

COFFEE HOLDING CO INC
Form 10-Q
September 14, 2015

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: July 31, 2015

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)

Nevada 11-2238111
(State or other (I.R.S.
jurisdiction of Employer
incorporation Identification
or No.)
organization)

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

10314
(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

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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 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.

6,215,894 shares of common stock, par value \$0.001 per share, are outstanding at September 10, 2015.

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ITEM 1. FINANCIAL STATEMENTS

COFFEE HOLDING CO., INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
JULY 31, 2015 AND OCTOBER 31, 2014

	July 31, 2015	October 31, 2014
	(Unaudited)	
- ASSETS -		
CURRENT ASSETS:		
Cash	\$3,315,177	\$3,782,639
Accounts receivable, net of allowances of \$144,000 for 2015 and 2014	11,995,756	15,419,860
Inventories	12,444,317	15,210,153
Prepaid green coffee	1,014,911	467,155
Prepaid expenses and other current assets	289,151	260,112
Prepaid and refundable income taxes	1,434,577	759
Deferred income tax asset	1,442,747	343,657
TOTAL CURRENT ASSETS	31,936,636	35,484,335
Machinery and equipment, at cost, net of accumulated depreciation of \$4,106,177 and \$3,704,802 for 2015 and 2014, respectively	1,939,477	1,991,094
Customer list and relationships, net of accumulated amortization of \$39,375 and \$33,750 for 2015 and 2014, respectively	110,625	116,250
Trademarks	180,000	180,000
Goodwill	440,000	440,000
Equity method investments	97,242	97,404
Deposits and other assets	605,478	643,549
TOTAL ASSETS	\$35,309,458	\$38,952,632
- LIABILITIES AND STOCKHOLDERS' EQUITY -		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$5,600,015	\$8,693,100
Line of credit	4,268,458	2,498,458
Due to broker	476,661	484,924
Income taxes payable	-	331,051
TOTAL CURRENT LIABILITIES	10,345,134	12,007,533
Deferred income tax liabilities	114,747	165,157
Deferred rent payable	218,951	209,640
Deferred compensation payable	477,478	515,549
TOTAL LIABILITIES	11,156,310	12,897,879
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, 6,456,316 shares issued; 6,215,894 shares outstanding for periods ended July 31, 2015 and 2014, respectively	6,456	6,456
Additional paid-in capital	15,904,109	15,904,109
Retained earnings	9,237,571	11,079,168

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Less: Treasury stock, 240,422 common shares, at cost for 2015 and 2014	(1,267,862)	(1,267,862)
Total Coffee Holding Co., Inc. Stockholders' Equity	23,880,274	25,721,871
Non-controlling interest	272,874	332,882
TOTAL EQUITY	24,153,148	26,054,753
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$35,309,458	\$38,952,632

See Notes to Condensed Consolidated Financial Statements.

COFFEE HOLDING CO., INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Nine Months Ended July 31,		Three Months Ended July 31,	
	2015	2014	2015	2014
NET SALES	\$95,708,890	\$79,373,667	\$27,039,857	\$26,628,571
COST OF SALES (Including \$17.9 and \$13.2 million of related party costs for the nine months ended July 31, 2015 and 2014, respectively. Including \$3.0 and \$4.1 million for the three months ended July 31, 2015 and 2014, respectively.)	92,816,224	68,239,903	24,991,366	23,574,095
GROSS PROFIT (LOSS)	2,892,666	11,133,764	2,048,491	3,054,476
OPERATING EXPENSES:				
Selling and administrative	5,286,993	5,094,939	1,723,158	1,656,789
Officers' salaries	489,435	459,300	163,850	159,100
TOTALS	5,776,428	5,554,239	1,887,008	1,815,889
(LOSS) INCOME FROM OPERATIONS	(2,883,762)	5,579,525	161,483	1,238,587
OTHER INCOME (EXPENSE)				
Interest income	26,302	32,064	13,074	12,769
(Loss) income from equity investment	(162)	(847)	(610)	(759)
Interest expense	(153,768)	(42,340)	(35,156)	(16,271)
TOTALS	(127,628)	(11,123)	(22,692)	(4,261)
(LOSS) INCOME BEFORE INCOME TAXES AND NON-CONTROLLING INTEREST IN SUBSIDIARY	(3,011,390)	5,568,402	138,791	1,234,326
(Benefit) provision for income taxes	(1,189,785)	2,114,905	40	450,952
NET (LOSS) INCOME BEFORE NON-CONTROLLING INTEREST IN SUBSIDIARY	(1,821,605)	3,453,497	138,751	783,374
Less: net (income) loss attributable to the non-controlling interest	(19,992)	(61,590)	411	(24,427)
NET (LOSS) INCOME ATTRIBUTABLE TO COFFEE HOLDING CO., INC.	\$(1,841,597)	\$3,391,907	\$139,162	\$758,947
Basic (loss) earnings per share	\$(.30)	\$.53	\$.02	\$.12
Diluted (loss) earnings per share	\$(.30)	\$.51	\$.02	\$.11
Weighted average common shares outstanding:				
Basic	6,215,894	6,362,933	6,215,894	6,344,487

Diluted	6,215,894	6,629,933	6,215,894	6,611,487
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See Notes to Condensed Consolidated Financial Statements.

COFFEE HOLDING CO., INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED JULY 31, 2015 AND 2014
(Unaudited)

	2015	2014
OPERATING ACTIVITIES:		
Net (loss) income	\$(1,821,605)	\$3,453,497
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation and amortization	408,436	436,277
Unrealized gain on commodities	(8,263)	(1,211,540)
Loss on equity method investments	162	847
Deferred rent	9,311	11,084
Deferred income taxes	(1,149,500)	1,311,000
Changes in operating assets and liabilities:		
Accounts receivable	3,424,104	(1,001,691)
Inventories	2,765,836	(3,588,269)
Prepaid expenses and other current assets	(29,039)	(77,445)
Prepaid green coffee	(547,756)	(85,044)
Prepaid and refundable income taxes	(1,433,818)	201,800
Accounts payable and accrued expenses	(3,093,085)	(1,256,666)
Income taxes payable	(331,051)	700
Net cash used in operating activities	(1,806,268)	(1,805,450)
INVESTING ACTIVITIES:		
Purchases of machinery and equipment	(351,194)	(398,847)
Net cash used in investing activities	(351,194)	(398,847)
FINANCING ACTIVITIES:		
Advances under bank line of credit	9,272,578	3,551,522
Principal payments under bank line of credit	(7,502,578)	(1,280,704)
Purchase of treasury stock	-	