UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended April 2, 2016
or
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____.

Commission file number: 0-14938

STANLEY FURNITURE COMPANY, INC.
(Exact name of registrant as specified in its charter)

Delaware	**54-1272589**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

200 North Hamilton Street, No. 200, High Point, North Carolina, 27260
(Address of principal executive offices, Zip Code)

336-884-7700
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, 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 (X) No ( )

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act, (check one):
Large accelerated filer ( ) Accelerated filer () Non-accelerated filer () Smaller reporting company (X)
(Do not check if a smaller reporting company)

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

As of April 22, 2016, 14,699,677 shares of common stock of Stanley Furniture Company, Inc., par value $.02 per share, were outstanding.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

STANLEY FURNITURE COMPANY, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	April 2, 2016 (unaudited)	December 31, 2015
ASSETS		
Current assets:		
Cash	**$25,900**	$ 6,497
Restricted cash	**663**	663
Accounts receivable, less allowances of $341 and $404, on each respective date	**6,195**	6,925
Inventory	**20,888**	20,934
Prepaid expenses and other current assets	**573**	959
Total current assets	**54,219**	35,978
Property, plant and equipment, net	**1,743**	1,787
Cash surrender value of life insurance policies, net	**-**	22,253
Other assets	**3,085**	3,128
Total assets	**$59,047**	$ 63,146
LIABILITIES		
Current liabilities:		
Accounts payable	**$3,690**	$ 5,883
Accrued salaries, wages and benefits	**1,363**	1,367
Other accrued expenses	**874**	334
Total current liabilities	**5,927**	7,584
Deferred compensation	**3,888**	4,301
Supplemental retirement plan	**1,776**	1,797
Other long-term liabilities	**2,162**	1,812
Total liabilities	**13,753**	15,494
STOCKHOLDERS' EQUITY		
Common stock, $0.02 par value, 25,000,000 shares authorized, 14,699,677 and 14,906,831 shares issued and outstanding on each respective date	**275**	283
Capital in excess of par value	**16,633**	17,521
Retained earnings	**30,538**	32,023
Accumulated other comprehensive loss	**(2,152)**	(2,175)
Total stockholders' equity	**45,294**	47,652
Total liabilities and stockholders' equity	**$59,047**	$ 63,146

The accompanying notes are an integral part of the consolidated financial statements.

STANLEY FURNITURE COMPANY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Three Months Ended	
	April 2, 2016	March 28, 2015
Net sales	**$11,683**	$ 14,672
Cost of sales	**9,142**	11,689
Gross profit	**2,541**	2,983
Selling, general and administrative expenses	**3,311**	3,646
Operating loss	**(770)**	(663)
Income from Continued Dumping and Subsidy Offset Act, net	**-**	3,820
Other income, net	**5**	11
Interest expense, net	**109**	330
(Loss) income from continuing operations before income taxes	**(874)**	2,838
Income tax expense	**611**	65
Net (loss) income from continuing operations	**(1,485)**	2,773
Net loss from discontinued operations	**-**	(118)
Net (loss) income	**$ (1,485)**	$ 2,655
Basic (loss) income per share:		
(Loss) income from continuing operations	**$ (.10)**	$ .20
Loss from discontinued operations	**-**	(.01)
Net (loss) income	**$ (.10)**	$ .19
Diluted (loss) income per share:		
(Loss) income from continuing operations	**$ (.10)**	$ .19
Loss from discontinued operations	**-**	(.01)
Net (loss) income	**$ (.10)**	$ .18
Weighted average shares outstanding:		
Basic	**14,222**	14,236
Diluted	**14,222**	14,464

The accompanying notes are an integral part of the consolidated financial statements.

STANLEY FURNITURE COMPANY, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(in thousands)
(unaudited)

	Three Months Ended	
	April 2, 2016	March 28, 2015
Net (loss) income	**$ (1,485)**	$ 2,655
Other comprehensive (loss) income:		
Amortization of prior service cost	**-**	23
Amortization of actuarial loss	**(23)**	(30)
Adjustments to net periodic postretirement benefit cost	**(23)**	(7)
Comprehensive (loss) income	**$ (1,462)**	$ 2,662

The accompanying notes are an integral part of the consolidated financial statements.

STANLEY FURNITURE COMPANY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended	
	April 2, 2016	March 28, 2015
Cash flows from operating activities:		
Cash received from customers	**$12,261**	$ 13,876
Cash paid to suppliers and employees	**(14,259)**	(16,562)
Cash from Continued Dumping and Subsidy Offset Act	**-**	3,820
Interest paid, net	**(199)**	(398)
Net cash (used) provided by operating activities	**(2,197)**	736
Cash flows from investing activities:		
Proceeds from surrender of corporate-owned life insurance policies	**28,139**	-
Purchase of other assets	**(14)**	-
Net cash provided by investing activities	**28,125**	-
Cash flows from financing activities:		
Payments on insurance policy loans	**(5,495)**	(1,400)
Repurchase and retirement of common stock	**(1,012)**	-
Stock purchase and retirement for tax withholdings on vesting of restricted awards	**(14)**	-
Net cash used by financing activities	**(6,521)**	(1,400)
Cash flows from discontinued operations:		
Cash (used) provided by operating activities	**(4)**	873
Net cash (used) provided by discontinued operations	**(4)**	873
Net increase in cash	**19,403**	209
Cash at beginning of period	**6,497**	5,584
Cash at end of period	**$25,900**	$ 5,793
Reconciliation of net (loss) income to net cash (used) provided by operating activities:		
Net (loss) income	**$ (1,485)**	$ 2,655
Loss from discontinued operations	**-**	118
Depreciation and amortization	**116**	116
Stock-based compensation	**130**	226
Changes in assets and liabilities:		
Accounts receivable	**730**	(815)
Inventories	**46**	1,163
Prepaid expenses and other assets	**(20)**	(406)
Accounts payable	**(2,193)**	(1,725)
Accrued salaries, wages and benefits	**(171)**	(121)
Other accrued expenses	**544**	(204)
Other long-term liabilities	**106**	(271)
Net cash (used) provided by operating activities	**$ (2,197)**	$ 736

The accompanying notes are an integral part of the consolidated financial statements.

STANLEY FURNITURE COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Preparation of Interim Unaudited Consolidated Financial Statements

The consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). In our opinion, these statements include all adjustments necessary for a fair presentation of the results of all interim periods reported herein. All such adjustments are of a normal recurring nature. Certain information and footnote disclosures prepared in accordance with generally accepted accounting principles in the United States have been either condensed or omitted pursuant to SEC rules and regulations. However, we believe that the disclosures made are adequate for a fair presentation of results of operations and financial position. Operating results for the interim periods reported herein may not be indicative of the results expected for the year. We suggest that these consolidated financial statements be read in conjunction with the consolidated financial statements and accompanying notes included in our latest Annual Report on Form 10-K.

Results of the discontinued operations are excluded from the accompanying notes to the consolidated financial statements for all periods presented, unless otherwise noted.

Certain amounts in the 2015 consolidated financial statements have been reclassified to conform to the 2016 presentation. These reclassifications do not have an impact on the consolidated statements of operations or the consolidated statement of comprehensive (loss) income.

2. Property, Plant and Equipment

	(in thousands)	
	April 2, 2016	December 31, 2015
Machinery and equipment	**$ 2,675**	$ 2,675
Leasehold improvements	**1,833**	1,833
Property, plant and equipment, at cost	**4,508**	4,508
Less accumulated depreciation	**2,765**	2,721
Property, plant and equipment, net	**$1,743**	$ 1,787

3. Income Taxes

During the first three months of 2016, we utilized $23.4 million of our $40.1 million net operating loss carry-forwards against taxable income resulting primarily from our surrender of corporate-owned life insurance policies. The premiums paid and the growth in surrender value of these policies were excludable from taxable income over the life of these policies when held until death of the covered lives, but this growth, net of premiums paid, became taxable when we surrendered the policies. The aggregate impact of the surrender of these policies in the first quarter of this year was the creation of $24.0 million in taxable income. The income tax expense recognized during the current three month period was largely the result of federal alternative minimum tax which limits our ability to offset income generated during the period with net operating carry-forwards, and, to a lesser extent, the impact of surrendering these policies have on state income taxes. During the first three months of 2016, we reduced our valuation allowance against deferred tax assets from $19.2 million to $11.2 million at April 2, 2016, as a result of the use of a portion of our net operating loss carry-forwards.

3. Income Taxes (continued)

We maintain a valuation allowance against deferred tax assets that currently exceed our deferred tax liabilities. The primary assets covered by this valuation allowance are net operating loss carry-forwards. The valuation allowance was calculated in accordance with the provisions of ASC 740, *Income Taxes*, which requires an assessment of both positive and negative evidence when measuring the need for a valuation allowance. Our results over the most recent three-year period were heavily affected by our business restructuring activities. Our cumulative loss, excluding income from the Continued Dumping and Subsidy Offset Act, in the most recent three-year period, in our view, represented sufficient negative evidence to require a valuation allowance under the provisions of ASC 740, *Income Taxes*. We intend to maintain a valuation allowance until sufficient positive evidence exists to support its reversal, resulting in no deferred tax asset balance being recognized. Should we determine that we will not be able to realize all or part of our deferred tax asset in the future, an adjustment to the deferred tax asset will be charged to income in the period such determination is made.

Our effective tax rate for the current quarter was a negative 69.9%, driven by the impact of the alternative minimum tax and state related taxes on the surrender of corporate owned life insurance policies. The effective tax rate in the prior year quarter was 2.2%, also driven by the impact of the alternative minimum tax limiting the ability to offset the income received from the Continued Dumping and Subsidy Offset Act during that quarter. The major reconciling items between our effective income tax rate and the federal statutory rate are the change in our valuation allowance and the cash surrender value on life insurance policies.

4. Employee Benefit Plans

Components of other postretirement benefit cost (in thousands):

	Three Months Ended	
	April 2, 2016	March 28, 2015
Interest cost	**$ 64**	$ 70
Amortization of prior service benefit	**-**	(23)
Amortization of actuarial loss	**23**	30
Net periodic postretirement benefit cost	**$ 87**	$ 77

5. Stockholders' Equity

Basic earnings per common share are based upon the weighted average shares outstanding. Outstanding stock options and restricted stock are treated as potential common stock for purposes of computing diluted earnings per share. Basic and diluted earnings per share are calculated using the following share data (in thousands):

	Three Months Ended	
	April 2, 2016	March 28, 2015
Weighted average shares outstanding for basic calculation	**14,222**	14,236
Add: Effect of dilutive stock options	**-**	228
Weighted average shares outstanding, adjusted for diluted calculation	**14,222**	14,464

In the three month period ended April 2, 2016, the dilutive effect of stock options is not recognized since we had a net loss. Approximately 1.2 million shares in 2016 were issuable upon the exercise of stock options, which were not included in the diluted per share calculation because they were anti-dilutive. Also, 628,000 shares in 2016 of restricted stock were not included because they were anti-dilutive. In the 2015 first quarter period, approximately 926,000 stock options were excluded from the diluted per share calculation as they would be anti-dilutive.

5. Stockholders' Equity (continued)

A reconciliation of the activity in Stockholders' Equity accounts for the quarter ended April 2, 2016 is as follows (in thousands):

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss
Balance at December 31, 2015	$ 283	$17,521	$32,023	$ (2,175)
Net loss	**-**	**-**	**(1,485)**	**-**
Purchase and retirement of common stock	**(8)**	**(1,004)**	**-**	**-**
Stock purchase and retirement for tax withholdings on vesting of restricted awards	**-**	**(14)**	**-**	**-**
Stock-based compensation	**-**	**130**	**-**	**-**
Adjustment to net periodic benefit cost	**-**	**-**	**-**	**23**
Balance at April 2, 2016	**$ 275**	**$16,633**	**$30,538**	**$ (2,152)**

6. Income from Continued Dumping and Subsidy Offset Act (CDSOA)

We did not receive any CDSOA distributions in the current year quarter. In the prior year quarter, we recorded income of $3.8 million from CDSOA distributions previously withheld by Customs pending resolution of non-supporting producers' claims seeking to share in these distributions.

7. Discontinued Operations

During the second quarter of 2014, we concluded that revenue on our Young America product line remained below the level needed to reach profitability and that the time frame needed to assure sustainable profitability was longer than we felt was economically justified. Therefore, we made the decision to cease manufacturing operations at our Robbinsville, North Carolina facility and sell the related assets of this facility. Manufacturing operations were ceased in the third quarter of 2014 and as a result this product line was reflected as a discontinued operation pursuant to the provisions of Accounting Standards Update No. 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity* (ASU 2014-08) for all periods presented.

There was no loss from discontinued operations in the first quarter of 2016. Loss from discontinued operations, net of taxes, for the three months ended March 28, 2015 comprised the following (in thousands):

Net sales	$ 207
Cost of sales	393
Selling, general and administrative expenses	(68)
Loss from discontinued operations before income taxes	(118)
Income tax	-
Loss from discontinued operations, net of income taxes	$ (118)

Loss from discontinued operations included write-down of inventories and other assets, severance and other termination costs and operating losses related to final manufacturing production.

8. Corporate-owned Life Insurance Policies

In January 2016, we made the decision to liquidate two of our twenty-seven corporate-owned life insurance policies with cash surrender value of $2.6 million. We used $2.5 million of the proceeds to pay down outstanding loans and accrued interest on corporate-owned life insurance policies, lowering our outstanding loan levels to $3.1 million. In March 2016, we made the decision to liquidate the remaining twenty-five life insurance policies with cash surrender value of $25.6 million. We received $22.4 million in proceeds on March 28, 2016, comprised of the cash surrender value net of $3.2 million in remaining outstanding loans and accrued interest. The decision to liquidate was made after continued review of the financial stability of Genworth Life Insurance Company, the issuer of the policies.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

The following table sets forth the percentage relationship to net sales of certain items included in the Consolidated Statements of Operations:

	Three Months Ended	
	April 2, 2016	March 28, 2015
Net sales	**100.0 %**	100.0%
Cost of sales	**78.3**	79.7
Gross profit	**21.7**	20.3
Selling, general and administrative expenses	**28.3**	24.8
Operating loss	**(6.6)**	(4.5)
CDSOA income	**-**	26.0
Other income, net	**-**	.1
Interest expense, net	**.9**	2.3
Income (loss) from continuing operations before income taxes	**(7.5)**	19.3
Income tax expense	**5.2**	.4
Net income (loss) from continuing operations	**(12.7)**	18.9
Net loss from discontinued operations	**-**	(.8)
Net income (loss)	**(12.7)%**	18.1%

Net sales of $11.7 million for the three month period ended April 2, 2016, decreased $3.0 million, or 20.4%, compared to the 2015 three month period, primarily due to lower unit volume and, to a lesser extent, lower average selling prices. Lower unit volume was primarily a result of delays in shipping new product introduced in 2015 as the construction of the new factory in Vietnam dedicated solely to our new product took much longer than originally anticipated. These initial orders of 2015 introductions should be on retail floors by the end of the second quarter, generating orders by the third quarter.

Gross profit for the first three months of 2016 decreased to $2.5 million, or 21.7% of net sales, from $3.0 million, or 20.3% of net sales, for the comparable three months of 2015. The decrease in gross profit was driven by the lower sales volume. The improved gross margin resulted from lower freight costs. Partially offsetting this improvement was the reduced absorption of fixed costs due to lower sales, higher discounting and higher quality costs from our existing vendor base. The higher prior year product costs were driven by higher ocean freight costs resulting from West Coast port issues.

Selling, general and administrative expenses decreased to $3.3 million, or 28.3% of net sales, for the three month period of 2016 from $3.6 million, or 24.8% of net sales, for the comparable three month period of 2015. The decrease in spending is the result of lower sales and delaying some marketing and advertising efforts awaiting sufficient stock availability. Partially offsetting these lower expenses was the decline in cash surrender value growth of corporate-owned life insurance policies, net of expenses, of $190,000. Selling, general and administrative expenses, as well as cost of goods sold, in the prior year quarters included an offset of approximately $365,000 per quarter as a result of the cash surrender value growth, net of expenses, in these policies that will be eliminated in 2016 as a result of these policies being surrendered during the first quarter of 2016. Approximately 60% of this growth was in selling, general and administrative expenses and the remaining 40% was in cost of goods sold. The elimination of this growth will be partially offset by a reduction in interest expense going forward.

As a result, operating loss as a percentage of net sales was 6.6% for the three-month period of 2016 compared to a loss of 4.5% for the comparable 2015 period.

During the prior year three month period we recorded income of $3.8 million from the receipt of funds under the Continued Dumping and Subsidy Offset Act (CDSOA). No proceeds were received in the current three month period.

Interest expense for the three month period of 2016 decreased $221,000 from the comparable 2015 period. Interest expense is composed of interest on loans against cash surrender value of insurance policies used to fund our legacy deferred compensation plan. The decrease in expense is due to lower outstanding loan balances in the current quarter compared to prior year from our continued efforts to pay down these loans using excess cash. We began 2016 with $5.5 million in outstanding loans, paying down $2.4 million in late January and the remainder in late March. As a result, interest expense related to these loans will be eliminated going forward. In the prior year, we began with $11 million in outstanding loans, paying down $1.4 million of loans in the middle of March.

Our effective tax rate for the current quarter was a negative 69.9%. As indicated above, we surrendered our corporate-owned life insurance policies during the first quarter of 2016, which resulted in taxable income for the period. The premiums paid and the growth in surrender value of these policies were excludable from taxable income over the life of these polices when held until death of the covered lives, but this growth, net of premiums paid, became taxable when we surrendered the policies. The aggregate impact of the surrender of these policies in the first quarter of this year was the creation of $24.0 million in taxable income. The income tax expense recognized was largely the result of federal alternative minimum tax which limits our ability to offset income generated during the period with net operating carry-forwards, and, to a lesser extent, impact of the policy surrenders have on state income taxes. The effective tax rate in the prior year quarter was 2.2%, also driven by the impact of the alternative minimum tax limiting the ability to offset the income received from the Continued Dumping and Subsidy Offset Act during that quarter. The major reconciling items between our effective income tax rate and the federal statutory rate are the change in our valuation allowance and the cash surrender value on life insurance policies.

During 2014, we ceased production of our Young America product line and closed our manufacturing operation in Robbinsville, North Carolina. A loss of $118,000 was recognized from discontinued operations in the first quarter of 2015, as we continued to sell off inventory and collect outstanding receivables.

Financial Condition, Liquidity and Capital Resources

Sources of liquidity include cash on hand and cash generated from operations. While we believe that our business strategy will be successful, we cannot predict with certainty the ultimate impact on our revenues, operating costs and cash flow from operations. We expect cash on hand to be adequate for ongoing operational and capital expenditures for the foreseeable future. At April 2, 2016, we had $25.9 million in cash and $663,000 in restricted cash.

Working capital, excluding cash and restricted cash, increased slightly to $21.7 million at April 2, 2016 from $21.2 million on December 31, 2015. The increase was primarily the result of a decrease in accounts payable as we paid for inventory that was in-transit from Asia, partially offset by decreases in accounts receivable and prepaid and other assets and an increase in other accrued liabilities.

Cash used by operations was $2.2 million in the current quarter of 2016 compared to cash generated from operations of $736,000 in the comparable prior year quarter. The cash generation in 2015 was the result of receiving $3.8 million on CDSOA proceeds during the period. Excluding these proceeds, less cash was used by operations during the first quarter of 2016 due to lower freight costs and lower interest payments on loans against corporate owned life insurance policies.

Cash generated from investing activities in the first quarter of 2016 was due to $28.1 million in proceeds from the surrender of corporate-owned life insurance policies. No investing activities occurred in the first quarter of 2015.

Net cash used by financing activities in the current quarter of 2016 was $6.5 million compared to $1.4 million in the comparable quarter of 2015. During the current quarter we used $5.5 million to pay off the remaining outstanding life insurance policy loans in conjunction with our decision to surrender these corporate-owned life insurance policies and $1.0 million for the repurchase and retirement of 400,000 shares of our common stock. In the first quarter of 2015 we used $1.4 million to pay-down life insurance policy loans.

Continued Dumping and Subsidy Offset Act ("CDSOA")

The CDSOA provides for distribution of monies collected by U.S. Customs and Border Protection ("Customs") for imports covered by antidumping duty orders entering the United States through September 30, 2007 to eligible domestic producers that supported a successful antidumping petition ("Supporting Producers") for wooden bedroom furniture imported from China. Antidumping duties for merchandise entering the U.S. after September 30, 2007 have remained with the U.S. Treasury.

Certain manufacturers who did not support the antidumping petition ("Non-Supporting Producers") filed actions in the United States Court of International Trade, challenging the CDSOA's "support requirement" and seeking to share in the distributions. As a result, Customs held back a portion of those distributions (the "Holdback") pending resolution of the Non-Supporting Producers' claims. The Court of International Trade dismissed all of the actions of the Non-Supporting Producers, who appealed to the United States Court of Appeals for the Federal Circuit. Customs advised that it expected to distribute the Holdback to the Supporting Producers after March 9, 2012. The Non-Supporting Producers sought injunctions first from the Court of International Trade and, when those efforts were unsuccessful, from the Federal Circuit directing Customs to retain the Holdback until the Non-Supporting Producers' appeals were resolved.

On March 5, 2012, the Federal Circuit denied the motions for injunction, "without prejudicing the ultimate disposition of these cases." As a result, we received a CDSOA distribution of $39.9 million in April 2012. On August 19, 2013, the Federal Circuit issued a decision affirming the dismissal of the claims of two of the four Non-Supporting Producers. On January 3, 2014, the Federal Circuit denied those Non-Supporting Producers' petitions for rehearing en banc. On May 2, 2014, these Non-Supporting Producers filed a petition for writ of certiorari, seeking review by the United States Supreme Court. On October 6, 2014, the Supreme Court denied two of three of the Non-Supporting Producers' petitions for certiorari review, and on December 15, 2014, the Supreme Court denied the third petition for review. Accordingly, Customs should not seek or be entitled to obtain a return of our CDSOA distribution received in April 2012.

In November 2012, December 2013, and November 2014 Customs disclosed that it withheld $3.0 million, $6.4 million, and $5.7 million respectively in each of those years, in funds related to the antidumping duty order on wooden bedroom furniture from China that was otherwise available for distribution until the amounts at issue in the pending litigation had been resolved. In March 2015, following the conclusion of all appeals, Customs began distributing the withheld funds to the Supporting Producers. Our allocated share of the distributed 2012, 2013, and 2014 withheld funds totaled $4.8 million, which we received during late March and early April 2015.

In November 2014, Customs also announced that 2014 and 2015 CDSOA distributions were subject to sequestration under the Budget Control Act at the rate of 7.2 percent and 7.3 percent, respectively. On March 17, 2015, however, the government concluded that the amounts sequestered during Fiscal Year 2014 and Fiscal Year 2015 would become available in the subsequent fiscal year. Our share of the 2014 sequestered funds, totaling $147,000, was received in April 2015 and no funds were sequestered in 2015.

In November 2015, Customs distributed $1.2 million in collected duties that were available for distribution in 2015. Our portion of this distribution was $412,000, representing 33.6% of the balance available for distribution. According to Customs, as of October 1, 2015, approximately $2.6 million in duties had been secured by cash deposits and bonds on unliquidated entries of wooden bedroom furniture that are subject to the CDSOA, and this amount is potentially available for distribution under the CDSOA to eligible domestic manufacturers in connection with the case involving bedroom furniture imported from China. The amount ultimately distributed will be impacted by appeals from the annual administrative review process and importers' actions concerning the amount of duties owed with respect to specific entries, which can retroactively increase or decrease the actual duties owed on entries secured by cash deposits and bonds. Assuming our percentage allocation in future years is the same as it was for the 2015 distribution (approximately 33.6% of the funds distributed) and the $2.6 million collected by the government as of October 1, 2015 does not change as a result of the annual administrative review process or otherwise, we could receive approximately $860,000 in CDSOA funds.

Due to the uncertainty of the administrative processes, we cannot provide assurances as to future amounts of additional CDSOA funds that ultimately will be received, if any, and we cannot predict when we may receive any additional CDSOA funds.

New Accounting Pronouncements

In February 2016, the FASB issued its final lease accounting standard, FASB Accounting Standard Codification ("ASC") Topic 842, *Leases*, which requires lessees to reflect most leases on their balance sheet as assets and obligations. The effective date for the standard is for fiscal years beginning after December 15, 2018. Early adoption is permitted. We are evaluating the effect that ASC 842 will have on our consolidated financial statements and related disclosures. The standard is to be applied under the modified retrospective method, with elective reliefs, which requires application of the new guidance for all periods presented.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09). The amendments in ASU 2016-09 simplify several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. The effective date for the standard for public entities is for fiscal years beginning after December 15, 2016. Early adoption is permitted. We are evaluating the effect that ASU 2016-09 will have on our consolidated financial statements and related disclosures.

Critical Accounting Policies

There have been no material changes to our critical accounting policies and estimates from the information provided in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations", included in our 2015 Annual Report on Form 10-K.

Forward-Looking Statements

Certain statements made in this report are not based on historical facts, but are forward-looking statements. These statements can be identified by the use of forward-looking terminology such as "believes," "estimates," "expects," "may," "will," "should," "could", or "anticipates," or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy. These statements reflect our reasonable judgment with respect to future events and are subject to risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such risks and uncertainties include disruptions from transitioning to and using a single contract manufacturer for substantially all of our products including those arising in the event the manufacturer is not able to manufacture as anticipated in terms of cost, quality or timeliness or in the event we lost this relationship, disruptions in foreign sourcing including those arising from supply or distribution disruptions or those arising from changes in political, economic and social conditions, as well as laws and regulations, in countries from which we source products, international trade policies of the United States and countries from which we source products, the inability to raise prices in response to inflation and increasing costs, lower sales due to worsening of current economic conditions, the cyclical nature of the furniture industry, business failures or loss of large customers, failure to anticipate or respond to changes in consumer tastes, fashions and perceived values in a timely manner, competition in the furniture industry, environmental, health, and safety compliance costs, and failure or interruption of our information technology infrastructure. Any forward-looking statement speaks only as of the date of this filing and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new developments or otherwise.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

None of our foreign sales or purchases are denominated in foreign currency and we do not have any foreign currency hedging transactions. While our foreign purchases are denominated in U.S. dollars, a relative decline in the value of the U.S. dollar could result in an increase in the cost of our products obtained from offshore sourcing and reduce our earnings or increase our losses, unless we are able to increase our prices for these items to reflect any such increased cost.

ITEM 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act). Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report.

(b) Changes in internal controls over financial reporting. There were no changes in our internal control over financial reporting that occurred during the first quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. OTHER INFORMATION

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table summarizes the repurchases of our equity securities during the 3-month period ended April 2, 2016:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[1]	Approximate Dollar Value of Shares that May Yet be Purchased under the Plans or Programs[1]
January 1 to February 6, 2016	-		-	3,981,271
February 7 to March 5, 2016	405,468[2]	2.53	400,000	2,969,271
March 6 to April 2, 2016	-		-	2,969,271
Three months ended April 2, 2016	405,468[2]		400,000	

(1) In July 2012, the Board of Directors authorized the purchase of up to $5.0 million of our common stock. These repurchases may be made from time to time in the open market, in privately negotiated transactions, or otherwise, at prices the company deems appropriate.

(2) Includes 5,468 shares tendered by recipients of restricted stock awards to satisfy tax withholding obligations on vested restricted stock.

ITEM 6. Exhibits

3.1 Restated Certificate of Incorporation of the Registrant as amended (incorporated by reference to Exhibit 3.1 to the Registrant's Form 10-Q (Commission File No. 0-14938) for the quarter ended July 2, 2005).

3.2 By-laws of the Registrant as amended (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K (Commission File No. 0-14938) filed February 3, 2010).

31.1 Certification by Glenn Prillaman, our Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(1)

31.2 Certification by Anita W. Wimmer, our Principal Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (1)

32.1 Certification of Glenn Prillaman, our Chief Executive Officer, pursuant to 18 U. S. C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002. (1)

32.2 Certification of Anita W. Wimmer, our Principal Financial Officer, pursuant to 18 U. S. C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002. (1)

101 The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended April 2, 2016, formatted in Extensible Business Reporting Language ("XBRL"): (i) consolidated balance sheets, (ii) consolidated statements of operations, (iii) condensed consolidated statements of comprehensive (loss) income, (iv) condensed consolidated statements of cash flows, (v) the notes to the consolidated financial statements, and (vi) document and entity information.(1)

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(1) Filed herewith

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: April 25, 2016

STANLEY FURNITURE COMPANY, INC.
By: /s/ Anita W. Wimmer
Anita W. Wimmer
Principal Financial and Accounting Officer

Exhibit 31.1

I, Glenn Prillaman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Stanley Furniture Company, 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 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;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer 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: April 25, 2016

By: /s/ Glenn Prillaman
Glenn Prillaman
Chief Executive Officer

Exhibit 31.2

I, Anita W. Wimmer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Stanley Furniture Company, 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 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;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer 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: April 25, 2016

By: /s/ Anita W. Wimmer
Anita W. Wimmer
Principal Financial and Accounting Officer

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 Stanley Furniture Company, Inc. (the "Company") Quarterly Report on Form 10-Q for the period ended April 2, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Glenn Prillaman, Chief Executive Officer of the Company certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1). The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Date: April 25, 2016

By: /s/ Glenn Prillaman
Glenn Prillaman
Chief Executive Officer

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 Stanley Furniture Company, Inc. (the “Company”) Quarterly Report on Form 10-Q for the period ended April 2, 2016 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Anita W. Wimmer, Principal Financial Officer of the Company certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1). The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Date: April 25, 2016

By: /s/ Anita W. Wimmer
Anita W. Wimmer
Principal Financial and Accounting Officer