

INNOVATIVE DESIGNS INC
Form 10QSB/A
August 28, 2007

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

FORM 10-QSB/A-1

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

For the quarterly period ended January 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 03-0465528
(State or (I.R.S. Employer
other Identification
jurisdiction of No.)
incorporation
or
organization)

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

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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 March 15, 2007, there were 16,901,193 shares of the Registrant's common stock, par value \$.01 per share, outstanding.

Transitional Small Business Disclosure Format: YES NO

Innovative Designs, Inc.

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PART I - FINANCIAL INFORMATION

The Form 10-QSB/A-1 was amended in response to comments received from the staff of the SEC. The comments generally related to enhancing certain disclosures in the Form 10-QSB/A-1 as well as to the financial statements and related notes. The financial statements were also restated to defer revenue previously recognized from a national retailer until the related cash payments are received.

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

(Debtor-in-Possession)

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

	2007	2006
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 71,505	\$ 66,275
Accounts receivable	342,291	283,251
Inventory	787,975	820,413
Other assets	7,559	11,572
Total current assets	1,209,330	1,181,511
PROPERTY AND EQUIPMENT, NET	19,300	20,497
TOTAL ASSETS	\$ 1,228,630	\$ 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	358,058	391,412
Accrued interest expense on debt not subject to compromise	62,200	62,200
Current liabilities not subject to compromise	427,139	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	51,500	41,500
Accrued expenses	5,538	4,925
Accrued liability related to arbitration award	4,176,000	4,176,000
Deferred revenue	213,781	213,781
Current liabilities subject to compromise	4,586,039	4,575,426
Total current liabilities	5,013,178	5,035,919
LONG-TERM LIABILITIES NOT SUBJECT TO COMPROMISE:		
Long-term liabilities not subject to compromise:		
Long-term portion of notes payable	422,939	426,458
Total long term liabilities not subject to compromise	422,939	426,458
TOTAL LIABILITIES	5,436,117	5,462,377
STOCKHOLDERS' DEFICIT:		
Preferred stock, \$.0001 par value, 100,000,000 shares authorized		

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Common stock, \$.0001 par value, 500,000,000 shares authorized, 16,901,193 and 19,224,291 shares issued and outstanding	1,691	1,691
Additional paid in capital	4,971,084	4,971,084
Accumulated deficit	(9,180,262)	(9,233,144)
Total stockholders' (deficit)	(4,207,487)	(4,260,369)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 1,228,630	\$ 1,202,008

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

INNOVATIVE DESIGNS, INC.

STATEMENTS OF OPERATIONS
 (Debtor-in-Possession)
(Unaudited)

	For the Three Months Ended	
	January 31, 2007	January 31, 2006
REVENUE	\$ 215,683	\$ 12,241
OPERATING EXPENSES:		
Cost of sales	85,908	5,141
Selling, general and administrative expenses	69,694	227,522
	155,602	232,663
Income (loss) from operations	60,081	(220,422)
OTHER INCOME AND (EXPENSE):		
Interest expense	(7,199)	(4,138)
Net income (loss)	\$ 52,882	\$ (224,560)
Per share information - basic and fully diluted		
Weighted Average Shares Outstanding	16,906,030	17,687,073
Net income (loss) per share	.003	(.013)

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

INNOVATIVE DESIGNS, INC.STATEMENTS OF STOCKHOLDERS' DEFICIT
(Debtor-in-Possession)January 31, 2007 (Unaudited) and October 31, 2006

	Common Stock		Additional Paid in Capital	Retained Deficit	Total
	Shares	Amount			
Balance at October 31, 2005	19,224,291	\$ 1,923	\$ 4,813,676	\$ (5,032,704)	(217,105)
Shares issued for services	625,000	63	259,688	-	259,751
Shares issued for cash	611,000	61	261,059	-	261,120
Shares returned for nonperformance of services	(1,650,000)	(165)	(168,035)	200	(168,000)
Reverse shares issued for extinguishment of note payable	(1,909,098)	(191)	(763,448)	-	(763,639)
Reversal of license agreement with RMF Global	-	-	568,144	-	568,144
Net loss	-	-	-	(4,200,640)	(4,200,640)
Balance at October 31, 2006	16,901,193	1,691	4,971,084	(9,233,144)	(4,260,369)
Net income	-	-	-	52,882	52,882
Balance at January 31, 2007	16,901,193	\$ 1,691	\$ 4,971,084	\$ (9,180,262)	(4,207,487)

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

INNOVATIVE DESIGNS, INC.
STATEMENTS OF CASHFLOW
 (Debtor-in-Possession)
(Unaudited)

 For the Three Months Ended
 January 31, 2007 January 31, 2006
CASH FLOWS FROM OPERATING ACTIVITIES

Net income (loss)	\$	52,882	\$	(224,560)
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities:				
Common stock issued for services		-		168,000
Depreciation and amortization		1,197		4,032
Changes in operating assets and liabilities:				
Accounts receivable		(59,040)		43,767
Inventory		32,438		(31,271)
Accounts payable		-		(11,752)
Accrued expenses		613		5,340
Other assets		4,013		-
Net cash provided by (used in) operating activities		32,103		(46,444)

CASH FLOWS FROM FINANCING ACTIVITIES:

Payments on note payable		(36,873)		(2,372)
Payment on related party note		-		(10,000)
Payment on loan payable		-		(655)
Receipt of shareholder advances		10,000		-
Shareholder advances		-		29,000
Common stock issued for cash		-		25,620
Net cash (used in) provided by financing activities		(26,873)		41,593
Net increase (decrease) in cash	\$	5,230	\$	(4,851)
Cash - beginning of year	\$	66,275	\$	42,434
Cash - end of period	\$	71,505	\$	37,583

Supplemental cash flow information: