

INNOVATIVE DESIGNS INC
Form 10QSB
September 14, 2007

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

FORM 10-QSB

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

For the quarterly period ended July 31, 2007

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: 333-103746

INNOVATIVE DESIGNS, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

03-0465528
(I.R.S. Employer
Identification No.)

223 North Main Street, Suite 1
Pittsburgh, Pennsylvania 15215
(Address of Principal Executive Offices, Zip Code)

(412) 799-0350
(Issuer's Phone Number Including Area Code)

N/A
(Former Name or Former Address, if changed since last report)

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

As of September 14, 2007, there were 16,916,193 shares of the Registrant's common stock, par value \$.0001 per share, outstanding.

Transitional Small Business Disclosure Format: YES NO

Innovative Designs, Inc.

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ITEM 1. CONDENSED FINANCIAL STATEMENTS**INNOVATIVE DESIGNS, INC.****CONDENSED BALANCE SHEETS**

(Debtor-in-Possession)

July 31, 2007 (Unaudited) and October 31, 2006

| | 2007 | 2006 |
|--|-------------------|---------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS: | | |
| Cash | \$ 7,666 | \$ 66,275 |
| Accounts receivable | 46,975 | 283,251 |
| Inventory | 897,482 | 820,413 |
| Other assets | 5,783 | 11,572 |
| Total current assets | 957,906 | 1,181,511 |
| PROPERTY AND EQUIPMENT, NET | 16,906 | 20,497 |
| TOTAL ASSETS | \$ 974,812 | \$ 1,202,008 |
| <u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u> | | |
| CURRENT LIABILITIES: | | |
| Current liabilities not subject to compromise: | | |
| Accounts payable | \$ 6,881 | \$ 6,881 |
| Current portion of notes payable | 298,041 | 391,412 |
| Accrued interest expense on debt not subject to compromise | 62,200 | 62,200 |
| Current liabilities not subject to compromise | 367,122 | 460,493 |
| Current liabilities subject to compromise: | | |
| Accounts payable - related party | 28,220 | 28,220 |
| Current portion of related party debt | 111,000 | 111,000 |
| Due to shareholders | 184,500 | 41,500 |
| Accrued expenses | 2,333 | 4,925 |
| Accrued liability related to arbitration award | 4,176,000 | 4,176,000 |
| Deferred revenue | - | 213,781 |
| Customer deposits | 9,000 | - |
| Current liabilities subject to compromise | 4,511,053 | 4,575,426 |
| Total current liabilities | 4,878,175 | 5,035,919 |
| LONG-TERM LIABILITIES NOT SUBJECT TO COMPROMISE: | | |
| Long-term liabilities not subject to compromise: | | |
| Long-term portion of notes payable | 415,680 | 426,458 |
| Total long term liabilities not subject to compromise | 415,680 | 426,458 |
| TOTAL LIABILITIES | 5,293,855 | 5,462,377 |

STOCKHOLDERS' DEFICIT:

| | | |
|---|-------------|--------------|
| Preferred stock, \$.0001 par value, 100,000,000 shares authorized | | |
| Common stock, \$.0001 par value, 500,000,000 shares authorized, 16,916,193 and 16,901,193 shares issued and outstanding | 1,693 | 1,691 |
| Additional paid in capital | 4,977,082 | 4,971,084 |
| Accumulated deficit | (9,297,818) | (9,233,144) |
| Total stockholders' (deficit) | (4,319,043) | (4,260,369) |
| TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT | | |
| | \$ 974,812 | \$ 1,202,008 |

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

INNOVATIVE DESIGNS, INC.**STATEMENTS OF OPERATIONS**

(Debtor-in-Possession)

Three Months Ended July 31, 2007 and 2006, Nine Months Ended July 31, 2007 and 2006(Unaudited)

| | Three Months Ended July 31, | | Nine Months Ended July 31, | |
|---|-----------------------------|-----------|----------------------------|-----------|
| | 2007 | 2006 | 2007 | 2006 |
| REVENUE | \$ 35,093 | \$ 41,330 | \$ 293,727 | \$ 60,709 |
| OPERATING EXPENSES: | | | | |
| Cost of sales | 20,354 | 15,732 | 124,300 | 23,871 |
| Non-cash stock compensation | - | 18,500 | 6,000 | 186,300 |
| Selling, general and administrative expenses | 63,254 | 73,341 | 197,606 | 215,469 |
| | 83,608 | 107,573 | 327,906 | |