HUMANA INC
Form 4
February 28, 2005

FORM 4

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

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
McCulley Steven E

(Last) (First) (Middle)

HUMANA INC., 500 WEST MAIN STREET

(Street)

LOUISVILLE, KY 40202

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
HUMANA INC [HUM]

3. Date of Earliest Transaction (Month/Day/Year)
02/24/2005

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Vice President & Controller

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Humana Inc. (1)	02/24/2005		A		2,100	A	$ 0.1667	2,100	D	
Humana Inc. (1)								404	I	See Footnote (2)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Options (3)	$ 15.5938							(5)	(5)	Humana Common (1)	7,101
Options (3)	$ 19.25							01/15/2002	01/15/2009	Humana Common (1)	6,000
Options (4)	$ 32.7	02/24/2005		A		17,900		(9)	02/24/2012	Humana Common (1)	17,900
Options (3)	$ 12.995							(6)	(6)	Humana Common (1)	10,000
Options (3)	$ 9.26							(7)	(7)	Humana Common (1)	20,000
Options (4)	$ 21.275							(8)	(8)	Humana Common (1)	15,000
Phantom Stock Units	(10)							(10)	(10)	Humana Common (1)	7

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
McCulley Steven E HUMANA INC. 500 WEST MAIN STREET LOUISVILLE, KY 40202			Vice President & Controller	

Signatures

Steven E. McCulley	02/25/2005
**Signature of Reporting Person	Date

Explanation of Responses:

*	If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
**	Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
(1)	Each share of Common Stock contains a Right adopted on March 5, 1987, pursuant to the Company Rights Agreement, as amended and restated on February 14, 1996, and amended as of May 27, 1998 and March 1, 1999, which entitles holders of the Company's Common Stock, in the event certain specified events occur, to acquire 1/100 of a share of Series A Participating Preferred Stock at a price of $145 per fractional share.
(2)	Stock units held for the benefit of reporting person as of January 31, 2005 under the Humana Retirement & Savings Plan including a routine disposition of shares to fund an administrative fee assessment under a Tax-Conditioned Plan, both exempt under Rule 16b-3(c).
(3)	Right to buy pursuant to the Company's 1996 Stock Incentive Plan for Employees.
(4)	Right to buy pursuant to Humana Inc.'s 2003 Stock Incentive Plan.
(5)	Non-qualified stock options granted to reporting person on 9/17/98, all fully vested with 2,064 expiring on 1/12/05, 2,751 expiring on 1/9/07 and 4,350 expiring on 1/15/08.
(6)	Non-qualified stock options granted to reporting person on 3/13/02, vesting in three increments from 3/13/03 to 3/13/05.
(7)	Non-qualified stock options granted to reporting person on 3/13/03, vesting in three increments from 3/13/04 to 3/13/06.
(8)	Non-qualified stock options granted to reporting person on 2/24/04, vesting in three increments from 2/24/05 to 2/24/07.
(9)	Incentive and Non-Qualified stock options granted to reporting person on 2/24/05, both vesting in three increments from 2/24/06 to 2/24/08.
(10)	Phantom Stock Units held for the benefit of reporting person as of January 31, 2005, based on the value of Humana common stock on a 1-for-1 basis, under the Humana Excess Plan exempt under Rule 16b-3(c and d).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. style="WIDTH: 100%; TEXT-ALIGN: center">

Table of Contents

Penalty for Late Registration of Shares

During the three months ended June 30, 2005, the Company incurred a penalty for the late registration of shares underlying certain convertible debt agreements. This penalty is payable in cash or in additional shares of stock. At June 30, 2005, the Company had incurred a penalty in the amount of 6,400,000 shares (post-reverse split)of common stock. The Company accrued the fair value of the stock payment of this penalty in the amount of $467,200. There was no such penalty during the three months ended June 30, 2004.

Loss From Marking to Market - Penalty Shares

At June 30, 2005, the Company revalued the 6,400,000 shares (post-reverse split) issuable pursuant to the late registration penalty, and recorded an additional charge to operations in the amount of $70,400.

Interest Expense, net

Interest expense, net of interest income, decreased by approximately $307,262, or 78%, from $306,756 during the three months ended June 30, 2004 to $66,815 for the three months ended June 30, 2005. This decrease was attributable to a decrease in the amortization of the beneficial ownership features of convertible notes payable.

Net Loss

For the reasons stated above, net loss for the three months ended June 30, 2005 was $723,580, a decrease of $ 2,143,460 or approximately 75% compared to a net loss of $2,867,040 during the three months ended June 30, 2004. Our operating loss for the three months ended June 30, 2005 and 2004 was $2,562,284, and $1119,165, respectively.

Six Months Ended June 30, 2006 Compared to Six Months Ended June 30, 2005

Revenue

Revenue increased by $983,706, or approximately 39%, to $3,479,445 for the six months ended June 30, 2006 from $2,495,739 in the prior year. The substantial portion of the increase was attributable to increases in sales of meats and game, the addition of cheeses to our product offerings, and an increase in the number of divisions of USF that offered our products to their customers.

Cost of Revenue

Cost of revenue was $2,670,228 for the six months ended June 30, 2006, an increase of $708,773 or approximately 36% compared to cost of revenue of $1,961,455 for the six months ended June 30, 2005. The increase in the cost of revenue was due primarily to increased sales volume during the current quarter. Gross profit margin for the six months ended June 30, 2006 was approximately 22%, compared to gross profit margin of approximately 21% for the six months ended June 30, 2005. The increased gross margins for the current quarter were due primarily to better profit margins on specialty products and better Fedex rates.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by $248,224, or approximately 32%, to $1,036,639 during the six months ended June 30, 2006 from $ 788,415 for the six months ended June 30, 2005. The increase was attributable to increase professional and legal fees, increased travel and increase in sales payroll. The primary components of selling, general, and administrative expenses for the six months ended June 30, 2006 were payroll and related costs of $475,524; consulting and professional fees of $223,689; facilities costs of $55,679; commissions of $51,457; insurance of $33,970; amortization and depreciation of $25,373; investor relations of $12,456; information technology support of $12,089; and shipping and postage of $10,694.

Penalty for Late Registration of Shares

During the six months ended June 30, 2006, the Company accrued the issuance of 29,280,000 shares (post-reverse split) of common stock pursuant to a penalty calculation with regard to the late registration of shares underlying convertible notes payable. The Company charged to operations $1,221,952, during the six months ended June 30, 2006, representing the fair value of these shares. During the six months ended June 30, 2006, the Company also marked to market the value of the 58,240,000 (post-reverse split)shares issuable under this penalty. This resulted in a gain of $6,208.

Table of Contents

Interest expense, net

Interest expense, net of interest income, decreased by approximately $282,538, or 64%, from $441,185 to $158,647 for the six months ended June 30, 2005 and 2006, respectively. This increase was attributable to an increase in notes payable, and to the increased amortization of the beneficial conversion features associated with convertible notes payable during the six months ended June 30, 2006.

Change in Fair value of Warrant Liability

During the six months ended June 30, 2006, the Company had an accrued a liability of $6,577,232, for the warrants issued with the convertible notes. The Company charged to operations $532,835 during the six months ended June 30, 2006, representing the fair value of these warrants.

Change in Fair value of the Conversion Option Liability

During the six months ended June 30, 2006, the Company had an accrued a liability of $7,470,856, for the beneficial conversion feature of convertible notes payable. The Company charged to operations $367,581 during the six months ended June 30, 2006, representing the change in the fair value of these options

Net Loss

For the reasons stated above, net loss for the six months ended June 30, 2006 was $2,514,645, an increase of $1,281,729 or approximately 104% compared to a net loss of $1,232,916 during the six months ended June 30, 2005. Our operating loss for the six months ended June 30, 2006 and 2005 was $227,422 and $254,131, respectively.

Six Months Ended June 30, 2005 Compared to Six Months Ended June 30, 2004

Revenue

Revenue increased by $429,769, or approximately 21%, to $2,495,739 for the six months ended June 30, 2005 from $2,065,970 for the six months ended June 30, 2004. The substantial portion of the increase was attributable to increases in sales of meats and game, the addition of cheeses to our product offerings, and an increase in the number of divisions of USF that offered our products to their customers.

Cost of Revenue

Cost of revenue was $1,961,455 for the six months ended June 30, 2005, an increase of $137,194 or approximately 8% compared to cost of revenue of $1,824,261 for the six months ended June 30, 2004. The increase in the cost of revenue was due primarily to increased sales volume during the current quarter. Gross profit margin for the six months ended June 30, 2005 was approximately 21%, compared to gross profit margin of approximately 12% for the six months ended June 30, 2004.

Selling, General, and Administrative Expenses

Selling, general and administrative expenses decreased by $2,741,097, or approximately 78%, from $3,529,512 during the six months ended June 30, 2004 to $788,415 for the six months ended June 30, 2005. The decrease was attributable to a one time adjustment of $2,418,130 to non-cash compensation for common stock issued to consultants for work done. The primary components of selling, general, and administrative expenses for the six months ended June 30, 2005 were payroll and related costs of $379,291; consulting and professional fees of $125,301; facilities costs of $44,958; food show expenses of $41,365; commissions of $38,146; amortization and depreciation of $32,327; shipping and postage of $29,548; insurance of $25,080; investor relations of $18,852; and information technology support of $8,053.

Penalty for Late Registration of Shares

During the six months ended June 30, 2005, the Company incurred a penalty for the late registration of shares underlying certain convertible debt agreements. This penalty is payable in cash or in additional shares of stock. At June 30, 2005, the Company had incurred a penalty in the amount of 6,400,000 shares (post-reverse split) of common stock. The Company accrued the fair value of the stock payment of this penalty in the amount of $467,200. There was no such penalty during the six months ended June 30, 2004.

37

Table of Contents

Loss From Marking to Market - Penalty Shares

At June 30, 2005, the Company adjusted the value of the 6,400,000 penalty shares (post-reverse split) issuable to market value, and charged to operations the amount of $70,400. There was no such charge during the six months ended June 30, 2004.

Interest Expense, net

Interest expense, net of interest income, increased by approximately $133,923, or 44%, from $307,262 during the six months ended June 30, 2004 to $441,185 for the six months ended June 30, 2005. This increase was attributable to an increase in notes payable, and to the amortization of the beneficial conversion features associated with convertible notes payable during the six months ended June 30, 2005.

Net Loss

For the reasons stated above, net loss for the six months ended June 30, 2005 was $1,232,916 a decrease of $2,362,149 or approximately 75% compared to a net loss of $3,595,065 during the six months ended June 30, 2004. Our operating loss for the six months ended June 30, 2005 and 2004 was $254,131 and $3,287,803, respectively.

Liquidity and Capital Resources

As of June 30, 2006, the Company had cash on hand of $4,827, a decrease of $91,146 from December 31, 2005. During the six months ended June 30, 2006, cash provided by operating activities were $60,411, consisting primarily of the loss of $2,514,645 offset by depreciation and amortization of $25,372, value of warrants issued of $17,394; Stock issued as bonus of $49,901; cost of penalty due to late registration of shares of $1,221,952, change in fair value of warrant liability of $543,586, change in fair value of conversion option liability of $367,581; loss from marking to market shares issuable due to penalty on late registration of shares of $6,208, and changes in the components of working capital in the net amount of $343,062. Cash used in investing activities was $215,787 consisting a loan to Pasta Italiano of $190,000 and the purchase of property and equipment of $25,787. Cash provided by financing activities was $150,000, consisting of $160,000 of proceeds from the issuance of notes payable offset by $10,000 in principal payments on notes payable.

Historically, our primary cash requirements have been used to fund the cost of operations, with additional funds having been used in promotion and advertising and in connection with the exploration of new business lines.

Under current operating plans and assumptions, management believes that projected cash flows from operations and available cash resources will be sufficient to satisfy our anticipated cash requirements for at least the next twelve months. As we seek to increase our sales of perishables, as well as identify new and other consumer oriented products and services, we may use existing cash reserves, long-term financing, or other means to finance such diversification.

Critical Accounting Policy and Accounting Estimate Discussion

In accordance with the Securities and Exchange Commission's (the "Commission") Release Nos. 33-8040; 34-45149; and FR-60 issued in December 2001, referencing the Commission's statement "regarding the selection and disclosure by public companies of critical accounting policies and practices", we have set forth in Note 2 of the Notes to Consolidated Financial Statements what we believe to be the most pervasive accounting policies and estimates that could have a material effect on our results of operations and cash flows if general business conditions or individual customer financial circumstances change in an adverse way relative to the policies and estimates used in the attached financial statements or in any "forward looking" statements contained herein.

The Company's cash on hand may be insufficient to fund its planned operating needs. Innovative Food Holdings, Inc. continues to seek funding for working capital requirements, necessary equipment purchases, marketing costs, and other operations for the next year and foreseeable future by raising capital through the sale of equity and/or debt securities, issuing common stock in lieu of cash for services and by advances from shareholders.

We expect that any sale of additional equity securities or convertible debt will result in additional dilution to our stockholders. The Company can give no assurance that it will be able to generate adequate funds from operations, that funds will be available to us from debt or equity financing, or that if available, the company will be able to obtain such funds on favorable terms and conditions. If the company cannot secure additional funds it may have to reduce its operations to be able to continue as a going concern. The Company currently has no definitive arrangements with respect to additional financing.

While we have raised capital to meet our working capital and financing needs in the past, additional financing may be required in order to meet our current and projected cash flow deficits from operations and development. We are seeking financing in the form of equity in order to provide the necessary working capital. We currently have no commitments for financing. There is no guarantee that we will be successful in raising the funds required.

By adjusting our operations and development to the level of capitalization, management believes we have sufficient capital resources to meet projected cash flow deficits through the next twelve months. However, if thereafter, we are not successful in generating sufficient liquidity from operations or in raising sufficient capital resources, on terms acceptable to us, this could have a material adverse effect on our business, results of operations, liquidity and financial condition.

The independent auditors report on our December 31, 2005 financial statements states that our recurring losses raise substantial doubts about our ability to continue as a going concern.

38

Table of Contents

INFLATION

The impact of inflation on the costs of the Company, and the ability to pass on cost increases to its customers over time is dependent upon market conditions. The Company is not aware of any inflationary pressures that have had any significant impact on the Company’s operations over the past quarter, and the Company does not anticipate that inflationary factors will have a significant impact on future operations.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not maintain off-balance sheet arrangements nor does it participate in non-exchange traded contracts requiring fair value accounting treatment.

RISK FACTORS

The Company’s business and success is subject to numerous risk factors as detailed in its Annual Report on Form 10-KSB for the year ended December 31, 2006.

ITEM 3 - CONTROLS AND PROCEDURES

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit pursuant to the requirements of the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, among other things, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure.

(a) Evaluation of disclosure controls and procedures

Our Principal Executive Officer and Principal Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Quarterly Report, have concluded that as of that date, our disclosure controls and procedures were adequate and effective to ensure that information required to be disclosed by us in the reports we file or submit with the Securities and Exchange Commission is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. This conclusion notwithstanding you are advised that no system is 100% foolproof.

(b) Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Exchange Act Rules 13a-15(d) and 15d-15 that occurred during the period covered by this Quarterly Report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Table of Contents

PART II. - OTHER INFORMATION

Item 1. Legal Proceedings

NONE

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The Company had the following stock transactions during the three months ended June 30, 2006:

On May 10, 2006, the Company issued 900,000 shares (post reverse-split) of common stock with a fair value of $32,400 to employees as a bonus.

On May 23, 2006, the Company issued 1,094,465 shares (post reverse-split) of common stock pursuant to conversion of notes payable and accrued interest in the amount of $5,473.

On May 22, 2006, the Company issued 350,000 shares (post reverse-split) of common stock with a fair value of $17,500 to an officer as bonus.

The Company had the following common stock transactions during the three months ended June 30, 2005:

On February 25, 2005, the Company issued 300,000 shares (post reverse-split) of common stock with a fair value of $3,900 to consultants for services performed.

On February 25, 2005, the Company issued 2,500,000 shares (post reverse-split) of common stock with a fair value of $32,500 to a board member for services performed.

The Company had the following common stock transactions during the three months ended June 30, 2004:

On August 4, 2004, the Company issued 1,300,000 shares (post reverse-split) of common stock for conversion of liabilities in the amount of $339,750.

On May 26, 2004, the company issued 700,000 shares (post reverse-split) of common stock in exchange for services performed in the amount of $70,000.

Each of the above listed issuances were exempt from the registration pursuant to the Section 4(2) of the Securities Act of 1933.

Item 3. Defaults Upon Senior Securities

At June 30, 2006, 2005, and 2004, we were in default of the terms of notes payable in the amount of $645,000, $475,000, and $0, respectively. These defaults resulted from our failure to meet certain of our obligations under the loan documents relating to these notes. These lapses include not reserving the requisite number of treasury shares, selling subsequent securities without offering a right of first refusal, not complying with reporting obligations, not having our common shares quoted on the OTC:BB and not timely registering certain securities.

Item 4. Submission of Matters to a Vote of Securities Holders

NONE

Item 5. Other Information

NONE

Item 6. Exhibits

31.1 Section 302 Certification
31.2 Section 302 Certification
32.1 Section 906 Certification
32.2 Section 906 Certification

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SIGNATURE	TITLE	DATE
/s/ Sam Klepfish Sam Klepfish	Chief Executive Officer	July 31, 2008
/s/ John McDonald John McDonald	Principal Financial Officer	July 31, 2008

41

Table of Contents

Explanation of Responses: