

IPARTY CORP
Form 10-Q
November 08, 2010

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 Exchange Act of 1934

For the Quarterly Period Ended September 25, 2010

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 1-15611

iPARTY CORP.
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

76-0547750
(I.R.S. Employer
Identification No.)

270 Bridge Street, Suite 301,
Dedham, Massachusetts
(Address of Principal Executive
Offices)

02026
(Zip Code)

(781) 329-3952

(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 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required

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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 definition of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if smaller reporting company)

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

As of November 3, 2010, there were 23,285,393 shares of common stock, \$.001 par value, outstanding.

iPARTY CORP.
QUARTERLY REPORT ON FORM 10-Q
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

iPARTY CORP.
CONSOLIDATED BALANCE SHEETS (unaudited)

	Sep 25, 2010	Dec 26, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 72,950	\$ 61,050
Restricted cash	577,185	1,056,525
Accounts receivable	930,171	688,506
Inventories, net	20,509,587	13,048,104
Prepaid expenses and other assets	381,591	174,752
Deferred income tax asset - current	70,997	70,997
Total current assets	22,542,481	15,099,934
Property and equipment, net	3,060,266	2,892,835
Intangible assets, net	1,102,504	1,606,585
Other assets	294,645	349,378
Deferred income tax asset	343,690	343,690
Total assets	\$ 27,343,586	\$ 20,292,422
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and book overdrafts	\$ 11,480,751	\$ 3,885,062
Accrued expenses	2,586,045	2,649,468
Current portion of capital lease obligations	9,228	9,228
Current note payable	-	600,000
Borrowings under line of credit	5,129,464	2,526,982
Total current liabilities	19,205,488	9,670,740
Long-term liabilities:		
Capital lease obligations, net of current portion	6,920	13,841
Other liabilities	1,511,331	1,529,257
Total long-term liabilities	1,518,251	1,543,098
Commitments and contingencies		
Stockholders' equity:		
Convertible preferred stock - \$.001 par value; 10,000,000 shares authorized, Series B convertible preferred stock - 1,150,000 shares authorized; 422,468 and 457,468 shares issued and outstanding at September 25, 2010 and December 26, 2009, respectively (aggregate	6,286,324	6,832,494

liquidation value of \$8,449,360 at September 25, 2010)		
Series C convertible preferred stock - 100,000 shares authorized, issued and outstanding (aggregate liquidation value of \$2,000,000 at September 25, 2010)	1,492,000	1,492,000
Series D convertible preferred stock - 250,000 shares authorized, issued and outstanding (aggregate liquidation value of \$5,000,000 at September 25, 2010)	3,652,500	3,652,500
Series E convertible preferred stock - 533,333 shares authorized; 296,666 shares issued and outstanding (aggregate liquidation value of \$1,112,497 at September 25, 2010)	1,112,497	1,112,497
Series F convertible preferred stock - 114,286 shares authorized, issued and outstanding (aggregate liquidation value of \$500,000 at September 25, 2010)	500,000	500,000
Total convertible preferred stock	13,043,321	13,589,491
Common stock - \$.001 par value; 150,000,000 shares authorized; 23,267,507 and 22,798,647 shares issued and outstanding at September 25, 2010 and December 26, 2009, respectively	23,268	22,799
Additional paid-in capital	53,061,546	52,311,059
Accumulated deficit	(59,508,288)	(56,844,765)
Total stockholders' equity	6,619,847	9,078,584
Total liabilities and stockholders' equity	\$ 27,343,586	\$ 20,292,422

The accompanying notes are an integral part of these Consolidated Financial Statements.

iPARTY CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

For the three months ended		For the nine months ended
Sep 25,	Sep 26,	Sep 25,
2010	2009	2010