

INNOVATIVE FOOD HOLDINGS INC

Form 10-Q

November 14, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington D. C. 20549

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934
For the quarterly period ended September 30, 2013

Transition report pursuant to Section 13 or 15(d) of the Exchange Act
For the transition period from _____ to _____.

Commission File Number: 0-9376

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

Florida
(State or Other Jurisdiction of Incorporation or
Organization)

20-1167761
(IRS Employer I.D. No.)

28411 Race Track Rd.
Bonita Springs, Florida 34135
(Address of Principal Executive Offices)

(239) 596-0204
(Registrant's Telephone Number, Including Area Code)

(Former name, former address and former fiscal year, if changed since last report)

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

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

Indicate by check mark 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

Edgar Filing: INNOVATIVE FOOD HOLDINGS INC - Form 10-Q

reporting company" in Rule 12b-2 of the Exchange Act.

(Check One):

Large Accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Regulation 12b-2 of the Exchange Act): YES NO

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date
6,722,412 shares of common stock outstanding and 7,337,125 shares issued as of November 7, 2013.

Table of Contents

INNOVATIVE FOOD HOLDINGS, INC.
TABLE OF CONTENTS TO FORM 10-Q

	Page
PART FINANCIAL INFORMATION	
I.	
Item 1. <u>Condensed Consolidated Financial Statements (unaudited)</u>	3
<u>Condensed Consolidated Balance Sheets</u>	3
<u>Condensed Consolidated Statements of Operations</u>	4
<u>Condensed Consolidated Statements of Cash Flows</u>	5
<u>Notes to the Condensed Consolidated Financial Statements</u>	6
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations (including cautionary statement)</u>	20
Item 4. <u>Controls and Procedures</u>	27
PART OTHER INFORMATION	
II.	
Item 1. <u>Legal Proceedings</u>	28
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	28
Item 3. <u>Defaults Upon Senior Securities</u>	28
Item 4. <u>Mine Safety Disclosures</u>	28
Item 5. <u>Other Information</u>	28
Item 6. <u>Exhibits</u>	28
<u>Signatures</u>	29

Table of Contents

PART I. FINANCIAL INFORMATION

ITEM 1 - CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Innovative Food Holdings, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

	September 30, 2013 (Unaudited)	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,374,792	\$ 1,347,029
Accounts receivable net	746,230	959,805
Inventory	805,691	517,631
Other current assets	11,316	13,753
Total current assets	2,938,029	2,838,218
Property and equipment, net	971,624	145,632
Intangible assets, net	933,412	1,071,322
Total assets	\$ 4,843,065	\$ 4,055,172
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,310,592	\$ 1,376,772
Accrued liabilities - related parties	103,217	342,880
Accrued interest, net, current portion	744,246	-
Accrued interest - related parties, net	46,479	39,866
Notes payable, current portion, net of discount	257,630	11,543
Notes payable - related parties, current portion	110,500	110,500
Contingent purchase price liability	37,500	48,070
Total current liabilities	2,610,164	1,929,631
Accrued interest - net, long term portion	-	719,187
Note payable - long term portion, net of discount	585,267	185,068
Total liabilities	3,195,431	2,833,886
Stockholders' equity		
Common stock, \$0.0001 par value; 500,000,000 shares authorized; 6,644,905 and 6,023,801 shares issued and 6,030,192 and 5,809,088 shares outstanding at September 30, 2013 and December 31, 2012, respectively	664	602
Additional paid-in capital	7,324,567	6,329,553
Common stock subscribed	-	68,336
Treasury stock, 614,713 and 304 shares at September 30, 2013 and December 31, 2012, respectively	(100,099)	(99)
Accumulated deficit	(5,577,498)	(5,177,106)
Total stockholder's equity	1,647,634	1,221,286

Total liabilities and stockholders' equity	\$ 4,843,065	\$ 4,055,172
--	--------------	--------------

See notes to these unaudited condensed consolidated financial statements.

Table of Contents

Innovative Food Holdings, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(UNAUDITED)

	For the Three Months Ended September 30, 2013	For the Three Months Ended September 30, 2012	For the Nine Months Ended September 30, 2013	For the Nine Months Ended September 30, 2012
Revenue	\$ 6,005,091	\$ 5,130,418	\$ 17,131,361	\$ 12,768,596
Cost of goods sold	4,326,573	3,872,444	12,391,963	9,645,040
Gross margin	1,678,518	1,257,974	4,739,398	3,123,556
Selling, general and administrative expenses				