

INNOVATIVE FOOD HOLDINGS INC
Form 10-Q
August 14, 2014

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 June 30, 2014
- 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

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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
8,252,831 shares of common stock outstanding and 8,553,494 shares issued as of August 10, 2014.

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PART I. FINANCIAL INFORMATION

ITEM 1 - CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

	June 30, 2014	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	\$2,266,135	\$2,073,605
Accounts receivable net	1,148,316	771,205
Inventory	885,329	839,979
Other current assets	11,316	11,316
Total current assets	4,311,096	3,696,105
Property and equipment, net	916,375	954,068
Investment	54,000	-
Intangible assets, net	795,502	887,442
Total assets	\$6,076,973	\$5,537,615
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$1,435,134	\$1,285,149
Accrued liabilities - related parties	248,985	523,110
Accrued interest	606,080	671,481
Accrued interest - related parties	53,092	48,708
Notes payable, current portion, net of discount	268,132	1,150,253
Notes payable - related parties, current portion	110,500	110,500
Contingent purchase price liability	-	80,881
Total current liabilities	2,721,923	3,870,082
Note payable - long term portion, net of discount	877,265	727,328
Total liabilities	3,599,188	4,597,410
Stockholders' equity		
Common stock, \$0.0001 par value; 500,000,000 shares authorized; 8,553,494 and 7,732,456 shares issued and 8,252,831 and 7,117,743 shares outstanding at June 30, 2014 and December 31, 2013, respectively	855	774
Additional paid-in capital	8,684,545	7,702,893
Common stock subscribed	-	-
Treasury stock, 486,254 and 400,304 shares outstanding at June 30, 2014 and December 31, 2013, respectively	(160,099)	(100,099)
Accumulated deficit	(6,047,516)	(6,663,363)
Total stockholder's equity	2,477,785	940,205
Total liabilities and stockholders' equity	\$6,076,973	\$5,537,615

See notes to these unaudited condensed consolidated financial statements.

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

	For the Three Months Ended June 30, 2014	For the Three Months Ended June 30, 2013	For the Six Months Ended June 30, 2014	For the Six Months Ended June 30, 2013
Revenue	\$ 6,449,027	\$ 5,318,301	\$ 12,002,493	\$ 10,559,975
Cost of goods sold	4,464,276	3,830,448	8,194,131	7,499,095
Gross margin	1,984,751	1,487,853	3,808,362	3,060,880
Selling, general and administrative expenses	1,303,106	1,208,343	2,671,217	2,408,957
Total operating expenses	1,303,106	1,208,343	2,671,217	2,408,957
Operating income	681,645	279,510	1,137,145	651,923
Other (income) expense:				
Other (income)	-	-	(20,000)	-
Interest expense	254,504	371,992	541,298	714,557
Total other (income) expense	254,504	371,992	521,298	714,557
Income (Loss) before income taxes	427,141	(92,482)	615,847	(62,634)
Income tax expense	-	-	-	-
Net income	\$ 427,141	\$ (92,482)	\$ 615,847	\$ (62,634)
Net income (loss) per share - basic	\$ 0.055	\$ (0.015)	\$ 0.081	\$ (0.010)
Net income (loss) per share - diluted	\$ 0.033	\$ (0.015)	\$ 0.047	\$ (0.010)
Weighted average shares outstanding - basic	7,815,537	6,342,288	7,599,348	6,284,658
Weighted average shares outstanding - diluted	19,566,632	6,342,288	13,164,868	6,284,658

See notes to these unaudited condensed consolidated financial statements.

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

	For the Six Months Ended June 30, 2014	For the Six Months Ended June 30, 2013
Cash flows from operating activities:		
Net income (loss)	\$ 615,847	\$(62,634)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	133,303	127,686
Non-cash compensation	72,833	35,662
Amortization of discount on notes payable	492,776	637,665
Increase (decrease) in allowance for doubtful accounts	(10,595)	125,951
Changes in assets and liabilities:		
Accounts receivable, net	(366,516)	(239,611)
Inventory and other current assets, net	(45,350)	(175,804)
Accounts payable and accrued expenses - related party	(294,616)	(263,215)
Accounts payable and accrued expenses	165,060	(15,976)
Contingent liability	(80,881)	-
Net cash provided by operating activities	681,861	169,724
Cash flows from investing activities:		
Investment in food company	(54,000)	-
Acquisition of property, plant, and equipment	(3,519)	(309,676)
Net cash used in investing activities	(57,519)	(309,676)
Cash flows from financing activities:		
Principal payments on debt	(371,812)	(230,998)
Principal payments on debt - related party	-	(5,640)
Purchase of Treasury Stock	(60,000)	-
Net cash used in financing activities	(431,812)	(236,638)
(Decrease) increase in cash and cash equivalents	192,530	(376,590)
Cash and cash equivalents at beginning of period	2,073,605	1,347,029