Drug Administration, or the FDA. Such regulations include standards for product descriptions, nutritional claims, label format, minimum type sizes, content and location of nutritional information panels, nutritional comparisons, and ingredient content panels. Our labels, ingredients and manufacturing processes are subject to inspection by the FDA. We believe that we are in compliance with current labeling requirements and conduct periodic reviews to make certain that such compliance is on-going.

The Food, Drug and Cosmetic Act, the Food Safety Modernization Act and rules and regulations promulgated by the FDA thereunder, contain no specific Federal standard of identity which is applicable to our products. Our frozen dessert products meet the New York State standard of identity for "parevine," which has been adopted by at least eight other states. Many states require registration and label review before food products can be sold. While approval in one jurisdiction generally indicates the products will meet with approval in other jurisdictions, there is no assurance that approval from other jurisdictions will be forthcoming. Additionally, many of our major customers now require that any food products that they purchase be produced in Safe Quality Food, or SQF, manufacturing facilities. The SQF program is recognized by the Global Food Safety Initiative and provides a rigorous system to manage food safety risks and provide safe products use by companies in the food industry. All of our current co-packers are SQF certified or are in the process of becoming certified.

Food manufacturing facilities are subject to inspections by various safety, health and environmental regulatory authorities. A finding of a failure to comply with one or more regulatory requirements can result in the imposition of sanctions including the closing of all or a portion of a company's facilities, subject to a period during which the company can remedy the alleged violations. Our Cranford, New Jersey facility is subject to inspection by the New Jersey-Kosher Enforcement Bureau and the New Jersey Environmental Health Services. We believe that we, our distributors and our co-packers are in compliance in all material respects with governmental regulations regarding our current products and have obtained the material governmental permits, licenses, qualifications and approvals required for our operations. Our compliance with Federal, state and local environmental laws has not materially affected us either economically or in the manner in which we conduct our business. However, there can be no assurance that our company, our distributors and our co-packers will be able to comply with such laws and regulations in the future or that new governmental laws and regulations will not be introduced that could prevent or temporarily inhibit the development, distribution and sale of our products to consumers.

New government laws and regulations may be introduced in the future that could result in additional compliance costs, seizures, confiscations, recalls or monetary fines, any of which could prevent or inhibit the development, distribution and sale of our products. If we fail to comply with applicable laws and regulations, we may be subject to civil remedies, including fines, injunctions, recalls or seizures, as well as potential criminal sanctions, which could have a material adverse effect on our business, results of operations and financial condition.

EMPLOYEES

We employed nine persons on a full-time basis in fiscal 2018 and eight persons on a full-time basis in fiscal 2017. We do not have any collective bargaining agreements with our employees.

## Item 1A. Risk Factors.

*Investing in our common stock involves a high degree of risk and uncertainty. You should carefully consider the risks and uncertainties described below before investing in our common stock. If any of the following risks actually occurs, our business prospects, financial condition and results of operations could be harmed. In that case, the value of our common stock could decline, and you could lose all or part of your investment.*

### Risks Related to Our Business

***We may not be able to maintain profitable operations in the future. We may not have sufficient working capital to fund our operations in the future.***

While we returned to profitable operations in fiscal 2016 and maintained profitable operations in 2017 and 2018, we incurred losses in prior years. As of December 29, 2018, we had $558,000 in cash and cash equivalents and our working capital was $3,896,000. Our cash and cash equivalents decreased from $1,414,000 as of December 29, 2018 as a result of increases in accounts receivable and inventory and decreases in accounts payable and accrued expenses. The lack of sufficient working capital has negatively impacted our ability to introduce and adequately promote new products. To the extent that we incur operating losses in the future or are unable to generate free cash flows from our business, we may not have sufficient working capital to fund our operations and will be required to obtain additional financing. Such financing may not be available, or, if available, may not be on terms satisfactory to us. If adequate funds are not available to us, our business, and results of operations and financial condition will be adversely affected.

***Interruptions in the supply of products from our co-packers and suppliers could adversely affect our revenues.***

We depend on a limited number of suppliers for ingredients, packaging materials and the production of our products. We do not produce any of our own products. For the year ended December 29, 2018, we purchased approximately 49% of our finished goods from Franklin Foods, including our **BETTER THAN CREAM CHEESE, WHIPPED BETTER THAN CREAM CHEESE, SOUR SUPREME,** and **BETTER THAN RICOTTA** products, and purchased approximately 20% of our finished goods from Ice Cream Specialties and Luke's Ice Cream, our former and current frozen dessert novelty co-packers.

In September 2016, we were notified by Ice Cream Specialties, the then co-packer of our frozen dessert stick novelties, Tofutti Cuties, and Yours Truly Cones, that they would cease manufacturing those products by the end of January 2018. In April 2018 we began production of our Tofutti Cuties at Luke's Ice Cream, located in Florida. Luke's began manufacturing Yours Truly Cones in November 2018 and we expect that they will initiate the manufacture of our frozen dessert novelty bars in the second quarter of 2019. Our frozen dessert pints are produced by Leiby's Dairy in Pennsylvania. Any future disruption in supply could have a further material adverse effect on our company.

We have little control over the suppliers of ingredients to our co-packers. Disruptions in these relationships may reduce our sales and revenues. Overall difficulty of suppliers meeting product demand, interruptions in the supply chain, obstacles or delays in the process of renegotiating or renewing agreements with preferred suppliers, financial difficulties experienced by suppliers, or the deficiency, lack, or poor quality of alternative suppliers could adversely impact our sales which, in turn, would adversely affect our business and operating results. We believe that, if necessary, we could obtain available alternative sources of supply for each of our products. Depending on the product, that might entail using more than one source of supply.

***Our operations may be adversely affected by failure to maintain or renegotiate distribution, supply or manufacturing agreements on favorable terms.***

We have a number of distribution, supply and co-packing agreements for our supplies and products. These agreements vary depending on the particular supply and/or product. There can be no assurance that we will be able to renew these agreements on favorable terms or that these agreements will not be terminated. Termination of these agreements or failure to renew these agreements on favorable terms could have a negative effect on our results of operations and financial condition.

***We are indebted to our Chairman and Chief Executive Officer pursuant to a promissory note which is secured by substantially all of our assets. Any failure to meet our obligations under the note could materially harm our business, financial condition and results of operations.***

On January 6, 2016, we received a $500,000 loan from Mr. David Mintz, our Chairman of the Board and Chief Executive Officer. The loan bears interest at 5% per annum and may be prepaid in whole or in part at any time without premium or penalty. The loan is secured by substantially all of our assets and is convertible into shares of our common stock at a conversion price of $4.01 per share, at the option of the holder. Initially due on December 31, 2017, the loan has been extended until December 31, 2020.

In the event we are unable to repay the loan, or if there is an event of default, without any action on the part of Mr. Mintz, the interest rate will increase to 12% per annum and the entire principal and interest balance under the loan, and all of our other obligations under the loan, will be immediately due and payable, and Mr. Mintz will be entitled to seek and institute any and all remedies available to him. Any failure to meet our obligations under the note could materially harm our business, financial condition and results of operations.

***Successful customer relationships are vital to our business and continued growth.***

We must maintain strong relationships with our existing customers and build relationships with new customers in order to ensure our products are well presented to our consumers and available for purchase in major markets. The strength of our customer relationships also affects our ability to obtain pricing and competitive trade terms. Failure to maintain strong relationships with customers could negatively impact our terms of business with affected customers and reduce the availability of our products to consumers.

***We rely on a limited number of key executives to manage our business.***

Our success is significantly dependent on the services of David Mintz (age 87), Chief Executive Officer, and Steven Kass (age 67), Chief Financial Officer. The loss of the services of either of these persons could have a material adverse effect on our business and results of operations.

***As a branded goods business, our success depends on the value and relevance of our brand and products to consumers and on our ability to innovate and remain competitive.***

Consumer tastes, preferences and behaviors are constantly changing and our ability to anticipate and respond to these changes and to continue to maintain loyalty to our brand and products is vital to our business. We are dependent on creating innovative products that continue to meet the needs of our consumers. If we are unable to innovate effectively, our sales or margins could be materially adversely affected.

The successful introduction of innovative products and packaging on a periodic basis has become increasingly important to our ability to maintain and grow our sales. Accordingly, the future degree of market acceptance of any of our new products, and continued acceptance of our current products, which may be accompanied by significant promotional expenditures, is likely to have an important impact on our future financial results.

***Our suppliers are subject to federal, state and local government regulations that could adversely affect our business and financial position.***

Virtually all food manufacturing operations are subject to regulation by various federal, state and local government entities and agencies. As producers of food products for human consumption, our suppliers are subject to stringent production, packaging, quality, labeling and distribution standards, including regulations mandated by the Federal Food, Drug and Cosmetic Act, the Food Safety Modernization Act, the FDA, OSHA, the EPA and the USDA. Future regulation by various federal, state or local governmental entities or agencies could, among other things, increase our suppliers' cost of production, cause them to incur unexpected expenditures or encumber productivity, any of which may adversely affect our business and financial results.

***We may not be able to compete effectively in the highly competitive frozen dessert and health food markets.***

The frozen dessert, dairy free cheese food and health food markets are highly competitive. In addition, many of our principal competitors are large, diversified companies with resources significantly greater than ours. We expect strong competition to continue, including competition for adequate distribution and competition for the limited shelf space for the frozen dessert and dairy free cheese food categories in supermarkets and other retail food outlets. Competition in our product categories is based on product innovation, product quality, price, brand recognition and loyalty, effectiveness of marketing, promotional activity, and the ability to identify and satisfy consumer preferences. Our market share and ability to grow our revenue could also be adversely impacted if we are not successful in introducing innovative products in response to changing consumer demands or by new product introductions of our competitors. If we are unable to build and sustain brand equity by offering recognizably superior product quality, we may be unable to maintain premium pricing over competitive products.

From time to time, we and our customers experience price pressure in some of our markets as a result of competitors' promotional pricing practices as well as general market conditions. Our failure to match or exceed our competitors' cost reductions through innovative products and other improvements could weaken our competitive position. Competition is based on product quality, reliability, food safety, distribution effectiveness, brand loyalty, price, effective promotional activities, the ability to identify and satisfy emerging consumer preferences and the ability to provide ancillary support services. We may not be able to compete effectively with these larger, more diversified companies.

***A material change in consumer demand for our products could have a significant impact on our business.***

We are a consumer food products company and rely on continued demand for our products. To achieve business goals, we must develop and sell products that appeal to consumers. If demand and growth rates fall substantially below expected levels or our market share declines significantly in these businesses, our results could be negatively impacted. This could occur due to unforeseen negative economic or political events or to changes in consumer trends and habits.

***Our operating costs are subject to fluctuations which could affect our business results.***

The principal raw materials that we use are commodities that experience price volatility caused by external conditions such as weather, product scarcity, limited sources of supply, commodity market fluctuations, currency fluctuations, and changes in governmental agricultural and energy policies and regulations. Commodity price changes may result in unexpected increases in raw material, packaging, and energy costs. Therefore, our success is dependent, in part, on our continued ability to manage these fluctuations through pricing actions, cost savings projects and sourcing decisions. In the manufacturing and general overhead areas, we need to maintain key manufacturing and supply arrangements, including any key sole supplier and manufacturing plant arrangements.

***Economic conditions adversely affecting consumer discretionary spending may negatively impact our business and operating results.***

We believe that our revenues and profitability are strongly correlated to consumer discretionary spending, which is influenced by general economic conditions, unemployment levels, and the availability of discretionary income. In an economic downturn our business and results of operations could be materially and adversely affected.

***Natural disasters, terrorist attacks or breaches of network or information technology security could have an adverse effect on our business.***

Natural disasters, cyber-attacks or other breaches of network or information technology (IT) security, terrorist acts or acts of war may cause disrupt our systems and operations. We expect that our inability to operate our facilities as a result of such events, even for a limited period of time, may result in significant expenses and/or loss of market share to our competitors. While we maintain insurance coverage for some of these events, the potential liabilities associated with these events could exceed the insurance coverage we maintain. Any of these occurrences could result in a material adverse effect on our results of operations and financial condition.

***Our operating results vary quarterly.***

**S**ales to our major customers fluctuate widely from period to period and there is no way to accurately predict that their sales pattern from one year will be repeated in the corresponding period of the next fiscal year. Due to the foregoing factors, in some future quarter our operating results may be below the expectations of investors. In such event, it is likely that the price of our common stock would be materially adversely affected.

***We have no registered patents. The absence of patent protection could adversely affect our results of operations.***

We rely upon the confidentiality of our formulas and our know-how rather than upon patent protection. There is no assurance that such confidentiality can or will be maintained or that our know-how cannot be obtained by others or that others do not now possess similar or even more effective capabilities. The failure to maintain the confidentiality of our know-how could adversely affect our operating results.

***We are subject to risks associated with international operations.***

In fiscal 2018, approximately 18% of our revenues were from international sales. Although we intend to expand our international operations, we cannot be certain that we will be able to maintain or increase international market demand for our products. To the extent that we cannot do so in a timely manner, our business, operating results and financial condition will be adversely affected. International operations are subject to inherent risks, including the following:

- different and changing regulatory requirements in the jurisdictions in which we currently operate or may operate in the future;
- the impact of possible recessionary environments in multiple foreign markets;
- export restrictions, tariffs and other trade barriers;
- difficulties in managing and supporting foreign operations;
- longer payment cycles;
- difficulties in collecting accounts receivable;
- political and economic changes, hostilities and other disruptions in regions where we currently sell or products or may sell our products in the future; and
- seasonal reductions in business activities.

Negative developments in any of these areas in one or more countries could result in a reduction in demand for our products, the cancellation or delay of orders already placed, difficulty in collecting receivables, and a higher cost of doing business, any of which could adversely affect our business, results of operations or financial condition.

***We may be adversely affected by fluctuations in currency exchange rates.***

Our foreign transactions are always in U.S. dollars. Therefore, our future export sales could be adversely affected by an increase in the value of the U.S. dollar, which could increase the local currency price of our products. Although exposure to currency fluctuations to date has not had a material effect on our business, there can be no assurance such fluctuations in the future will not materially and adversely affect our revenues from international sales and, consequently, our business, operating results and financial condition.

***Incidents involving food-borne illnesses, food tampering, or food contamination involving our products or our supply chain could create negative publicity and significantly harm our operating results.***

While we and our co-packers dedicate substantial resources to food safety matters to enable customers to enjoy safe, quality food products, food safety events, including instances of food-borne illness (such as salmonella or E. Coli), have occurred in the food industry in the past, and could occur in the future. Instances or reports, whether true or not, of food-safety issues, such as food-borne illnesses, food tampering, food contamination or mislabeling, either during the growing, manufacturing, packaging, storing, or preparation of products, have in the past severely injured the reputations of companies in the frozen desert and dairy sectors and could affect us as well. Any report linking us, our suppliers or co-packers to food-borne illnesses or food tampering, contamination, mislabeling, or other food-safety issues could damage the value of our brands immediately and severely hurt sales of our products and possibly lead to product liability claims, litigation (including class actions), or other damages. In addition, food safety incidents, whether or not involving our brands, could result in negative publicity for the industry or market segments in which we operate. Increased use of social media could create and/or amplify the effects of negative publicity. This negative publicity may reduce demand for our products.

***Product liability suits, if brought, could have a material adverse effect on our business.***

From time to time in the normal course of our business, we become subject to product liability claims. If a product liability claim exceeding our insurance coverage were to be successfully asserted against us, it could harm our business. We cannot assure you that such coverage will be sufficient to insure against claims which may be brought against us, or that we will be able to maintain such insurance or obtain additional insurance covering existing or new products. As a marketer of food products, we are subject to the risk of claims for product liability. We maintain general product liability and umbrella insurance coverage and generally require that our co-packers maintain product liability insurance with us as a co-insured. Similarly, most of our customers require us to name them as additional insureds as well, and in some cases we are required to sign hold harmless and indemnification agreements.

***Our failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 could have an adverse effect on our financial results and the market price of our common stock.***

The Sarbanes-Oxley Act of 2002 imposes certain duties on us and our executives and directors. Our efforts to comply with the requirements of Section 404 have resulted in increased general and administrative expense and a diversion of management time and attention, and we expect these efforts to require the continued commitment of resources. Section 404 of the Sarbanes-Oxley Act requires us to provide management's annual review and evaluation of our internal control over financial reporting in connection with the filing of our Annual Report on Form 10-K for each fiscal year. Based on our evaluation under the frameworks described above, our chief executive officer and chief financial officer concluded that our internal control over financial reporting was ineffective as of December 29, 2018 because of the following material weaknesses in internal controls over financial reporting:

- a continuing lack of sufficient resources and an insufficient level of monitoring and oversight, which may restrict our ability to gather, analyze and report information relative to the financial statements in a timely manner.

- The limited size of the accounting department makes it impracticable to achieve an optimum separation of duties and monitoring of internal controls.

Our failure to maintain effective internal controls over financial reporting could result in investigation or sanctions by regulatory authorities, and could have a material adverse effect on our operating results, investor confidence in our reported financial information, and the market price of our common stock.

**Risks Relating to Our Common Stock**

***Our announced exploration of strategic alternatives has not resulted in any transaction, and speculation and uncertainty regarding the outcome of any further exploration of strategic alternatives may adversely impact our business.***

On September 30, 2016, we announced that we had engaged a financial advisor and were pursuing strategic alternatives to enhance shareholder value, including a possible sale or other form of business combination. In August 2017, we announced that we had terminated our engagement with the financial advisor. While we are continuing to pursue value-enhancing initiatives, there can be no assurance that any transaction will be consummated. The process of exploring strategic alternatives involves the dedication of significant resources and the incurrence of significant costs and expenses. If we are unable to mitigate these or other potential risks related to the uncertainty caused by our exploration of strategic alternatives, it may disrupt our business or adversely impact our revenue, operating results, and financial condition.

***Our principal shareholder has the ability to control the policies and management of our company.***

Our Chairman of the Board and Chief Executive Officer, David Mintz, holds 2,630,440 shares of common stock representing approximately 51.0% of the outstanding shares. For as long as Mr. Mintz has a controlling interest in our company, he will have the ability to exercise a controlling influence over our business and affairs, including any determinations with respect to potential mergers or other business combinations involving us, our acquisition or disposition of assets, our incurrence of indebtedness, our issuance of any additional common shares or other equity securities, our repurchase or redemption of common shares and our payment of dividends. Similarly, as long as Mr. Mintz has a controlling interest in our company, he will have the power to determine the outcome of matters submitted to a vote of our shareholders, including the power to elect all of the members of our board of directors and prevent an acquisition or any other change in control of us.

***Trading on the OTCQB tier of the OTC Markets may be volatile and sporadic, which could depress the market price of our common stock and make it difficult for our stockholders to resell their shares.***

Since October 24, 2016 our common stock has been quoted on the OTCQB tier of the electronic quotation system operated by OTC Markets. Trading in stock quoted on the OTC Markets is often thin and characterized by wide fluctuations in trading prices, due to many factors that may have little to do with our operations or business prospects. This volatility could depress the market price of our common stock for reasons unrelated to operating performance. Moreover, the OTC Markets is not a stock exchange, and trading of securities on the OTC Markets is often more sporadic than the trading of securities listed on a quotation system like NASDAQ or a stock exchange like the NYSE MKT. Accordingly, shareholders may have difficulty reselling any of their shares and the lack of liquidity may negatively impact our ability to pursue strategic alternatives.

***Penny stock rules will limit the ability of our stockholders to sell their stock.***

The Securities and Exchange Commission has adopted regulations which generally define “penny stock” to be any equity security that has a market price (as defined) less than $5.00 per share or an exercise price of less than $5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and “accredited investors.” The term “accredited investor” refers generally to institutions with assets in excess of $5,000,000 or individuals with a net worth in excess of $1,000,000 or annual income exceeding $200,000 or $300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the Securities and Exchange Commission, which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of our common stock.

***The Financial Industry Regulatory Authority, or FINRA, has adopted sales practice requirements which may also limit a shareholder's ability to buy and sell our stock.***

In addition to the penny stock rules described above, FINRA has adopted rules that require that, in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative, low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative, low-priced securities will not be suitable for at least some customers. FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for its shares.

***Volatility of the market price of our common stock could adversely affect our shareholders and us.***

The market price of our common stock has been subject to fluctuations in the past and may be subject to wide fluctuations in response to numerous factors, including the following:

- actual or anticipated variations in our quarterly operating results or those of our competitors;
- announcements by us or our competitors of new and enhanced products;
- developments or disputes concerning proprietary rights;
- introduction and adoption of new industry standards;
- market conditions or trends in our industry;
- announcements by us or our competitors of significant acquisitions;
- entry into strategic partnerships or joint ventures by us or our competitors;
- additions or departures of key personnel;

- political and economic conditions, such as a recession or interest rate or currency rate fluctuations or political events; and

- other events or factors in any of the countries in which we do business, including those resulting from war, incidents of terrorism, natural disasters or responses to such events.

In addition, in recent years the stock market has been highly volatile. Many of these factors are beyond our control and may materially adversely affect the market price of our ordinary shares, regardless of our performance. In the past, following periods of market volatility, shareholders have often instituted securities class action litigation relating to the stock trading and price volatility of the company in question. If we were involved in any securities litigation, it could result in substantial cost to us to defend and divert resources and the attention of management from our business.

***We do not intend to pay cash dividends.***

Our policy is to retain earnings, if any, for use in our business and, for this reason, we do not intend to pay cash dividends on our shares of common stock in the foreseeable future.

**Item 1B. Unresolved Staff Comments.**

None.

**Item 2. Properties.**

Our facilities are located in a one-story facility in Cranford, New Jersey. The 6,200 square foot facility houses our administrative offices, a warehouse, walk-in freezer and refrigerator, and a product development laboratory and test kitchen. Our lease agreement expired in 1999, but we continue to occupy the premises under the terms of that agreement, subject to a six month notification period from us and the landlord with respect to any changes. We currently have no plans to enter into a long-term lease agreement for the facility. Our rent expense was $81,000 in both fiscal 2018 and fiscal 2017. Our management believes that the Cranford facility will continue to satisfy our space requirements for the foreseeable future. We rent warehouse storage space at various outside facilities. Outside warehouse expenses amounted to $448,000 and $507,000 during fiscal 2018 and 2017, respectively.

**Item 3. Legal Proceedings.**

We are not a party to any material litigation.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**PART II**

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

Our common stock was listed on the American Stock Exchange, or the AMEX, on October 29, 1985 and traded on the AMEX or its successor, NYSE MKT, under the symbol TOF until October 24, 2016 when our common stock began to be quoted on the OTCQB tier of the electronic quotation system operated by OTC Markets under the symbol TOFB.

Each share ranks equally as to dividends, voting rights, participation in assets on winding-up and in all other respects. No shares have been or will be issued subject to call or assessment. There are no preemptive rights, provisions for redemption or for either cancellation or surrender, or provisions for sinking or purchase funds.

The closing price for our common stock on March 25, 2019, as reported on the OTCQB, was $1.65.

**Holders of Record**

As of March 25, 2019, there were approximately 356 direct holders of record of our common stock.

**Dividends**

We have not paid and have no present intention of paying cash dividends on our common stock in the foreseeable future.

**2014 Equity Incentive Plan**

Our shareholders adopted our 2014 Equity Incentive Plan (the "Plan") on June 10, 2014. As of December 29, 2018, we had issued 80,000 non-qualified stock option awards under the Plan. No option awards were granted in the two fiscal years ended December 29, 2018. The Plan provides for grants of various types of awards ("Awards") that are designed to attract and retain highly qualified employees and directors who will contribute to the success of the company and to provide incentives to participants in this Plan that are linked directly to increases in shareholder value which will, therefore, inure to the benefit of all of our shareholders. The Plan will expire on June 9, 2024. The Plan makes 250,000 shares of our common stock available for Awards under the Plan. The Plan also permits performance-based Awards paid under the Plan to be tax deductible to the company as "performance-based compensation" under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").

**Administration**

The Plan is administered in accordance with the requirements of Section 162(m) of the Code (but only to the extent necessary and desirable to qualify Awards under the Plan as "performance-based compensation" under Section 162(m)) and, to the extent applicable, Rule 16b-3 under the Exchange Act ("Rule 16b-3"), by the Board or, at the Board's sole discretion, by the compensation or any other committee of the Board, as appointed by the Board (the "Administrator").

**Eligible Participants**

Incentive stock options, or ISOs, may be granted only to employees (including officers and directors who are also employees) of the company. Options and stock appreciation rights may be granted only to eligible participants as to whom company shares constitute "service recipient stock," within the meaning of the regulations under Section 409A of the Code. All other Awards may be granted to employees, officers and directors of the company. An Eligible Participant may be granted more than one Award under the Plan.

The Plan allows us to grant ISOs to our employees and non-statutory stock options, stock appreciation rights, restricted stock, performance grants, stock bonuses and any other types of equity-based awards to our employees, officers and directors. We believe that our ability to grant this broad array of equity incentives is critical to secure, retain and motivate our employees and directors and to respond to market conditions and best practices, while at the same time balancing such issuances and the potential dilution to our stockholders.

**Sales of Unregistered Securities**

There were no sales of unregistered securities during fiscal 2018.

**Purchase of Equity Securities By the Issuer and Affiliates**

We did not purchase any shares of our common stock in the thirteen weeks ended December 29, 2018 (the fourth quarter of fiscal 2018).

## Item 6. Selected Financial Data.

Not applicable.

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

*The following is management's discussion and analysis of certain significant factors which have affected our financial position and operating results during the periods included in the accompanying audited financial statements.*

**Critical Accounting Policies**

Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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. The policies discussed below are considered by management to be critical to an understanding of our financial statements because their application places the most significant demands on management's judgment, with financial reporting results relying on estimation about the effect of matters that are inherently uncertain. Specific risks for these critical accounting policies are described in the following paragraphs. For all of these policies, management cautions that future events rarely develop exactly as forecast, and the best estimates routinely require adjustment.

*Revenue Recognition.* We primarily sell non-dairy soy-based cheeses, frozen desserts and other food products. We recognize revenue when control over the products transfers to our customers, which generally occurs when the product is shipped or picked up from one of our distribution locations by the customer. We account for product shipping, handling and insurance as fulfillment activities with revenues for these activities recorded within net revenue and costs recorded within cost of sales. Revenues are recorded net of trade and sales incentives and estimated product returns. Known or expected pricing or revenue adjustments, such as trade discounts, rebates or returns, are estimated at the time of sale. We base these estimates of expected amounts principally on historical utilization and redemption rates. Estimates that affect revenue, such as trade incentives and product returns, are monitored and adjusted each period until the incentives or product returns are realized.

Key sales terms, such as pricing and quantities ordered, are established on a frequent basis such that most customer arrangements and related incentives have a one year or shorter duration. As such, we do not capitalize contract inception costs and we capitalize product fulfillment costs in accordance with U.S. GAAP and our inventory policies. We generally do not have any unbilled receivables at the end of a period.

*Accounts Receivable*. The majority of our accounts receivables are due from distributors (domestic and international) and retailers. Credit is extended based on evaluation of a customers' financial condition and, generally, collateral is not required. Accounts receivable are most often due within 30 to 90 days and are stated at amounts due from customers net of an allowance for doubtful accounts and reserve for sales promotions. Accounts outstanding longer than the contractual payment terms are considered past due. We determine whether an allowance is necessary by considering a number of factors, including the length of time trade accounts receivable are past due, our previous loss history, the customer's current ability to pay its obligation, and the condition of the general economy and the industry as a whole. We write-off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the bad debt expense account. We do not accrue interest on accounts receivable past due.

*Inventory.* Inventory is stated at lower of cost or net realizable value determined by first in first out (FIFO) method. Inventories in excess of future demand are written down and charged to the provision for inventories. At the point of which loss is recognized, a new, lower cost basis for that inventory is established and subsequent changes in facts and circumstances do not result in the restoration or increase in the newly established cost basis.

*Fixed Assets.* During fiscal 2018, we spent $121,000 on equipment to be used at our new co-packer's frozen dessert facility. We anticipate that this equipment will begin being used in connection with the production of frozen stick novelty items in the second quarter of 2019**.** Depreciation will be provided by charges to income using the straight-line method over the useful life of ten years.

*Income Taxes*. The carrying value of deferred tax assets assumes that we will be able to generate sufficient future taxable income to realize the deferred tax assets based on estimates and assumptions. If these estimates and assumptions change in the future, we may be required to record a valuation allowance against deferred tax assets which could result in additional income tax expense. We will recognize a tax benefit in the financial statements for an uncertain tax position only if management's assessment is that the position is "more likely than not" (i.e., a likelihood greater than 50 percent) to be sustained by the tax jurisdiction based solely on the technical merits of the position. The term "tax position" refers to a position in a previously filed tax return or a position expected to be taken in a future tax return that is reflected in measuring current or deferred income tax assets and liabilities for financial reporting purposes.

*Deferred Revenue and Costs.* Deferred revenue represents amounts from sales of our product that have been billed and shipped, but for which the transactions have not met our revenue recognition criteria. The cost of the related product has been recorded as deferred costs on our balance sheets.

*Stock Based Compensation.* We follow the provisions of ASC 718 *Share-Based Payment*. We use the Black-Scholes option pricing model to measure the estimated fair value of the options under ASC 718. Stock-based compensation expense is recognized over the requisite service period.

**Recent Accounting Pronouncements**

Our company considers the applicability and impact of all Accounting Standard Updates ("ASUs"). ASUs not discussed below were assessed and determined to be either not applicable or are expected to have minimal impact on our balance sheets or statements of operations.

In February 2016, the FASB established Topic 842, Leases, by issuing Accounting Standards Update (ASU) No. 2016-02, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by ASU No. 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU No. 2018-10, Codification Improvements to Topic 842, Leases; ASU No. 2018-11, Targeted Improvements; and ASU No. 2018-20, Narrow-Scope Improvements for Lessors. The new standard establishes a right-of-use model ("ROU") that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement.

The new standard was effective for our company on December 30, 2018. A modified retrospective transition approach is required, applying the new standard to all leases existing at the date of initial application. An entity may choose to use either (1) its effective date or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. If an entity chooses the second option, the transition requirements for existing leases also apply to leases entered into between the date of initial application and the effective date. The entity must also recast its comparative period financial statements and provide the disclosures required by the new standard for the comparative periods. We adopted the new standard on December 30, 2018 and used the effective date as our date of initial application. Consequently, financial information will not be updated, and the disclosures required under the new standard will not be provided for dates and periods before December 30, 2018.

The new standard provides several optional practical expedients in transition. We elected the 'package of practical expedients', which permits us not to reassess under the new standard our prior conclusions about lease identification, lease classification and initial direct costs.

The new standard also provides practical expedients for an entity's ongoing accounting. We elected the short-term lease recognition exemption for all leases that qualify. This means, for those leases that qualify, we will not recognize ROU assets or lease liabilities, and this includes not recognizing ROU assets or lease liabilities for existing short-term leases of those assets in transition. We did not elect the practical expedient to not separate lease and non-lease components for any of our leases.

We expect that this standard will have a material effect on our financial statements. While we continue to assess all the effects of adoption, we currently believe the most significant effects relate to the recognition of new ROU assets and lease liabilities on our balance sheet for our real estate and equipment operating leases and providing significant new disclosures about our leasing activities. We do not expect a significant change in our leasing activities between now and adoption.

We currently expect to recognize additional operating liabilities of approximately $359,000 with corresponding ROU assets of the same amount, based on the present value of the remaining minimum rental payments under current leasing standards for existing operating leases.

Effective December 31, 2017, we adopted Financial Accounting Standards Board ("FASB") Topic 606, Revenue from Contacts with Customers ("ASC 606"). In accordance with ASC 606, it was determined that the standard only impacted enhanced disclosure regarding revenue recognition, including disclosures of revenue streams, performance obligations, variable consideration and the related judgments and estimates necessary to apply the new standard.

ASC 606 was applied using the modified retrospective method. There was no cumulative effect of the initial application to be recognized as an adjustment to opening retained earnings at December 31, 2017. Accordingly, comparative periods have not been adjusted and continue to be reported under FASB ASC Topic 605, Revenue Recognition ("ASC" 605).

We generate revenues from the delivery of Tofutti branded plant-based cheeses, frozen desserts and other food products. Under ASC 606, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration expected to be received in exchange for those goods or services. We recognizes revenue when obligations under the terms of a contract with customers are satisfied; generally, this occurs with the transfer of control of our products.

Revenue is measured as the amount of net consideration expected to be received in exchange for transferring products. Revenue from product sales is governed primarily by purchase orders ("contracts") which specify quantity and product(s) ordered, shipping terms and certain aspects of the transaction price including discounts. Contracts are at standalone pricing that is governed by a pricing list. A performance obligation is a promise in a contract to transfer a distinct service to the customer. The performance obligation in these contracts is determined by each of the individual purchase orders and the respective stated quantities, with revenue being recognized at a point in time when obligations under the terms of the agreement are satisfied. This generally occurs with the transfer of control when the product is shipped or in most cases, picked up from one of our distribution locations, by the customer.

**Key Factors Affecting Our Business**

Our operations and the operating metrics discussed below have been, and will likely continue to be affected by certain key factors as well as certain historical events and actions. The key factors affecting our business and results of operations include among others, our lack of sufficient working capital, dependence on a few key distributors for a significant portion of our sales, dependence on several key suppliers to produce our products, our reliance on a limited number of key executives to manage our business, and competition. For further discussion of the factors affecting our results of operations, see "Risk Factors."

*We may not be able to maintain profitability in the future and may not have sufficient working capital to fund our operations in the future.*

While our operations have been profitable for the last three fiscal years, we incurred losses in prior years. Our cash and cash equivalents decreased to $558,000 while our working capital increased to $3,896,000 as of December 29, 2018. The lack of sufficient working capital in the future could negatively impact our ability to introduce and adequately promote new products. To the extent that we incur operating losses in the future or are unable to generate free cash flows from our business, we may not have sufficient working capital to fund our operations and will be required to obtain additional financing. Such financing may not be available, or, if available, may not be on terms satisfactory to us. If we are unable to maintain revenues, we may not be able sustain profitable operations in the future or generate positive cash flows from our operations.

*We depend on a few key distributors for a significant portion of our sales.*

A significant portion of our sales are to several key distributors, which are large distribution companies with numerous divisions and subsidiaries who act independently. Such distributors as a group accounted for 42% and 47% of our net sales for the fiscal years ended December 29, 2018 and December 30, 2017, respectively. Although we believe that the business associated with any of our primary distributors can be readily transferred to other distributors or directly to supermarket warehouses if necessary, no assurance can be given that a change in distributors would not be disruptive to our business, which could have a material adverse effect on our business and results of operations.

*Interruptions in the supply of products from our co-packers and suppliers could adversely affect our revenues.*

We depend on a limited number of suppliers for ingredients, packaging materials and the production of our products. We do not produce any of our own products. For the year ended December 29, 2018, we purchased approximately 49% of our finished goods from Franklin Foods, our co-packer of **BETTER THAN CREAM CHEESE, WHIPPED BETTER THAN CREAM CHEESE, SOUR SUPREME,** and **BETTER THAN RICOTTA** products. We purchased 20% of our finished goods in fiscal 2018 from Ice Cream Specialties and Luke's Ice Cream, our former and current frozen dessert novelty co-packers.

In September 2016, we were notified by Ice Cream Specialties, the co-packer of our frozen dessert stick novelties, Tofutti Cuties, and Yours Truly Cones, that they would cease manufacturing those products by the end of January 2018. In April 2018 we began production of our Tofutti Cuties at our new frozen dessert novelty co-packer, Luke's Ice Cream, located in Florida. Luke's began manufacturing Yours Truly Cones in November 2018 and we expect them to initiate the manufacture of our frozen dessert novelty bars in the second quarter of 2019. Our frozen dessert pints are produced by Leiby's Dairy in Pennsylvania. Any future disruption in supply could have a material adverse effect on our company.

We have little control over the suppliers of ingredients to our co-packers. Disruptions in these relationships may reduce our sales and revenues. Overall difficulty of suppliers meeting product demand, interruptions in the supply chain, obstacles or delays in the process of renegotiating or renewing agreements with preferred suppliers, financial difficulties experienced by suppliers, or the deficiency, lack, or poor quality of alternative suppliers could adversely impact our sales which, in turn, would adversely affect our business and operating results. We believe that, if necessary, we could obtain available alternative sources of supply for each of our products. Depending on the product, that might entail using more than one source of supply.

*We rely on a limited number of key executives to manage our business.*

Our success is significantly dependent on the services of David Mintz (age 87), our Chief Executive Officer, and Steven Kass (age 67), our Chief Financial Officer. The loss of the services of either of these persons could have a material adverse effect on our business and results of operations.

*Competition.*

The dairy free, vegan frozen dessert and food and health food markets are highly competitive. In addition, many of our principal competitors are large, diversified companies with resources significantly greater than ours. We expect strong competition to continue, including competition for adequate distribution and competition for the limited shelf space for the frozen dessert and dairy free cheese food categories in supermarkets and other retail food outlets.

From time to time, we and our customers experience price pressure in some of our markets as a result of competitors' promotional pricing practices as well as general market conditions. Our failure to match or exceed our competitors' cost reductions through innovative products and other improvements could weaken our competitive position. Competition is based on product quality, reliability, food safety, distribution effectiveness, brand loyalty, price, effective promotional activities, the ability to identify and satisfy emerging consumer preferences and the ability to provide ancillary support services. We may not be able to compete effectively with these larger, more diversified companies.

**Fiscal Year Ended December 29, 2018 Compared with Fiscal Year Ended December 30, 2017**

We operate on a fiscal year ending on the Saturday closest to December 31. Fiscal years for the financial statements included in this report are the fifty-two week period ended December 29, 2018 (fiscal 2018) and the fifty-two week period ended December 30, 2017 (fiscal 2017).

Net sales for the fiscal year ended December 29, 2018 were $13,066,000, a decrease of $1,041,000, or 7%, from net sales of $14,107,000 for the fiscal year ended December 30, 2017. Sales of our frozen dessert and frozen food product lines decreased to $2,255,000 in fiscal 2018 from $2,870,000 in fiscal 2017. Our frozen dessert business continues to be negatively impacted by the overall sluggish sales in the ice cream category. Additionally, in September 2016, Ice Cream Specialties, the co-packer who manufactured our frozen dessert novelty products, which included Tofutti Cuties, Yours Truly Cones and stick novelties, notified us that they would completely cease manufacturing these products by the end of January 2018. The co-packer ceased manufacturing our stick novelties and Yours Truly Cones in June

2017. The unavailability of these items negatively impacted sales of our frozen desserts. Sales of vegan cheese products decreased to $10,811,000 in fiscal 2018 from $11,237,000 in fiscal 2017 due to a FDA industry-wide mandate that by June 2018 it would no longer be permissible to make and sell food products using partially hydrogenated fats. It took several months to transition our accounts purchasing those items to our other version of the Better Than Cream Cheese and Sour Supreme, which negatively impacted sales. All such accounts were successfully transitioned in 2018, and we expect sales of our cheese products to return to their former levels.

Our gross profit in the year ended December 29, 2018 decreased by $636,000 to $4,104,000 from $4,740,000, reflecting the decrease in sales and gross profit percentage. Our gross profit percentage for the year ended December 29, 2018 decreased to 31% from 34% for the year ended December 30, 2017. The decline in our gross profit percentage was due to initial start-up costs incurred in connection with re-starting the production of Tofutti Cuties and Yours Truly Cones with a new co-packer. Sales promotion and allowance expense was $1,513,000 for the year ended December 29, 2018 compared to $1,529,000 for the year ended December 30, 2017. We intend to increase gross profitability in future periods through selective price increases and selective ingredient replacements to lower-cost alternatives.

Freight out expense decreased to $918,000 for the year ended December 29, 2018 compared with $960,000 for the year ended December 30, 2017 due to the reduction in sales. Freight out cost as a percentage of sales in fiscal 2018 and fiscal 2017 was approximately 7%.

Selling and warehousing expenses decreased by $159,000, or 10%, to $1,357,000 for fiscal 2018 from $1,516,000 in fiscal 2017. This decrease was primarily attributable to decreases in commission expense of $108,000, outside warehouse rental expense of $59,000 and in payroll expense of $25,000. These decreases were partially offset by increases in travel, entertainment, auto and meetings and conventions expense of $23,000, and messenger expense of $9,000. The decrease in commission expense in fiscal 2018 was largely attributable to the decline in sales. We anticipate that selling expenses as a percentage of sales in fiscal 2019 will be comparable to or slightly less than in fiscal 2018.

Marketing expenses decreased in fiscal 2018 by $19,000, or 6%, to $294,000 from $313,000 in fiscal 2017 due to a decrease in promotion expense of $42,000, which was partially offset by an increase in artwork and plates expense of $22,000. We expect that marketing expenses in fiscal 2018 will be comparable to or slightly less than our expenses in fiscal 2017.

Product development expenses increased by $17,000, or 4%, to $410,000 in fiscal 2018 from $393,000 in fiscal 2017. The increase was primarily attributable to an increase in payroll expense of $34,000, which was partially offset by decreases in professional fees and outside services expense of $10,000, travel, entertainment and auto expense of $11,000, and lab costs and supplies expense of $5,000. We expect that product development costs will remain constant or decline slightly in fiscal 2019.

General and administrative expenses decreased by $97,000, or 5%, to $1,671,000 for fiscal 2018 from $1,768,000 for fiscal 2017. The decrease was primarily due to decreases in stock compensation expense of $69,000 as all options fully vested in fiscal 2017, professional fees and outside services expenses of $41,000, utilities expense of $9,000, increased bank fees, and increased general insurance expense. These decreases were partially offset by increases in payroll expense of $20,000, office supply expense of $6,000 and building maintenance and repairs expense of $5,000. We expect that general and administrative expenses will remain constant in fiscal 2019.

Overall, total operating expenses in fiscal 2018 decreased by $258,000, or 6%, to $3,732,000 compared to total operating expenses of $3,990,000 in fiscal 2017. We anticipate that our operating expenses in fiscal 2019 will remain comparable with fiscal 2018 expenses.

Income before income taxes decreased to $347,000 in fiscal 2018 as compared with income before income taxes of $724,000 in fiscal 2017, due to the reduction in sales.

Income tax benefit for the 2018 fiscal period was $160,000 compared to income tax expense of $20,000 for the 2017 fiscal period. Our income tax expense rate in 2017 resulted from our use of federal and state net operating loss carryforwards. Our income tax benefit during the 2018 fiscal period was due to a reversal of valuation allowance on deferred tax assets as we concluded we will be able to utilize such assets in future periods. As of December 29, 2018, we had no federal net operating loss carryforwards and $731,000 of state net operating loss carryforwards, which will begin to expire in 2033.

**Liquidity and Capital Resources**

At December 29, 2018, we had approximately $558,000 in cash and cash equivalents, our working capital was $3,896,000, and our current and quick acid test ratios, both measures of liquidity, were 7.1 and 4.4, respectively, as of December 29, 2018.

In fiscal 2014 and 2015, we incurred significant losses which resulted in a decrease in our capital resources. In order to provide our company with additional working capital, on January 6, 2016, David Mintz, our Chairman and Chief Executive, provided our company with a loan of $500,000 which is secured by substantially all of our assets. Interest of 5% is payable on a quarterly basis without compounding. The loan may be prepaid in whole or in part at any time without premium or penalty. The loan is convertible into our common stock at a conversion price of $4.01 per share at the option of the holder, the closing price of our common stock on the NYSE MKT on the date the promissory note was entered into. Initially due December 31, 2017, the loan has been extended until December 31, 2020**.**

| **Cash Flows** | **Fiscal Year ended** | |
|---|---|---|
| | **December 29, 2018** | **December 30, 2017** |
| | **(In thousands)** | |
| Net cash (used in) provided by operating activities | $(725) | $1,288 |
| Net cash (used in) investing activities | (121) | -- |
| Net cash (used in) financing activities | (10) | (6) |
| Net (decrease) increase in cash and cash equivalents | (856) | 1,282 |
| Cash and cash equivalents at beginning of year | 1,414 | 132 |
| Cash and cash equivalents at end of year | $ 558 | $1,414 |

Cash used in operating activities for the year ended December 29, 2018 was $725,000 compared to $1,288,000 provided by operating activities for the year ended December 30, 2017. Net cash used in operating activities for the year ended December 29, 2018 was primarily the result of increases in accounts receivable of $463,000 and inventory of $336,000 and a decrease in accounts payable and accrued expenses of $414,000. These uses of cash were partially offset by net income of $507,000.

Cash used in investing activities was $121,000 for the fiscal year ended December 29, 2018 due to fixed asset purchases compared to no cash used in investing activities for the fiscal year ended December 30, 2017.

Cash used in financing activities was $10,000 for the fiscal year ended December 29, 2018 compared to $6,000 used in financing activities for the fiscal year ended December 30, 2017.

As a result of the foregoing, our cash and cash equivalents decreased to $558,000 at December 29, 2018 from $1,414,000 at December 30, 2017.

We believe our existing cash and cash equivalents on hand at December 29, 2018, existing working capital, and our expected cash flows from operations will be sufficient to support our operating and capital requirements during the next twelve months.

**Contractual Obligations**

We had no material contractual obligations at December 29, 2018.

**Inflation and Seasonality**

We do not believe that our operating results have been materially affected by inflation during the preceding two years. There can be no assurance, however, that our operating results will not be affected by inflation in the future. Our business is subject to minimal seasonal variations with slightly increased sales historically in the second and third quarters of the fiscal year. We expect to continue to experience slightly higher sales in the second and third quarters, and slightly lower sales in the fourth and first quarters, as a result of reduced sales of dairy free frozen desserts during those periods.

**Market Risk**

We will invest our excess cash, should there be any, in highly rated money market funds which are subject to changes in short-term interest rates. We do not believe that our foreign currency exposure is significant as our export sales are transacted in U.S. dollars. We did not enter into any foreign exchange contracts in the year ended December 29, 2018.

**Off-Balance Sheet Arrangements**

None.

## Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

Not applicable.

## Item 8. Financial Statements and Supplementary Data.

### Index to Financial Statements

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Tofutti Brands, Inc.

***Opinion on the Financial Statements***

We have audited the accompanying balance sheets of Tofutti Brands, Inc. (the “Company”) as of December 29, 2018 and December 30, 2017, and the related statements of income, changes in stockholders’ equity, and cash flows for each of the fiscal years then ended, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 29, 2018 and December 30, 2017, and the results of its operations and its cash flows for each of the fiscal years then ended, in conformity with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting 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.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ EisnerAmper LLP

We have served as the Company’s auditor since fiscal year 2010.

EISNERAMPER LLP
Philadelphia, Pennsylvania
March 29, 2019

**TOFUTTI BRANDS INC.**
**BALANCE SHEETS**
(In thousands, except for share and per share data)

| **Assets** | **December 29, 2018** | **December 30, 2017** |
|---|---|---|
| Current assets: | | |
| Cash and cash equivalents | $ 558 | $1,414 |
| Accounts receivable, net of allowance for doubtful accounts and sales promotions of $491 and $386, respectively | 2,128 | 1,770 |
| Inventories, net | 1,714 | 1,483 |
| Prepaid expenses and other current assets | 82 | 72 |
| Deferred costs | 54 | 86 |
| Total current assets | 4,536 | 4,825 |
| Deferred tax assets | 217 | -- |
| Fixed assets (net of accumulated depreciation of $0 and $19, respectively) | 121 | 10 |
| Other assets | 16 | 16 |
| | $4,890 | $4,851 |
| **Liabilities and Stockholders' Equity** | | |
| Current liabilities: | | |
| Notes payable-current | $ -- | $ 6 |
| Accounts payable | 368 | 468 |
| Accrued expenses | 272 | 536 |
| Deferred revenue | -- | 94 |
| Total current liabilities | 640 | 1,104 |
| Convertible note payable-long term-related party | 500 | 500 |
| Note payable-long term | -- | 4 |
| Total liabilities | 1,140 | 1,608 |
| Stockholders' equity: | | |
| Preferred stock - par value $.01 per share; authorized 100,000 shares, none issued | -- | -- |
| Common stock - par value $.01 per share; authorized 15,000,000 shares, issued and outstanding 5,153,706 shares at December 29, 2018 and December 30, 2017 | 52 | 52 |
| Additional paid-in capital | 207 | 207 |
| Retained earnings | 3,491 | 2,984 |
| Total stockholders' equity | 3,750 | 3,243 |
| Total liabilities and stockholders' equity | $4,890 | $4,851 |

See accompanying notes to financial statements.

**TOFUTTI BRANDS INC.**
**STATEMENTS OF INCOME**
(In thousands, except for per share data)

| | Fiscal year ended December 29, 2018 | Fiscal year ended December 30, 2017 |
|---|---|---|
| Net sales | $13,066 | $14,107 |
| Cost of sales | 8,962 | 9,367 |
| Gross profit | 4,104 | 4,740 |
| | | |
| Operating expenses: | | |
| Selling and warehousing | 1,357 | 1,516 |
| Marketing | 294 | 313 |
| Product development costs | 410 | 393 |
| General and administrative | 1,671 | 1,768 |
| Total operating expenses | 3,732 | 3,990 |
| | | |
| Income from operations | 372 | 750 |
| | | |
| Interest expense- related party | 25 | 25 |
| Interest expense-other | -- | 1 |
| Income before provision for income tax | 347 | 724 |
| Income tax (benefit) expense | (160) | 20 |
| | | |
| Net income | $507 | $704 |
| | | |
| Weighted average common shares outstanding: | | |
| Basic and diluted | 5,154 | 5,154 |
| Net income per common share: | | |
| Basic and diluted | $0.10 | $0.14 |

See accompanying notes to financial statements.

**TOFUTTI BRANDS INC.**
**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**
**Fiscal Years ended December 29, 2018 and December 30, 2017**
(In thousands, except for share data)

| | Common Stock | | Additional Paid-In | Retained | Total Stockholders' |
|---|---|---|---|---|---|
| | Shares | Amount | Capital | Earnings | Equity |
| Balances December 31, 2016 | 5,153,706 | $52 | $138 | $2,280 | $2,470 |
| Net income | -- | -- | -- | 704 | 704 |
| Stock-based compensation | -- | -- | 69 | -- | 69 |
| Balances December 30, 2017 | 5,153,706 | 52 | 207 | 2,984 | 3,243 |
| Net income | -- | -- | -- | 507 | 507 |
| Balances December 29, 2018 | 5,153,706 | $52 | $207 | $3,491 | $3,750 |

See accompanying notes to financial statements.

**TOFUTTI BRANDS INC.**
**STATEMENTS OF CASH FLOWS**
(In thousands)

| | Fiscal Year ended December 29, 2018 | Fiscal Year ended December 30, 2017 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | $507 | $704 |
| Adjustments to reconcile net income to net cash flows (used in) provided by operating activities: | | |
| Depreciation | 10 | 5 |
| Stock-based compensation expense | -- | 69 |
| Provision for bad debts and sales promotions | 105 | 16 |
| Provision for inventory reserve | 105 | -- |
| Deferred tax asset provision | (217) | -- |
| Change in the unrecognized tax position | 50 | 14 |
| Change in assets and liabilities: | | |
| Accounts receivable | (463) | 840 |
| Inventories | (336) | 82 |
| Prepaid expenses | (10) | (6) |
| Deferred costs | 32 | 14 |
| Deferred revenue | (94) | (14) |
| Accounts payable and accrued expenses | (414) | (436) |
| Net cash flows (used in) provided by operating activities | (725) | 1,288 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of fixed assets | (121) | -- |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Principal payments on note payable obligation | (10) | (6) |
| Net cash flows used in financing activities | (10) | (6) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (856) | 1,282 |
| CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR | 1,414 | 132 |
| CASH AND CASH EQUIVALENTS, AT END OF YEAR | $ 558 | $ 1,414 |
| SUPPLEMENTAL CASH FLOW INFORMATION: | | |
| Income taxes paid | $ 5 | $ 4 |
| Interest expense- related party | $ 25 | $ 25 |
| Interest expense-other | $ -- | $ 1 |

See accompanying notes to financial statements.

## NOTE 1: LIQUIDITY AND CAPITAL RESOURCES

At December 29, 2018, Tofutti Brands, Inc. (the "Company") had approximately $558 in cash compared to $1,414 at December 30, 2017. Net cash used in operating activities for the year ended December 29, 2018 was $725 compared to $1,288 provided by operating activities for the year ended December 30, 2017. Net cash used in operating activities for the year ended December 29, 2018 was primarily the result of increases in accounts receivable of $463 and inventory of $336 and decreases in accounts payable and accrued expenses of $414 and deferred revenue of $34. These uses of cash were partially offset by net income of $507.

Cash used in investing activities was $121 for the fiscal year ended December 29, 2018 compared to none for the fiscal year ended December 30, 2017.

Cash used in financing activities was $10 for the fiscal year ended December 29, 2018 compared to $6 used in financing activities for the fiscal year ended December 30, 2017.

The Company has historically financed operations and met capital requirements primarily through positive cash flow from operations. However, due to net losses and cash used in operations in prior years in order to provide the Company with additional working capital, on January 6, 2016, David Mintz, the Company's Chairman and Chief Executive, provided it with a loan of $500. Commencing March 31, 2016, interest of 5% is payable on a quarterly basis without compounding. The loan may be prepaid in whole or in part at any time without premium or penalty. The loan is convertible into the Company's common stock at a conversion price of $4.01 per share, the closing price of its common stock on the NYSE MKT on the date the promissory note was entered into. In any event of default, as defined in the promissory note, without any action on the part of Mr. Mintz, the interest rate will increase to 12% per annum and the entire principal and interest balance under the loan, and all of the Company's other obligations under the loan, will be immediately due and payable, and Mr. Mintz will be entitled to seek and institute any and all remedies available to him. Initially due December 31, 2017, the loan has been extended until December 31, 2020.

The Company's ability to introduce successful new products may be adversely affected by a number of factors, such as unforeseen cost and expenses, economic environment, increased competition, and other factors beyond the Company's control. Management cannot provide assurance that the Company will operate profitably in the future, or that it will not require significant additional financing in order to accomplish or exceed the objectives of its business plan. Consequently, the Company's historical operating results cannot be relied on to be an indicator of future performance, and management cannot predict whether the Company will obtain or sustain positive operating cash flow or generate net income in the future.

## NOTE 2: DESCRIPTION OF THE BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Description of Business -** Tofutti Brands Inc. ("Tofutti" or the "Company") is engaged in one business segment, the development, production and marketing of dairy free frozen desserts and other food products.

**Operating Segments.** The Company reports on operating segments in accordance with standards for public companies to report information about operating segments and geographic distribution of sales in financial statements. While the Company has multiple products and or product groups, its goal is to focus on dairy free foods. The Company's chief operating decision maker tracks revenue by product groups, but does not track more granular operating results by product group as many of the ingredients are similar amongst these groups. As a result, the Company has determined that it has only one operating segment, which is the development, production and marketing of soy and other vegetable protein- based, dairy free frozen desserts, frozen food products and soy and other vegetable protein-based cheese products. All long-lived assets are located in the United States, the Company's country of domicile.

**Fiscal Year** - The Company operates on a fiscal year ending on the Saturday closest to December 31st. Fiscal years for the financial statements included herein are the fifty-two week fiscal periods ended December 29, 2018 and December 30, 2017, fiscal 2018 and fiscal 2017, respectively.

**Estimates and Uncertainties** - The preparation of the 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. Significant estimates include allowance for doubtful accounts, sales promotion accruals, inventory reserves and reserves for uncertain tax positions. Actual results could differ from those estimates.

**Revenue Recognition** – The Company primarily sell dairy free, vegan cheeses, frozen desserts and other food products as detailed in Note 9 Revenue. The Company recognizes revenue when control over the products transfers to its customers, which generally occurs upon delivery or shipment of the products. The Company accounts for product shipping, handling and insurance as fulfillment activities with revenues for these activities recorded within net revenue and costs recorded within cost of sales. Revenues are recorded net of trade and sales incentives and estimated product returns. Known or expected pricing or revenue adjustments, such as trade discounts, rebates or returns, are estimated at the time of sale. The Company bases these estimates of expected amounts principally on historical utilization and redemption rates. Estimates that affect revenue, such as trade incentives and product returns, are monitored and adjusted each period until the incentives or product returns are realized.

Key sales terms, such as pricing and quantities ordered, are established on a frequent basis such that most customer arrangements and related incentives have a one year or shorter duration. As such, we do not capitalize contract inception costs and we capitalize product fulfillment costs in accordance with U.S. GAAP and our inventory policies. The Company generally does not have any unbilled receivables at the end of a period.

**Concentration of Credit/Sales Risk** - Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of cash and unsecured trade receivables. During the year, the Company's cash balance at its financial institution exceeded the FDIC limit of $250.

The Company performs ongoing evaluations of its customers' financial condition and does not require collateral. Management feels that credit risk beyond the established allowances at December 30, 2017 is limited.

During the fiscal years ended December 29, 2018 and December 30, 2017, the Company derived approximately 82% and 88% of its net sales domestically. The remaining sales in both periods were exports to foreign countries. The accounts receivable balance of three customers represented approximately 51% of total accounts receivable at December 29, 2018, and three customers represented approximately 45% of total accounts receivable at December 30, 2017. In addition, a significant portion of the Company's sales are to several key distributors, which are large distribution companies with numerous divisions and subsidiaries who act independently. Such distributors as a group accounted for 42% and 47% of the Company's net sales for the fiscal years ended December 29, 2018 and December 30, 2017.

**Accounts Receivable -** The majority of the Company's accounts receivables are due from distributors (domestic and international) and retailers. Credit is extended based on evaluation of a customers' financial condition and, generally, collateral is not required. Accounts receivable are most often due within 30 to 90 days and are stated at amounts due from customers net of an allowance for doubtful accounts and reserve for sales promotion. Accounts outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Company's previous loss history, the customer's current ability to pay its obligation to the Company, and the condition of the general economy and the industry as a whole. The Company writes-off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the bad debt expense. The Company does not accrue interest on accounts receivable past due.

**Deferred Revenue and Deferred Costs** - Deferred revenue represents amounts from sales of the Company's product that have been billed and shipped, but for which the transactions have not met its revenue recognition criteria. The cost of the related product has been recorded as deferred costs on its balance sheet.

**Cash and Cash Equivalents** - The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

**Inventories** - Inventory is stated at lower of cost or net realizable value determined by first in first out (FIFO) method. Inventories in excess of future demand or approaching expiration are written down and charged to the provision for inventories. At the point of which loss is recognized, a new, lower cost basis for that inventory is established and subsequent changes in facts and circumstances do not result in the restoration or increase in the newly established cost basis.

The Company purchased approximately 49% and 41% of its finished products from one supplier and 20% and 17% of its finished products from another supplier during the periods ended December 29, 2018 and December 30, 2017, respectively.

**Income Taxes** - Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recorded if there is uncertainty as to the realization of deferred tax assets. The Company will recognize a tax benefit in the financial statements for an uncertain tax position only if management's assessment is that the position is "more likely than not" (i.e., a likelihood greater than 50 percent) to be sustained by the tax jurisdiction based solely on the technical merits of the position. The term "tax position" refers to a position in a previously filed tax return or a position expected to be taken in a future tax return that is reflected in measuring current or deferred income tax assets and liabilities for financial reporting purposes.

**Stock-based compensation** - The Company accounts for stock-based awards to employees and directors in accordance with the provisions of ASC 718, "Compensation – Stock Compensation." Under ASC 718, share-based awards are valued at fair value on the date of grant and that fair value is recognized over the requisite service period on a straight-line basis. The Company values its stock option using the Black-Scholes option pricing model.

(In thousands, except for share and per share data)

**Earnings Per Share** - Basic earnings per common share has been computed by dividing earnings by the weighted average number of common shares outstanding. For the fiscal years ended December 29, 2018 and December 30, 2017, stock equivalents of 80,000 shares were excluded from diluted earnings per share calculations since the effect was anti-dilutive because the strike price was greater than the quoted market value at such date.

| | Fiscal Year Ended December 29, 2018 | Fiscal Year Ended December 30, 2017 |
|---|---|---|
| Net income, numerator, basic and diluted computation | $507 | $704 |
| Weighted average shares - denominator basic computation | 5,154 | 5,154 |
| Effect of dilutive stock options | -- | -- |
| Weighted average shares, as adjusted - denominator diluted computation | 5,154 | 5,154 |
| Earnings per common share: | | |
| Basic and diluted | $0.10 | $0.14 |

**Fair Value of Financial Instruments** - The fair value of financial instruments, which primarily consist of cash and equivalents, accounts receivable, accounts payable and accrued expenses are stated at their carrying values. The carrying amounts approximate fair value because of the short-term nature of those instruments.

**Freight Costs** - Freight costs to ship inventory to customers and to outside warehouses amounted to $918 and $960 during the fiscal years ended December 29, 2018 and December 30, 2017, respectively. Such costs are included in costs of goods sold.

**Advertising Costs** - The Company expenses advertising costs as they are incurred. Advertising expenses amounted to $188 and $192 during the fiscal years December 29, 2018 and December 30, 2017, respectively.

**Product Development Costs** - Costs of new product development and product redesign are charged to expense as incurred. Product development costs amounted to $410 and $393 during the fiscal years ended December 29, 2018 and December 30, 2017, respectively.

**Recent Accounting Pronouncements** – The Company considers the applicability and impact of all Accounting Standard Updates ("ASUs"). ASUs not discussed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Company's balance sheets or statements of operations.

In February 2016, the FASB established Topic 842, Leases, by issuing Accounting Standards Update (ASU) No. 2016-02, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by ASU No. 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU No. 2018-10, Codification Improvements to Topic 842, Leases; ASU No. 2018-11, Targeted Improvements; and ASU No. 2018-20, Narrow-Scope Improvements for Lessors. The new standard establishes a right-of-use model ("ROU") that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement.

The new standard was effective for the Company on December 30, 2018. A modified retrospective transition approach is required, applying the new standard to all leases existing at the date of initial application. An entity may choose to use either (1) its effective date or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. If an entity chooses the second option, the transition requirements for existing leases also apply to leases entered into between the date of initial application and the effective date. The entity must also recast its comparative period financial statements and provide the disclosures required by the new standard for the comparative periods. The Company adopted the new standard on December 30, 2018 and used the effective date as its date of initial application. Consequently, financial information will not be updated, and the disclosures required under the new standard will not be provided for dates and periods before December 30, 2018.

The new standard provides several optional practical expedients in transition. The Company elected the 'package of practical expedients', which permits it not to reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs.

The new standard also provides practical expedients for an entity's ongoing accounting. The Company elected the short-term lease recognition exemption for all leases that qualify. This means, for those leases that qualify, the Company will not recognize ROU assets or lease liabilities, and this includes not recognizing ROU assets or lease liabilities for existing short-term leases of those assets in transition. The Company did not elect the practical expedient to not separate lease and non-lease components for any of its leases.

The Company expects that this standard will have a material effect on its financial statements. While the Company continues to assess all the effects of adoption, it currently believes the most significant effects relate to the recognition of new ROU assets and lease liabilities on its balance sheet for its real estate and equipment operating leases and providing significant new disclosures about its leasing activities. The Company does not expect a significant change in its leasing activities between now and adoption.

The Company currently expects to recognize additional operating liabilities of approximately \$370,000 with corresponding ROU assets of the same amount, based on the present value of the remaining minimum rental payments under current leasing standards for existing operating leases.

Effective December 31, 2017, the Company adopted Financial Accounting Standards Board ("FASB") Topic 606, Revenue from Contacts with Customers ("ASC 606"). In accordance with ASC 606, it was determined that the standard only impacted enhanced disclosure regarding revenue recognition, including disclosures of revenue streams, performance obligations, variable consideration and the related judgments and estimates necessary to apply the new standard.

ASC 606 was applied using the modified retrospective method. There was no cumulative effect of the initial application to be recognized as an adjustment to opening retained earnings at December 31, 2017. Accordingly, comparative periods have not been adjusted and continue to be reported under FASB ASC Topic 605, Revenue Recognition ("ASC" 605).

The Company generates revenues from the delivery of Tofutti branded plant-based cheeses, frozen desserts and other food products. Under ASC 606, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration expected to be received in exchange for those goods or services. The company recognizes revenue when obligations under the terms of a contract with customers are satisfied; generally, this occurs with the transfer of control of the Company's products. Revenue is measured as the amount of net consideration expected to be received in exchange for transferring products. Revenue from product sales is governed primarily by purchase orders ("contracts") which specify quantity and product(s) ordered, shipping terms and certain aspects of the transaction price including discounts. Contracts are at standalone pricing that is governed by a pricing list. A performance obligation is a promise in a contract to transfer a distinct service to the customer. The performance obligation in these contracts is determined by each of the individual purchase orders and the respective stated quantities, with revenue being recognized at a point in time when obligations under the terms of the agreement are satisfied. This generally occurs with the transfer of control when the product is shipped or in most cases, picked up from one of the Company's distribution locations, by the customer.

(In thousands, except for share and per share data)

**NOTE 3: INVENTORIES**

Inventories consist of the following:

| | December 29, 2018 | December 30, 2017 |
|---|---|---|
| Finished products | $1,061 | $820 |
| Raw materials and packaging | 653 | 663 |
| | $1,714 | $1,483 |

**NOTE 4: FIXED ASSETS**

Fixed assets consist of the following:

| | December 29, 2018 | December 30, 2017 |
|---|---|---|
| Automobile | $ -- | $ 29 |
| Manufacturing equipment installed at co-packer | 121 | -- |
| Less: accumulated depreciation | -- | (19) |
| Fixed assets, net | $ 121 | $ 10 |

#
Depreciation expense as of year-end December 29, 2018 and December 30, 2017 was $10 and $5, respectively. During the fourth quarter of fiscal 2018, an automobile with a net book value of $3 was sold to a related party for $3. Proceeds from the sale were received in the first quarter of fiscal 2019.

**NOTE 5: STOCK OPTIONS**

On June 10, 2014, the shareholders of the Company approved the 2014 Equity Incentive Plan (the "2014 Plan"). The 2014 Plan provides for grants of various types of awards that are designed to attract and retain highly qualified personnel who will contribute to the success of the Company and to provide incentives to participants in the 2014 Plan that are linked directly to increases in shareholder value which will therefore inure to the benefit of all shareholders of the Company. The Company intends to rely on a combination of multi-year performance awards, options and other stock-based awards for these purposes. The 2014 Plan made 250,000 shares of Common Stock available for awards. The 2014 Plan also permits performance-based 2014 awards paid under it to be tax deductible under Section 162(m) of the Internal Revenue Code of 1986, as amended, as "performance-based compensation." As of December 29, 2018, the Company has issued 80,000 non-qualified stock option awards under the 2014 Plan.

The following is a summary of stock option activity from December 30, 2017 to December 29, 2018:

(In thousands, except for share and per share data)

| | NON-QUALIFIED OPTIONS | |
|---|---|---|
| | Shares | Weighted Average Exercise Price ($) |
| Outstanding at December 30, 2017 | 80,000 | 4.42 |
| Granted | -- | -- |
| Exercised | -- | -- |
| Outstanding at December 29, 2018 | 80,000 | 4.42 |
| Exercisable at December 29, 2018 | 80,000 | 4.42 |

The following table summarizes information about stock options outstanding at December 29, 2018:

| Range of Exercise Prices ($) | Number Outstanding | Weighted Average Remaining Life (in years) | Weighted Average Exercise Price($) | Number Exercisable |
|---|---|---|---|---|
| $4.39-4.46 | 80,000 | 1.31 | $4.42 | 80,000 |

The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing formula. Expected volatilities and risk-free interest rates are based upon the expected life of the grant. The interest rates used are the U.S. Treasury yield curve in effect at the time of the grant.

During fiscal 2015, 80,000 options were granted, with 26,668 of the options vesting at the respective grant date, 26,666 vesting in January 2016, and 26,666 vesting in January 2017. At the date of grant, expected volatility was 69.8%-71.4%, a risk-free rate of 1.3%-1.8%, 0% expected dividends, and an expected term of five years.

As of December 29, 2018, the intrinsic value of the options outstanding and exercisable was immaterial, and there was $0 of total unrecognized compensation cost.

**NOTE 6: LEASES**

The Company's facilities are located in a one-story facility in Cranford, New Jersey. The 6,200 square foot facility houses its administrative offices, a warehouse, walk-in freezer and refrigerator, and a product development laboratory and test kitchen. The Company's original lease agreement expired on July 1, 1999, but it continues to occupy the premises on a monthly basis. Any changes by either the landlord or the Company remains subject to a six month notification period. The Company currently has no plans to enter into a long-term lease agreement for the facility. Rent expense was $81 in fiscal 2018 and fiscal 2017. The Company's management believes that the Cranford facility will continue to satisfy its space requirements for the foreseeable future and that if necessary, such space can be replaced without a significant impact to the business.

**NOTE 7: INCOME TAXES**

The Company calculates its provision for federal and state income taxes based on current tax law. The Tax Cuts and Jobs Act (the "Act") was enacted on December 22, 2017 ("Enactment Date") and has several key provisions impacting accounting for and reporting of income taxes. The most significant provision reduces the U.S. corporate statutory tax rate from 35% to 21% beginning on January 1, 2018. Although most provisions of tax reform were not effective until 2018, the Company was required to record the effect of a change in tax law as of the Enactment Date on its deferred tax assets. The Company maintained a full valuation allowance against its deferred tax assets, and there was no income tax expense recorded related to this change as of December 30, 2017. As of the Enactment Date, the Company estimates that its deferred tax asset and related valuation allowance were each reduced by approximately $155.

(In thousands, except for share and per share data)

Additionally, the Securities Exchange Commission staff issued Staff Accounting Bulletin No. 118 (“SAB 118”) on December 22, 2017, which allows the Company to record provisional amounts during a measurement period not to extend beyond one year of the Enactment Date. SAB 118 was issued to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Act. As of December 29, 2018, the Company has completed the accounting of the effects of the Act and has no adjustments to the effects recorded at December 30, 2017.

The components of income tax (benefit) expense for the fiscal years ended December 29, 2018 and December 30, 2017 are as follows:

| | **December 29, 2018** | **December 30, 2017** |
|---|---|---|
| Current: | | |
| Federal | $26 | $14 |
| State | 31 | 6 |
| | 57 | 20 |
| Deferred | | |
| Federal | $(171) | -- |
| State | (46) | -- |
| | (217) | -- |
| Total income tax (benefit) expense | $(160) | $20 |

A reconciliation between the expected federal tax expense at the statutory tax rates of 21% and 34% and the Company’s actual tax expense for the fiscal years ended December 29, 2018 and December 30, 2017, respectively, follows:

| | **December 29, 2018** | **December 30, 2017** |
|---|---|---|
| Income tax expense computed at federal statutory rate | $73 | $246 |
| State income taxes, net of federal income tax benefit | 12 | 6 |
| Permanent items | 7 | 10 |
| Change in federal valuation allowance | (290) | (392) |
| Increase in unrecognized tax position | 50 | 14 |
| Other | (12) | (19) |
| Change in Tax Cut and Jobs Act | -- | 155 |
| | $ (160) | $20 |

(In thousands, except for share and per share data)

Deferred tax assets for the fiscal years ended December 29, 2018 and December 30, 2017 consist of the following components:

| | **December 29, 2018** | **December 30, 2017** |
|---|---|---|
| Allowance for doubtful accounts | $118 | $89 |
| Inventory | 26 | 24 |
| Federal and state net operating loss | 22 | 128 |
| Other | 51 | 49 |
| Valuation allowance | -- | (290) |
| Deferred tax asset | $217 | $ -- |

At December 29, 2018, the Company had no federal net operating loss carryforwards and $731 of state operating loss carryforwards, net, which will begin to expire in 2033.

Management has concluded that based upon all available evidence, including generating taxable income for the past three fiscal years and future forecasts, that it is more likely than not that the deferred tax assets will be utilized and has reversed the valuation allowance on the Company's deferred tax assets as of December 29, 2018.

The Company will recognize a tax benefit in the financial statements for an uncertain tax position only if management's assessment is that the position is "more likely than not" (i.e., a likelihood greater than 50 percent) to be sustained by the tax jurisdiction based solely on the technical merits of the position. The term "tax position" refers to a position in a previously filed tax return or a position expected to be taken in a future tax return that is reflected in measuring current or deferred income tax assets and liabilities for financial reporting purposes.

The following table indicates the changes to the Company's uncertain tax positions for the fiscal years ended December 29, 2018 and December 30, 2017:

| | |
|---|---|
| Balance at December 31, 2016 | 136 |
| Increase due to reserves and tax positions related to current year | 44 |
| Decrease due to Tax Cut and Jobs Act | (49) |
| Balance at December 30, 2017 | 131 |
| Increase due to reserves and tax positions related to current year | 41 |
| Balance at December 29, 2018 | 172 |

The Company accounts for penalties or interest related to uncertain tax positions as part of its provision for income taxes. The Company had approximately $29 and $21 of accrued interest and penalties related to uncertain tax positions at December 29, 2018 and December 30, 2017, respectively. The amount of uncertain tax positions that would affect the effective tax rate if they were recognized is $201. The liability at December 29, 2018 for uncertain tax positions is included in accrued expenses.

(In thousands, except for share and per share data)

## NOTE 8: NOTES PAYABLE

In September 2014, the Company obtained an auto loan of approximately $29 from a bank. The loan required 60 monthly payments of $0.535 through August 2019. Interest was charged at a fixed nominal rate of 4.64%. The loan was fully paid off in May 2018.

**Related Party**

On January 6, 2016, David Mintz, the Company's Chairman and Chief Executive, provided it with a loan of $500. The loan, which was originally set to expire on December 31, 2017 has been extended to December 31, 2020. No other terms of the loan were modified. Commencing March 31, 2016, interest of 5% is payable on a quarterly basis without compounding. The loan may be prepaid in whole or in part at any time without premium or penalty. The loan is convertible into the Company's common stock at a conversion price of $4.01 per share, the closing price of the Company's common stock on the date the promissory note was entered into, at the option of the holder. In any event of default, as defined in the promissory note, without any action on the part of Mr. Mintz, the interest rate will increase to 12% per annum and the entire principal and interest balance under the loan, and all of the Company's other obligations under the loan, will be immediately due and payable, and Mr. Mintz will be entitled to seek and institute any and all remedies available to him.

| | December 29, 2018 | December 30, 2017 |
|---|---|---|
| Note payable-related party | $500 | $500 |
| Less current maturity | -- | -- |
| Note payable related party, net of current maturity | $500 | $500 |

## NOTE 9: REVENUE

Revenues by geographical region are as follows:

| | December 29, 2018 | December 30, 2017 |
|---|---|---|
| Revenues by geography: | | |
| Americas | $11,847 | $13,132 |
| Europe | 498 | 412 |
| Middle East | 483 | 351 |
| Asia Pacific and Africa | 238 | 212 |
| | $13,066 | $14,107 |

Approximately 92% in fiscal 2018 and 95% in fiscal 2017 of the Americas revenue is attributable to the United States. All of the Company's assets are located in the United States.

(In thousands, except for share and per share data)

Net sales by major product category:

| | December 29, 2018 | December 30, 2017 |
|---|---|---|
| Cheeses | $10,811 | $11,237 |
| Frozen Desserts and Foods | 2,255 | 2,870 |
| | $13,066 | $14,107 |

Timing of revenue recognition:

| | Year ended December 29, 2018 | Year ended December 30, 2017 |
|---|---|---|
| Products transferred at a point in time | $13,066 | $14,107 |
| | $13,066 | $14,107 |

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

None.

## Item 9A. Controls and Procedures.

### Evaluation of Disclosure Controls and Procedures

*Evaluation of Disclosure Controls and Procedures.* As of December 29, 2018, our company's chief executive officer and chief financial officer conducted an evaluation regarding the effectiveness of our company's disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Exchange Act. Based upon the evaluation of these controls and procedures, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were not effective with respect to the material weaknesses, as described below in our internal control over financial reporting, that have not been fully remediated as of the end of the fiscal year 2018.

*Disclosure Controls and Internal Controls.* As provided in Rule 13a-14 of the General Rules and Regulations under the Securities and Exchange Act of 1934, as amended, Disclosure Controls are defined as meaning controls and procedures that are designed with the objective of insuring that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, designed and reported within the time periods specified by the SEC's rules and forms. Disclosure Controls include, within the definition under the Exchange Act, and without limitation, controls and procedures to ensure that information required to be disclosed by us in our reports is accumulated and communicated to our management, including our chief executive officer and principal financial officer, as appropriate to allow timely decisions regarding disclosure. Internal Controls are procedures which are designed with the objective of providing reasonable assurance that (1) our transactions are properly authorized; (2) our assets are safeguarded against unauthorized or improper use; and (3) our transactions are properly recorded and reported, all to permit the preparation of our financial statements inconformity with generally accepted accounting principles.

### 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 Chief Financial Officer and effected by our board of directors, 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.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management's evaluation of internal control over financial reporting includes using the Committee of Sponsoring Organizations of the Treadway Commission, or COSO, framework, an integrated framework (2013) for the evaluation of internal controls issued by COSO, to identify the risks and control objectives related to the evaluation of our control environment.

Based on their evaluation under the frameworks described above, our chief executive officer and chief financial officer have concluded that our internal control over financial reporting was ineffective as of December 29, 2018 because of the following material weaknesses in internal controls over financial reporting:

- A continuing lack of sufficient resources and an insufficient level of monitoring and oversight, which may restrict our ability to gather, analyze and report information relative to the financial statements in a timely manner.
- The limited size of the accounting department makes it impracticable to achieve an optimum separation of duties and monitoring of internal controls.

**Remediation**

We are continuing to seek ways to remediate these weaknesses, which stem from our small workforce.

**Changes in Internal Control over Financial Reporting**

No change in our internal control over financial reporting occurred during the quarter ended December 29, 2018 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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

**Item 9B. Other Information.**

None.

## PART III

**Item 10. Directors, Executive Officers and Corporate Governance.**

Our directors and executive officers are:

| Name | Age | Position |
|---|---|---|
| David Mintz .......................... | 87 | Chairman of the Board of Directors, Chief Executive Officer |
| Steven Kass ........................... | 67 | Chief Financial Officer, Secretary and Treasurer |
| Neal S. Axelrod..................... | 66 | Director |
| Joseph N. Himy..................... | 49 | Director |
| Scott Korman ........................ | 64 | Director |
| Franklyn Snitow .................... | 72 | Director |

David Mintz has been our Chairman of the Board and Chief Executive Officer since August 1981. Mr. Mintz's knowledge about our company and his role as the developer of our product line is essential to the operation of our board.

Steven Kass has been our Chief Financial Officer since November 1986 and Secretary and Treasurer since January 1987.

Neal S. Axelrod has been a director since August 2007 and is Chairman of the Audit Committee. Mr. Axelrod has been a self-employed certified public accountant in New Jersey since 1977. Mr. Axelrod's accounting and financial background enhances the breadth of experience of the board of directors.

Joseph N. Himy was elected to serve as a member of the Board of Directors and the Audit Committee on October 30, 2013 by our Board of Directors. He has been Managing Director of The CFO Squad, a financial and business advisory firm providing outsourced CFO advisory and regulatory consulting services primarily for public companies since August 2011. From May 2008 until August 2011, Mr. Himy was Chief Financial Officer of Vyteris, Inc., manufacturer of the first active transdermal patch approved by the U.S. Food and Drug Administration for the pain associated with blood draws, intravenous cannulations and laser ablation of superficial skin lesions. Prior to May 2008 and from October 2004, Mr. Himy held various other positions at Vyteris, including Corporate Controller and VP of Finance. Mr. Himy received a B.S. degree in Accounting from Brooklyn College of the City University of New York and is a certified public accountant. Mr. Himy's accounting and financial and corporate governance experience background enhances the breadth of experience of the board of directors.

Scott Korman has served as a member of the Board of Directors since December 2011 and as a member of the Audit Committee from December 2011 until March 2016. Mr. Korman founded Nashone, Inc., a private equity firm, in 1984 and is its President. Nashone is also involved in financial advisory, turnaround and general management assignments. Mr. Korman previously served as Chairman of Da-Tech Corporation, a Pennsylvania based contract electronics manufacturer. He previously served as Chairman and CEO of Best Manufacturing Group LLC., a leading manufacturer and distributor of uniforms, napery, service apparel, and hospitality and healthcare textiles. Mr. Korman also served as President and CEO of Welsh Farms Inc., a full service dairy, processing and distributing milk, ice cream mix and ice cream products. Mr. Korman received a B.S. degree in Economics from the University of Pennsylvania Wharton School in 1977. He also serves on the boards of various not-for-profit groups and was the founder of the Englewood Business Forum. Mr. Korman's experience as a CEO of a frozen dessert company enhances the breadth of experience of the board of directors.

Franklyn Snitow has been a director since 1987 and became a member of the Audit Committee in March 2016. He has been a partner in the New York City law firm Snitow Kanfer & Holtzer, LLP, our general counsel since 1985. Mr. Snitow's legal and corporate governance background enhances the breadth of experience of the board of directors.

All directors hold office until the next Annual Meeting of Stockholders and until their successors have been elected and qualified. Officers serve at the pleasure of the Board of Directors. All of the executive officers devote their full time to our operations.

**Employment Agreements**

There are currently no employment agreements between us and any of our officers.

**Family Relationships**

There are no family relationships between any of our directors and executive officers.

**Involvement in Legal Proceedings**

From time to time we may be subject to various claims and contingencies in the ordinary course of business, including those related to litigation, business transactions, employee-related matters and taxes, and others. When we are aware of a claim or potential claim, we assess the likelihood of any loss or exposure. If it is probable that a loss will result and the amount of the loss can be reasonably estimated, we will record a liability for the loss. In addition to the estimated loss, the recorded liability includes probable and estimable legal costs associated with the claim or potential claim. There is no assurance that such matters will not materially and adversely affect our business, financial position, and results of operations or cash flows.

**Audit Committee and Audit Committee Financial Expert**

The Audit Committee of the Board of Directors is comprised of Mr. Axelrod, who serves as chairman, Mr. Himy and Mr. Snitow. Mr. Snitow became a member of the Audit Committee in March 2016 after Mr. Korman stepped down. The Board of Directors has determined that all of the Audit Committee members are independent, as that term is defined under the enhanced independence standards for audit committee members in the Exchange Act. The Board of Directors has also determined that Mr. Axelrod is an Audit Committee Financial Expert as that term is defined in rules issued pursuant to the Sarbanes-Oxley Act of 2002.

**Section 16(a) Beneficial Ownership Compliance**

Section 16(a) of the Exchange Act, as amended, requires our executive officers, directors and persons who own more than 10% of a registered class of our equity securities to file with the Securities and Exchange Commission initial statements of beneficial ownership, reports of changes in ownership and annual reports concerning their ownership of common stock and other of our equity securities, on Forms 3, 4 and 5 respectively. Executive officers, directors and greater than 10% shareholders are required by Commission regulations to furnish us with copies of all Section 16(a) reports they file.

To our knowledge, based solely on our review of the copies of such forms received by us, or written representations from certain reporting persons that no additional forms were required for those persons, we believe that during fiscal 2018 all persons subject to these reporting requirements filed the required reports on a timely basis.

**Code of Ethics**

We have adopted a Code of Business Conduct and Ethics, which applies to directors, officers, employees and agents of our company. We have also adopted a Code of Ethics for Senior Officers, which applies to our chief executive officer, and all senior financial officers of our company, including the chief financial officer, chief accounting officer or controller, or persons performing similar functions. The Code of Business Conduct and Ethics and the Code of Ethics for Senior Officers are publicly available on our website at www.tofutti.com and printed copies are available upon request. If we make any substantive amendments to the Code of Business Conduct and Ethics or the Code of Ethics or grant any waivers, including any implicit waiver, from a provision of these codes to our chief executive officer, chief financial officer or corporate controller or our directors, we will disclose the nature of such amendment or waiver on our website.

## Item 11. Executive Compensation.

The following table sets forth information concerning the total compensation during the last three fiscal years for our named executive officers whose total salary in fiscal 2018 totaled $100,000 or more:

**Summary Compensation Table**

| Name and Principal Position | Fiscal Year | Salary ($) | Bonus ($) | Stock Awards ($) | Option Awards ($)(1) | Non-Equity Incentive Plan Compensation ($) | All Other Compensation ($) | Total($) |
|---|---|---|---|---|---|---|---|---|
| David Mintz | 2018 | 450,000 | -- | -- | -- | -- | -- | 450,000 |
| Chief Executive Officer | 2017 | 450,000 | -- | -- | -- | -- | -- | 450,000 |
| and Director | 2016 | 450,000 | -- | -- | -- | -- | -- | 450,000 |
| Steven Kass | 2018 | 125,000 | -- | -- | -- | -- | -- | 125,000 |
| Chief Financial Officer | 2017 | 125,000 | -- | -- | -- | -- | -- | 125,000 |
| | 2016 | 125,000 | -- | -- | -- | -- | -- | 125,000 |

(1) The dollar amounts in the Option Awards column above reflect the fair value of options as of the grant date for the year ended December 29, 2018, in accordance with ASC 718 and, therefore, do not necessarily reflect actual benefits received by any individual. Assumptions used in the calculation of these amounts are included in Note 5 to our audited financial statements for the year ended December 29, 2018.

The aggregate value of all other perquisites and other personal benefits furnished to each of these executive officers was less than $10,000 in both the 2018 and 2017 fiscal years.

**Employment Agreements**

We do not currently have any employment agreements with our executive officers. We do not anticipate having employment contracts with executive officers and key personnel in the future.

**Grants of Plan-Based Awards for Fiscal 2018**

During the fiscal year ended December 29, 2018, no grants were made under our 2014 Equity Incentive Plan.

## Outstanding Equity Awards at Fiscal Year End

The following table reflects the options awards granted to the named executive officers identified above in the summary compensation table pursuant to the 2014 Equity Incentive Plan.

### Outstanding Equity Awards at Fiscal Year-End

| | Option Awards | | | | |
|---|---|---|---|---|---|
| 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 |
| David Mintz | 10,000 | -- | -- | 4.39 | 4/2/20 |
| | 5,000 | -- | -- | 4.46 | 6/10/20 |
| Steven Kass | -- | -- | -- | -- | -- |

## Director Compensation

Our non-employee directors earned director compensation in fiscal year ended December 29, 2018 based on the number of meetings attended. Mr. Axelrod, chairman of the audit committee, receives $1,500 per meeting attended. Other members of the audit committee receive $1,000 per meeting attended. All other non-employee directors are entitled to $500 per meeting attended.

The following table sets forth the compensation received by each of the Company's non-employee directors for the year ended December 29, 2018. Each non-employee director, other than Mr. Korman, is deemed to be independent under the Exchange Act Rule 10A-3.

| Name | Fees Earned or Paid in Cash ($) | Stock Awards ($) | Option Awards ($) | Non-Equity Incentive Plan Compensation ($) | Nonqualified Deferred Compensation ($) | All Other Compensation ($) | Total ($) |
|---|---|---|---|---|---|---|---|
| Neal S. Axelrod | 12,000 | -- | -- | -- | -- | -- | 12,000 |
| Joseph N. Himy | 4,000 | -- | -- | -- | -- | -- | 4,000 |
| Scott Korman | 1,500 | -- | -- | -- | -- | -- | 1,500 |
| Franklyn Snitow | -- | -- | -- | -- | -- | -- | -- |

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

The following tables set forth as of March 25, 2019 certain information regarding the ownership of our common stock, $0.01 par value, for each person known by us to be the beneficial owner of more than 5% of the outstanding shares of common stock, for each executive officer named in the Summary Compensation Table, for each of our directors and for our executive officers and directors as a group:

**Security Ownership of Certain Beneficial Owners and Management**

| Name and Address of Beneficial Owner(1) | Amount and Nature of Beneficial Owner(2) | Percent of Class(3) |
|---|---|---|
| David Mintz | 2,770,128(4) | 53.7% |
| Steven Kass | 220,000 | 4.3% |
| Franklyn Snitow | 48,100(5) | * |
| Neal S. Axelrod | 15,000(6) | * |
| Joseph N. Himy | 15,000(6) | * |
| Scott Korman | 15,000(6) | * |
| All Executive Officers and Directors as a group (6 persons) | 3,130,218(7) | 58.75% |

*Less than 1%.

(1) The address of Messrs. Mintz, Kass, Axelrod and Himy is c/o Tofutti Brands Inc., 50 Jackson Drive, Cranford, New Jersey 07016. The address of Mr. Snitow is 575 Lexington Avenue, New York, New York 10017. The address of Mr. Korman is c/o Nashone, Inc., 175 Elm Road, Englewood, NJ 0361. Each of these persons has sole voting and/or investment power of the shares attributed to him.

(2) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Shares of common stock relating to options currently exercisable or exercisable within 60 days of March 25, 2019 are deemed outstanding for computing the percentage of the person holding such securities but are not deemed outstanding for computing the percentage of any other person. Except as indicated by footnote, and subject to community property laws where applicable, the persons named in the table above have sole voting and investment power with respect to all shares shown as beneficially owned by them.

(3) Based on 5,153,706 shares issued and outstanding as of March 25, 2019.

(4) Includes 15,000 shares issuable upon the exercise of currently exercisable stock options and 124,688 shares issuable upon conversion of a $500,000 note between Mr. Mintz and the company.

(5) Includes 15,000 shares issuable upon the exercise of currently exercisable stock options.

(6) Issuable upon the exercise of currently exercisable stock options

(7) Includes 75,000 shares issuable upon the exercise of currently exercisable stock options and 124,688 shares issuable upon conversion of a $500,000 note between Mr. Mintz and the company.

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

In order to provide our company with additional working capital, on January 6, 2016, David Mintz, our Chairman and Chief Executive, provided us with a loan of $500,000, which has been extended to come due on December 31, 2020. Commencing March 31, 2016, interest of 5% is payable on a quarterly basis without compounding. The loan may be prepaid in whole or in part at any time without premium or penalty. The loan is convertible into our common stock at a conversion price of $4.01 per share, the closing price of our common stock on the NYSE MKT on the date the promissory note was entered into.

In the event of default, as defined in the promissory note, without any action on the part of Mr. Mintz, the interest rate will increase to 12% per annum and the entire principal and interest balance under the loan, and all of our other obligations under the loan, will be immediately due and payable, and Mr. Mintz will be entitled to seek and institute any and all remedies available to him. The loan is secured by is secured by substantially all of our assets.

**Item 14. Principal Accounting Fees and Services.**

Set forth below are the aggregate fees billed for each of the fiscal years ended December 29, 2018 and December 30, 2017 for services rendered by EisnerAmper LLP, our independent registered accounting firm.

| | Fiscal 2018 | Fiscal 2017 |
|---|---|---|
| Audit fees | $85,280 | $84,000 |
| Audit-related fees | - | - |
| Total Audit & Audit-related fees | $85,280 | $84,000 |
| Tax fees | - | - |
| All other fees | - | - |
| Total fees | $85,280 | $84,000 |

Audit fees consist of fees billed for services rendered for the audit of our financial statements and review of our financial statements included in our quarterly reports on Form 10-Q and services provided in connection with other statutory or regulatory filings. During fiscal 2018 and 2017, we incurred audit fees with EisnerAmper LLP in the amount of $84,440 and $82,000, respectively.

Audit-related fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and not reported under Audit fees. No such fees were billed in fiscal 2018 or 2017.

Tax fees consist of fees billed for professional services related to the preparation of our U.S. federal and state income tax returns and tax advice. No such fees were billed by EisnerAmper LLP in fiscal 2018 or 2017. The Audit Committee pre-approved all Audit-related fees. After considering the provision of services encompassed within the above disclosures about fees, the Audit Committee has determined that the provision of such services is compatible with maintaining EisnerAmper's independence.

The Audit Committee's policy is to pre-approve all audit and non-audit related services, tax services and other services. Pre-approval is generally provided for up to one year, and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The Audit Committee has delegated the pre-approval authority to its chairperson when expedition of services is necessary. The independent registered public accounting firm and management are required to periodically report to the full Audit Committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval and the fees for the services performed to date.

## PART IV

**Item 15. Exhibits, Financial Statement Schedules.**

**(a) Financial Statements**

See Item 8.

**(b) Financial Statement Schedules**

None.

**(c) Exhibits**

| | |
|---|---|
| 3.1 | Certificate of Incorporation, as amended through June 1993(1) |
| 3.2 | By-laws(2) |
| 4.1 | Tofutti Brands Inc. 2014 Equity Incentive Plan(3) |
| 10.1 | Promissory Note(4) |
| 10.2 | Security Agreement(5) |
| 23.1 | Consent of EisnerAmper LLP |
| 31.1 | Certification by Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended |
| 31.2 | Certification by Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended |
| 32.1 | Certification by Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 32.2 | Certification by Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 101.INS | Instance Document |
| 101.SCH | Schema Document |
| 101.CAL | Calculation Linkbase Document |
| 101.DEF | Definition Linkbase Document |
| 101.LAB | Labels Linkbase Document |
| 101.PRE | Presentation Linkbase Document |

(1) Filed as Exhibit 3.1 to the Registrant's Form 10-K for the fiscal year ended December 30, 2017 and hereby incorporated by reference thereto.

(2) Filed as Exhibit 3.2 to the Registrant's Form 10-K for the fiscal year ended December 30, 2017 and hereby incorporated by reference thereto.

(3) Filed as Appendix A to the Proxy Statement filed as the Registrant’s Schedule 14A filed May 14, 2014 and hereby incorporated by reference thereto.

(4) Filed as Exhibit 10.1 to the Registrant's Form 8-K bearing a cover date of January 6, 2016 and hereby incorporated by reference thereto.

(5) Filed as Exhibit 10.2 to the Registrant's Form 8-K bearing a cover date of January 6, 2016 and hereby incorporated by reference thereto.

## 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 on March 29, 2019.

**TOFUTTI BRANDS INC.**
(Registrant)

/s/David Mintz
David Mintz
Chairman of the Board and
Chief Executive Officer

In accordance with the Securities Exchange Act of 1934, this Report has been signed below on March 29, 2019, by the following persons on behalf of the Registrant and in the capacities indicated.

| | |
|---|---|
| /s/David Mintz<br>David Mintz<br>Chairman of the Board<br>and Chief Executive Officer | /s/Joseph N. Himy<br>Joseph N. Himy<br>Director |
| /s/Steven Kass<br>Steven Kass<br>Secretary, Treasurer and Chief Financial<br>and Principal Accounting Officer | /s/Scott Korman<br>Scott Korman<br>Director |
| /s/Neal S. Axelrod<br>Neal S. Axelrod<br>Director | /s/Franklyn Korman<br>Franklyn Snitow<br>Director |

**EXHIBIT 23.1**

## CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement of Tofutti Brands, Inc. on Form S-8 (No. 333-198917) of our report dated March 29, 2019, on our audits of the financial statements as of December 29, 2018 and December 30, 2017 and for each of the fiscal years then ended, which report is included in this Annual Report on Form 10-K to be filed on or about March 29, 2019.

*/s/ EisnerAmper LLP*

EISNERAMPER LLP
Philadelphia, Pennsylvania
March 29, 2019

**Exhibit 31.1**

**CERTIFICATION PURSUANT TO**
**SECTION 302(a) OF THE SARBANES-OXLEY ACT OF 2002**

I, David Mintz, certify that:

1. I have reviewed this annual report on Form 10-K of Tofutti Brands 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 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; and

(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 officers 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 function):

(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: March 29, 2019

/s/David Mintz*
David Mintz
Chief Executive Officer

*The originally executed copy of this Certification will be maintained at the Company's offices and will be made available for inspection upon request.

**Exhibit 31.2**

**CERTIFICATION PURSUANT TO**
**SECTION 302(a) OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven Kass, certify that:

1. I have reviewed this annual report on Form 10-K of Tofutti Brands 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 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; and

(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 officers 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 function):

(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: March 29, 2019

/s/Steven Kass*
Steven Kass
Chief Financial Officer
*The originally executed copy of this Certification will be maintained at the Company's offices and will be made available for inspection upon request.

**Exhibit 32.1**

**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 Annual Report of Tofutti Brands Inc. (the “Company”) on Form 10-K for the period ending December 29, 2018 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David Mintz, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/David Mintz*
David Mintz
Chief Executive Officer
Date: March 29, 2019

*The originally executed copy of this Certification will be maintained at the Company’s offices and will be made available for inspection upon request.

This certification accompanies this Annual Report on Form 10-K pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference

**Exhibit 32.2**

**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 Annual Report of Tofutti Brands Inc. (the "Company") on Form 10-K for the period ending December 29, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven Kass, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/Steven Kass*
Steven Kass
Chief Financial Officer

Date: March 29, 2019

*The originally executed copy of this Certification will be maintained at the Company's offices and will be made available for inspection upon request.

This certification accompanies this Annual Report on Form 10-K pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference