

IPARTY CORP
Form 10-Q
August 09, 2011

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 June 25, 2011

OR

TRANSITION REPORT PURSUANT 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.)
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270 Bridge Street, Suite 301, Dedham, Massachusetts (Address of Principal Executive Offices)	02026 (Zip Code)
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(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

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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 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 August 1, 2011, there were 24,408,594 shares of common stock, \$.001 par value, outstanding.

iPARTY CORP.
QUARTERLY REPORT ON FORM 10-Q
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PART I -
FINANCIAL
INFORMATIONiPARTY CORP.
CONSOLIDATED BALANCE SHEETS
(unaudited)

	June 25, 2011	Dec 25, 2010
ASSETS		
Current assets:		
Cash	\$ 63,650	\$ 62,650
Restricted cash	698,572	616,742
Accounts receivable	869,821	626,181
Inventories	17,661,838	14,950,933
Prepaid expenses and other assets	437,346	253,749
Deferred income tax asset	95,163	95,163
Total current assets	19,826,390	16,605,418
Property and equipment, net	3,062,319	3,000,798
Intangible assets, net	776,072	934,477
Other assets	231,581	264,179
Deferred income tax asset	476,354	476,354
Total assets	\$ 24,372,716	\$ 21,281,226
LIABILITIES AND STOCKHOLDERS'		
EQUITY		
Current liabilities:		
Accounts payable and book overdrafts	\$ 7,520,188	\$ 4,572,147
Accrued expenses	2,271,202	2,254,049
Warrant liability	4,563	10,000
Current portion of capital lease obligations	9,228	9,228
Borrowings under line of credit	4,581,877	3,102,213
Total current liabilities	14,387,058	9,947,637
Long-term liabilities:		
Capital lease obligations, net of current portion	-	4,613
Deferred rent	1,511,203	1,517,157
Total long-term liabilities	1,511,203	1,521,770
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; 420,408 and 421,218 shares issued and outstanding, respectively at June 25, 2011 and December 25, 2010		

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(aggregate liquidation value of \$8,408,160 at June 25, 2011)	6,255,671	6,267,724
Series C convertible preferred stock - 100,000 shares authorized, issued and outstanding (aggregate liquidation value of \$2,000,000 at June 25, 2011)	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 June 25, 2011)	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 June 25, 2011)	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 June 25, 2011)	500,000	500,000
Total convertible preferred stock	13,012,668	13,024,721
Common stock - \$.001 par value; 150,000,000 shares authorized; 24,408,594 and 24,294,493 shares issued and outstanding at June 25, 2011 and December 25, 2010, respectively	24,409	24,294