

COFFEE HOLDING CO INC
Form 10-Q
March 17, 2017

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: **January 31, 2017**

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: **001-32491**

Coffee Holding Co., Inc.
(Exact name of registrant as specified in its charter)

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Nevada
(State or other jurisdiction of
incorporation or organization)

11-2238111
(I.R.S. Employer
Identification No.)

3475 Victory Boulevard, Staten Island, New York 10314
(Address of principal executive offices) (Zip Code)

(718) 832-0800
(Registrant's telephone number including area code)

N/A

(Former name, former address and former fiscal year, if changed from 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 (§232.405 of this chapter) during the preceding 12 months (or for such 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 reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

5,863,302 shares of common stock, par value \$0.001 per share, are outstanding at March 4, 2017.

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PART I**ITEM 1 – FINANCIAL STATEMENTS.****COFFEE HOLDING CO., INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****JANUARY 31, 2017 AND OCTOBER 31, 2016**

	January 31, 2017	October 31, 2016
	(Unaudited)	
- ASSETS -		
CURRENT ASSETS:		
Cash	\$2,836,101	\$3,227,981
Accounts receivable, net of allowances of \$144,000 for 2017 and 2016	11,202,600	13,517,892
Inventories	14,483,524	14,276,290
Prepaid green coffee	506,983	435,577
Prepaid expenses and other current assets	456,116	535,456
Prepaid and refundable income taxes	284,599	481,977
Due from broker	173,671	134,722
Deferred income tax asset	116,731	81,545
TOTAL CURRENT ASSETS	30,060,325	32,691,440
Machinery and equipment, at cost, net of accumulated depreciation of \$4,996,541 and \$4,819,828 for 2017 and 2016, respectively	2,348,274	2,269,863
Customer list and relationships, net of accumulated amortization of \$53,625 and \$50,250 for the periods ended January 31, 2017 and 2016, respectively	216,375	219,750
Trademarks	180,000	180,000
Goodwill	1,017,905	1,017,905
Equity method investments	96,917	95,598
Deposits and other assets	554,133	549,337
TOTAL ASSETS	\$34,473,929	\$37,023,893
- LIABILITIES, REDEEMABLE COMMON STOCK AND STOCKHOLDERS' EQUITY -		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$3,302,535	\$4,062,573
Line of credit	4,758,475	6,958,375
Income taxes payable	2,272	1,050
TOTAL CURRENT LIABILITIES	8,063,282	11,021,998

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Deferred income tax liabilities	166,731	167,470
Deferred rent payable	233,508	231,216
Deferred compensation payable	499,563	489,668
TOTAL LIABILITIES	8,963,084	11,910,352
Redeemable common stock:		
Common stock subject to possible redemption, at \$200,004; 38,364 shares issued and outstanding at redemption value as of January 31, 2017 and October 31, 2016	200,004	200,004
STOCKHOLDERS' EQUITY:		
Coffee Holding Co., Inc. stockholders' equity:		
Preferred stock, par value \$.001 per share; 10,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, par value \$.001 per share; 30,000,000 shares authorized, 6,494,680 shares issued; 5,824,938 shares outstanding as of January 31 2017 and October 31, 2016	6,456	6,456
Additional paid-in capital	15,904,109	15,904,109
Retained earnings	12,254,010	11,878,228
Less: Treasury stock, 631,378 common shares, at cost as of January 31, 2017 and October 31, 2016	(3,249,590)	(3,249,590)
Total Coffee Holding Co., Inc. Stockholders' Equity	24,914,985	24,539,203
Noncontrolling interest	395,856	374,334
TOTAL EQUITY	25,310,841	24,913,537
TOTAL LIABILITIES, REDEEMABLE COMMON STOCK AND STOCKHOLDERS' EQUITY	\$34,473,929	\$37,023,893

See notes to Condensed Consolidated Financial Statements

COFFEE HOLDING CO., INC.**CONDENSED CONSOLIDATED STATEMENTS OF INCOME****THREE MONTHS ENDED JANUARY 31, 2017 AND 2016****(Unaudited)**

	January 31, 2017	January 31, 2016
NET SALES	\$ 19,632,367	\$ 22,805,397
COST OF SALES (which include purchases of approximately \$.8 million and \$3.5 million for the three months ended January 31, 2017 and 2016, respectively, from a related party)	16,500,776	20,154,348
GROSS PROFIT	3,131,591	2,651,049
OPERATING EXPENSES:		
Selling and administrative	2,350,591	1,676,960
Officers' salaries	168,590	163,850