

American Home Food Products, Inc.
Form 10-K
September 14, 2009

FORM 10-K

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

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED MAY 31, 2009.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934 FOR THE TRANSITION PERIOD FROM TO .

AMERICAN HOME FOOD PRODUCTS, INC.
(Exact name of registrant as specified in its charter)

New York
(State of Jurisdiction)

0-26112
(Commission File Number)

41-1759882
(IRS Employer I.D. No.)

500 West 37th Street
(Address of Principal Executive
offices)

New York, New York

10018
(Zip Code)

Registrant's telephone number, including area code 212-871-3150

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock \$.001 par value	OTC Electronic Bulletin Board

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

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 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 filing requirements for the past 90 days. Yes No

Indicate by check mark if the disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained

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herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 12-2 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 Act). . Yes No

Based on the closing sale price of \$.29 on May 29, 2009, the aggregate market value of the voting stock held by non-affiliates of the registrant was approximately \$580,000. The Company had 7,835,316 shares of its \$.001 par value common stock and 6,599,717 shares of its \$.001 par value preferred stock issued and outstanding on May 31, 2009.

DOCUMENTS INCORPORATED BY REFERENCE

Location in Form 10-K	Incorporated Document
None	

AMERICAN HOME FOOD PRODUCTS, INC.

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PART I

Item 1 DESCRIPTION OF BUSINESS

a. Prior Business Development

The Company is a corporation formed under the laws of New York in 1999 and, until August 2007, had its principal place of business and executive offices located at 42 Forest Lane, Bronxville, New York 10708, where it operated as a licensing company. Pursuant to a Licensing Agreement with CGM Inc., a Pennsylvania corporation, the Company collected monthly royalty payments from its Licensee that are derived from sales of building materials that bore the Company's trade names.

At its Annual Meeting of Shareholders on January 28, 2005, the Company announced a new strategy to recapitalize the Company and advance it from a royalty collecting business into one that engages in the manufacturing and marketing of private label and specialty food products.

Acquisition of Artisanal Cheese LLC

In December 2006, the Company filed with the Securities and Exchange Commission a Form 8-K announcing that it had entered into a non-binding Letter of Intent to acquire 100% of the ownership interests in a privately-held specialty food company. On August 14, 2007 (the "Closing Date") all terms of the transaction were agreed upon and the requisite funds were raised for the Company to acquire Artisanal Cheese, LLC. The purchase price was \$4.4 million in cash and notes and the assumption of approximately \$700,000 in liabilities as part of the purchase consideration. The Company raised approximately \$3.9 million dollars through a private placement of Series A redeemable, convertible preferred stock by the Closing Date and then sold another \$1.3 million of this series to close the offering of Series A shares. With this transaction, the Company sold its building material assets for approximately \$1 million and recapitalized its existing debts primarily through a tax-free exchange of debt for equity and cash payments to satisfy other obligations (see "Sale of Building Material Business, below). The Company's then current president, Daniel W. Dowe, agreed to serve as Chairman and Chief Executive Officer for an additional three years. As of August 2007, the Company moved its executive offices to 500 West 37th Street, New York, New York 10018, telephone number 212-871-3150.

In connection with the acquisition of Artisanal Cheese, LLC, the Company:

- executed two sellers' note--one in favor of each of the former members of Artisanal Cheese, LLC. The notes are for \$130,000 and \$370,000, respectively. The note for \$130,000 bears interest at 5% per annum and is payable in consecutive monthly payments of principal and interest in the amount of \$3,896.22 commencing November 1, 2007. The note for \$370,000 bears interest at 5% per annum and is payable in consecutive monthly payments of principal and interest in the amount of \$11,089.23 commencing November 1, 2007. All principal and accrued interest on both notes shall be due and payable in full on October 1, 2010. Both notes are secured pursuant to a Security Agreement pursuant to which the note holders have a first priority security interest in all assets of the Company except that the note holders have agreed to subordinate their security interest on those assets so that the Company may obtain asset-based debt financing. As of May 31, 2009, the note balances are approximately \$64,000 and \$182,000, respectively.
- executed a third note payable to one of the former members of Artisanal Cheese for \$700,000. The note was non-interest bearing and secured by a first priority security interest in all assets of the Company. The principal was paid in full on November 15, 2007.

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- entered into a Transitional Services Agreement with Artisanal Group, LLC, a company owned by the former member of Artisanal Cheese, LLC, to provide equipment services for equipment leased by Artisanal Group for varying periods of up to three years, non-equipment services for no more than one year and comptroller services through December 2007. The equipment services include telephones, computers, photocopiers, presentation equipment and delivery trucks and the non-equipment services encompass health, liability and auto insurances. The Transitional Services Agreement was terminated in or about August 2008.
- entered into a one-year Consulting Agreement with executive chef, Terrence Brennan, the founder of Artisanal Cheese LLC and owner of two Manhattan restaurants, Picholine and Artisanal Fromagerie & Bistro, to provide consulting services including advice on product mix, marketing plans in the retail sector and presentation to retail supermarket buyers. Mr. Brennan received \$13,000 every quarter for 24 hours worth of consulting services during each three month period. The agreement also provides for a finder's fee of \$10,000 in connection with any supply or sales agreement between the Company and any strategic partner introduced to the Company by Mr. Brennan, with an additional payment of \$20,000 if sales to the strategic partner exceed \$500,000 in the aggregate. The Consulting Agreement also provides for office space for a period of one year for Mr. Brennan and two of his staff members at the Company's principal offices located at 500 West 37th Street in New York City. The Consulting Agreement expired in August 2008.
- entered into a five-year Preferred Vendor Agreement with two restaurant establishments owned by the former member of Artisanal Cheese, LLC, pursuant to which the Company will supply the restaurants or their affiliates with any and all premium cheese products at a high volume discount and at prices not to exceed prices offered to other customers. The restaurants are to purchase exclusively from the Company provided the Company can meet terms and conditions acceptable to the restaurants. The Preferred Vendor Agreement also provides for a credit to the restaurant establishments which credit shall be applied to the first \$228,000 worth of product, not to exceed \$57,000 in any calendar quarter. This credit is the result of the payoff in full at the closing of Artisanal by one of its former members of a certain loan to the Company. As of May 31, 2009, the credit has been extinguished in full. (See Notes to Financial Statements, Note 9 – Notes Payable).
- entered into a five-year Product Development Agreement pursuant to which the Company shall have a “first-look” right and 30-day exclusivity period to evaluate and negotiate in good faith a distribution arrangement (including minimum orders, exclusivity, prices/royalty rates and terms) for all new cheeses, cheese related products and other products developed by the two restaurant establishments owned by the former member of Artisanal Cheese, LLC. After the 30-day exclusivity period, the Company will have an opportunity to match any terms and conditions of a distribution agreement that the restaurants may subsequently reach with a third party. The Agreement provides for a written trademark license from the Company to the restaurants upon terms to be mutually agreed upon with respect to any distribution by the restaurants under the Artisanal brand of such new products other than distribution by the Company.
 - entered into a Trademark License Agreement pursuant to which the Company grants a royalty-free license to the two restaurant establishments to use the trade name “Artisanal Fromagerie & Bistro” and the derivative logo (consisting of an oval design with four stylized sheep seated in front of a barn and the words “Artisanal Fromagerie – Bistro – Wine Bar”) in connection with the operation, distribution and sale of cheese, cheese products and other food products from the restaurant establishments or their affiliated restaurants or retail stores.
- obtained from each of the former members of Artisanal Cheese, LLC, a five-year non-competition agreement.

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Sale of Building Material Business

Simultaneous with the acquisition of the Artisanal Cheese business in August 2007, the Company sold all of its intangible property relating to the building material business to GT Holding, LLC (“GTH”). In exchange for these assets, the Company received \$850,000 in cash and GTH assumed approximately \$73,000 of the Company’s liabilities. Approximately \$100,000 of the proceeds was used to pay off old judgment creditors (discussed below) and the balance was used for working capital.

As part of the company’s recapitalization in August 2007, certain creditors agreed to convert into equity the debt(s) owed to them by the Company and several other of the Company’s creditors agreed to accept \$91,903 in cash and a total of 166,194 shares of common stock in exchange for satisfactions of their respective claims totaling approximately \$411,125. As a result of these settlements, the Company reduced its accounts payable by \$161,327.85, increased paid-in capital by approximately \$130,000 and reduced the gain on sale by approximately \$60,000.

b. Current Business Operation

Artisanal Cheese, LLC historically sold its products into the local Manhattan restaurant trade, through its website (www.artisanalcheese.com) and its printed catalogue and through fulfillment of catalogue and website orders from other luxury goods retailers that have contracts with the company. The Company has developed an expansion plan around its Artisanal Premium Cheese brand. By adding personnel in its sales division and with limited advertisement, the Company has already expanded the Artisanal brand further into premium foodservice outlets and retail stores with additional sales growth coming from its website, the catalogue and through corporate gift programs.

The Company and Its Industry

The specialty cheese business has been stated by recent industry reporting sources to be a \$3.4 billion category measured in retail dollars in the United States.¹ The Company believes the category lacks an identifiable cheese brand that stands for luxury, best-in-class status. Our mission is to become the first company to offer a select line of specialty, artisan and farmstead cheese products under one brand -- Artisanal Premium Cheese – and from a single source. We intend to make the brand Artisanal Premium Cheese synonymous with outstanding, best-in-class cheese products. Artisanal Premium will be the “name” consumers remember and reference for their cheese needs. We will use our organization’s retail food marketing, cheese culinary expertise and passion to elevate consumer awareness of the superiority of specialty, artisan and farmstead cheese products.

The Market for Specialty, Artisan and Farmstead Cheese

The term “Specialty Cheese” refers to cheese products produced in a specialized manner (i.e. aging or treatment). Even though they are made in larger quantities in commercial operations, like the well-known Italian Parmaggiano or Pecorino-Romano cheeses which are mass-produced, they have specialized production requirements that give the finished product a unique taste and texture. The phrase “Artisan Cheese” refers to cheeses produced in smaller quantities and generally by hand or with little reliance on mechanical equipment or other commercial processes. “Farmstead Cheeses” are those produced like Artisanal cheeses but are made only from the milk produced by animals that graze on the same property as the cheese production facility.

¹ Source Mintel/SPINS/AC Nielsen

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The current supply chain for artisan and specialty cheese products is highly-fragmented with small producers that have excellent proprietary cheese brands (and recipes) but limited resources to expand production, finance inventory and undertake the full sales cycle while overseeing farming operations. The Company will endeavor to utilize the skills and experience of our management team's marketing and business expertise to partner with local producers in a manner where we undertake all finance and marketing functions with our producer partners fulfilling all production capabilities.

The Artisanal Premium Cheese Brand

Under its founding management team led by executive chef, Terrance Brennan, the Artisanal Premium Cheese brand was positioned to be distributed into three channels: (i) Print Catalogue and Internet sales from the Company's website www.artisanalcheese.com, (ii) high-end restaurants and specialty cheese shops and (iii) fulfillment of catalogue and website orders from other luxury goods retailers that have contracts with the company.

Our product line includes: (a) over 190 artisan cheeses sourced from all over the world, including award winning American cheese producers, (b) gifts baskets and cheese accessories like cutting boards and knives, (c) cheese courses and events conducted in our cheese center in New York City, and (d) books on artisan cheeses and other food products.

Why Our Brand Is Needed

The Company believes the American palate has become increasingly desirable of sophisticated specialty cheese products. This groundswell of interest is continuing to grow and resulting in huge demand for more variety and availability of artisan and specialty cheeses.

- Consumers want more and are willing to pay a premium price but the number of stores that offer such products is limited. There is much more demand than availability in the current mass market.
- Retailers continue to expand specialty cheese offerings but the supply chain of such products is complex and highly segmented by small cheese makers and distributors. Retailers need help with selection, supply chain dependability and simplification to reach the best decision about cheese choices.
- Artisan Cheese Makers are often small private companies or dairies that do not necessarily have the ability, knowledge or capital structure to reach the mass market yet they desire to make and sell more. They often only make what they can sell due to the size of their company and capital/structure limitations. This is particularly true in the American market where there are many individual dairy farms that have exquisite cheese recipes but have no structured outlet from which to sell.
- In many regards American artisan cheeses are following the development pattern of California wines some decades ago² and are now reaching world-wide acclaim³.
- The development of artisan breads now available in supermarkets is another example of an emerging consumer demand for more specialty products in traditional supermarkets.

² Rubiner, Matthew, "The Big Cheese", The American, November/December 2007, 21 Aug. 2008
<<http://www.american.com/archive/2007/november-december-magazine-contents/the-big-cheese>>

³ "The Cheese Stands Alone: Tastes, Tips and Trends for '04", Club Management, Aug. 1, 2004, 21 Aug. 2008
<http://www.goliath.ecnext.com/coms2/gi_0199-64702/the-cheese-stands-alone-tastes.html>

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By building the Artisanal Premium Cheese brand, the Company believes it will meet the needs of retailers by providing a one-stop supply source for a variety of sophisticated artisan handcrafted cheeses possessing “specialty cheese shop” quality. It will also meet the needs of consumers who will come to rely on Artisanal as a trusted brand for high quality and as their preferred selection for a wide range of “specialty cheese shop” quality cheeses in their local supermarket cheese section. Finally, it will provide Artisan cheese makers with a conduit to reach the mass consumer market.

New Growth Opportunities

To expand the company’s business, the new management team will be focusing on the following growth prospects:

1. Increase foodservice distribution geographically through strategic alliances with major specialty food distributors that are interested in extending their product offering into specialty cheese products. We have reached agreements with distributors serving the New York/Boston corridor and the DC/Virginia/Maryland territory;
2. Increase retail sales through additional third party fulfillment contracts with other premium goods retailers;
3. Increase retail sales through expansion into additional retail outlets such as specialty food stores ;
4. Increase retail sales through road shows at mass market retailers;
5. Increase retail sales in larger retail chains through innovative retail packaging and point-of-purchase aids educating the consumer with respect to flights of cheese, as well as serving and beverage-pairing suggestions;
6. Increase revenues from classroom instruction by opening new classroom venues throughout the country and conducting cheese classes and special events;
7. Expand online sales through new streamlined website, co-marketing agreements providing for links from other sites, and extended e-mail coverage;
8. Hiring of additional sales personnel to expand retail and wholesale territories, corporate sales and gift programs; and
9. Hiring of additional customer service personnel to ensure high quality, reliable service to our customers and follow-up sales to existing online and catalog customer base.

Grass Roots Marketing Plans

The Company does not envision funding a complex media campaign or other costly selling techniques. The product itself has excellent word-of-mouth cache and can be grown successfully like other new luxury brands such as Belvedere Vodka, Viking Cooking Ranges, Calloway Golf Clubs and Kendall-Jackson Wines, to name a few. Select editorial coverage and other free media placement ads will be used to expand awareness of the Artisanal Premium Cheese brand with consumers having an immediate distribution outlet and product access through the Company’s website. The Company has made in-roads with other web-based merchandisers, such as wine retailers, to cross promote websites through exchanges of advertising allowances. To further increase sales, search engine refinements have been undertaken with respect to the existing website – www.artisanalcheese.com -- and the Company has expanded its distribution of the its print catalogue. In August 2008 the Company launched a new website.

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Multiple Distribution Channels

The Artisanal Premium Cheese brand will be sold in multiple complimentary channels of distribution. To more aggressively manage these channels, the Company will divide its sales organization into niche assignments to bring greater focus to its selling efforts. The four market segments are:

1. Traditional Retail Outlets
2. Foodservice Distributors
3. E-Commerce (Website sales)
4. Print Catalogue

Penetration of two major market segments – retail and foodservice – has begun regionally in the New York tri-state area in the form of sales calls to buying personnel at various retail and foodservice accounts. Training of store and foodservice personnel on cheese sampling and presentation techniques has been undertaken as premium cheese is more easily sold through a tasting experience.

Traditional Retail Outlets

The largest channel of distribution is the retail sector consisting of major national premium retail supermarkets and mass merchandisers that offer premium cheese products. There are over 50,000 supermarkets and mass merchandise outlets in the United States. The Company estimates that approximately 10-20% of these outlets service demographics and have the proper merchandising mix to be categorized as premium or upscale markets. Over time and pursuant to a long-term strategy, several thousand of these stores will be targeted by the Company for penetration of the Artisanal Premium Cheese brand.

Foodservice Distribution

This channel of distribution holds considerable promise for the Company as it will provide marketing opportunities for the Artisanal Premium Cheese brand to be sold as a branded product in multiple sub-channel segments -- upscale restaurants, caterers, hotels, private clubs, private and commercial aircraft, cruise ships and other venues, but it will also allow for sales of cheese products that are used by executive chefs to cook various meals. The challenge of this segment is that it involves more frequent yet smaller deliveries than the retail channel. To better service this channel, the Company has focused its initial penetration with specialty food distributors that service this customer class.

E-Commerce and Print Catalogue

The E-Commerce sector is highly competitive as a whole and offers sufficient competition in the specialty cheese category. The Company plans to distinguish our product offerings by the sheer breadth and variety of specialty, artisan and farmstead cheese products available. Offering wide assortments of cheese can have a negative impact as it creates consumer confusion. At our website we will categorize our cheese products to give consumers a narrower range to choose from at one time, for instance, domestic versus international cheeses, or New York State cheese products versus Vermont, or by milk type (sheep, cow, and goat). We also offer brief histories on each cheese offered coupled with wine and food pairing suggestions and presentation techniques to give the website visitor a rich, personal gourmet experience with our products. We will also provide small but elegant cheese signs to properly identify each cheese product with a 4-star restaurant pedigree to enable the even the busiest host or hostess to present cheese for social gatherings in an exceptionally pleasing manner. Much like our overall marketing strategy in other channels, the outstanding selection of cheeses that we offer will be a starting point. We are offering a lifestyle experience, elegance and relaxation with the Artisanal Premium Cheese line whether the purchase is for personal consumption, a gift to a friend, relative or colleague or to celebrate a happy occasion.

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In 2008, the Company mailed over 100,000 catalogues and had over 1,000,000 unique visitors to its website. We will endeavor to increase sales through larger mailings, search engine marketing improvements and advertisements with other websites and catalog companies. As part of our print catalogue and E-commerce extension, we will mail higher volumes of catalogs to specific customer lists. We will also look to co-advertise our Artisanal Premium Cheese gift selection with other major web-based and print catalogue companies that are either in the premium food or select gift businesses and other high-end fruit and wine purveyors.

Cheese Center

Located within the Company's Manhattan property is a revenue-generating classroom facility known internally as the Cheese Center. At this new modern facility of approximately 1,000 square feet is a dedicated working kitchen, classroom and presentation area with two large flat-screen television panels and seating for up to 50 individuals. Historically, the Company has offered wine and cheese education courses to the general public for a per person price of approximately \$85.00 which is paid at the time of booking. The Cheese Center is also rented by third parties for a site fee of \$3,000-\$5,000 per day for organizations wanting a personalized event at the Cheese Center, independent photo shoots, and classroom instruction.

Our new marketing plan calls for an immediate expansion of the use of the Cheese Center, as each person that attends a class is added to our E-mail list and our printed catalog mailing list. The company issues frequent e-mail messages to promote new products and events and other newsworthy items. The Company employs two persons who are dedicated to filling attendance at the Cheese Center. Areas that the Company will explore to generate more business for the Cheese Center are:

- Themed classes and Celebrity Series (pairing with celebrities who have developed their own line of wines, pates, or complementary food products)
- Major law firms and investment banking firms that book group events for summer associates, employees and client entertainment
 - Matinee and pre-theatre attendees as an entertainment extension
 - Singles events
 - Group and corporate holiday parties
 - NYC Tourism promoters
 - Tie-ins with group caterers

Suppliers

The Company does not produce the cheeses we market. We work with approximately 100 producers, distributors and importers of hand-crafted cheeses to develop our product line. No single supplier provides a significant portion of our cheese inventory. There are approximately 400 artisan cheese makers in the United States alone⁴ and hundreds more in the world market at any give time. Therefore, we anticipate having a sufficient supply of quality, hand-crafted cheeses to fulfill our demand for the foreseeable future.

⁴ Rubiner.

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The Location

The Company is a New York corporation and is located at 500 West 37th Street, New York, New York 10018 (corner of West 37th Street & 10th Avenue). At this location are all executive and sales offices, the cheese-aging caves, a packaging and shipping facility, customer call center and the Cheese Center (see above).

The Company's Competitors

From a pure supply perspective, the Company has substantial competition in each of the four market segments inasmuch as the cheese industry is already a \$6 billion category when considering the specialty retailers, foodservice, online and catalogue offerings of cheese⁵. There is no shortage of cheese available worldwide. What the Company believes differentiates itself from other cheese marketers and distributors is its reputation for high quality and its wide range of extraordinary specialty, artisan and farmstead cheese products that consumers will remember and look to for repeat purchases and retailers can rely upon to better manage an otherwise unwieldy and potentially overwhelming product category. The Company also provides cheese culinary expertise to restaurants, and presentation skills to consumers with respect to entertaining with cheese. From this narrower angle, our competition is not as keen.

The Company has also registered for a trademark its CheeseClock by Artisanal which is a 4 color-coded system that categories cheeses as mild, medium, bold and strong and offers pairing on wine and beer pairings to enable customers to have confidence to select and enjoy cheeses with professional assistance. This professional level of knowledge on the two categories of cheeses and beverage (wine and beer) pairings is an important part of the Artisanal brand.

The Company is not aware of any other competitor that is creating a national brand consisting of a highly-specialized and wide selection of domestic and imported artisan cheeses. Several Internet sites can be found for gourmet food products and many include cheese offerings. Other importers and cheese and specialty food distributors also compete in some of the same channels of distribution served by the Company. Other competitors include small farms or artisan cheese producers that have launched websites to sell cheese direct to consumers. No one company offers the range of affinaged cheeses coupled with highly-trained restaurant-skilled sales personnel.

Seasonality

By nature of it being a farm-made product that is sold fresh (usually after proper aging) certain cheese making is done on a seasonal basis, but the cheeses are mostly available yearly as Artisanal specializes primarily in aged cheeses. The Company intends to use this to its advantage in its marketing plans. Rotation of cheeses, or the offering of certain cheeses seasonally will enhance consumers' interest in our Artisanal Premium Cheese line as consumers often fatigue with the same foods being consumed and naturally gravitate toward new, interesting items. Whether it is a holiday season offering or a new cheese offering that is lighter or heavier in density that pairs better with summer or winter foods or crisper or heavier wines, the Company will make the Artisanal Premium Brand quality-consistent, but flexible to accommodate seasonal changes and to capture evolving consumer tastes.

⁵ Geisler, p.

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Customer Dependence

The Company does not have any concentration of customer dependence, although it has entered into a preferred vendor agreement with two Manhattan restaurants, Picholine and Artisanal Fromagerie & Bistro, which are owned by the founder of Artisanal Cheese, LLC. Under this agreement the restaurants are obligated to continue to buy cheeses from the Company for resale into the two restaurants up to August 15, 2012. In the fiscal year ending May 31, 2009, sales to the two restaurants accounted for approximately 8% of annual sales. Management envisions this percentage shrinking over time as it seeks to penetrate new large scale foodservice and retail accounts with the Artisanal Premium Cheese line.

Raw Materials

The Company does not produce its own cheese products and, therefore, avoids any risk of critical raw material supplies.

Intellectual Property Rights

The Company owns the following trademark and logo, and all derivations thereof, including one which specifically bears the name “Fromagerie & Bistro” where the words “Premium Cheese” appear below.

This one limited version has been licensed in perpetuity to the Company’s founder for use only in the restaurant that now bears the name “Artisanal Fromagerie & Bistro” and in any restaurant/retail establishment that he may open in the future. The Company’s founder has executed a 5-year preferred vendor agreement whereby as part of his use of this intellectual property right, his retail establishments (existing and new) will be required to buy artisanal cheeses from the Company if such cheese products are marketed in these retail outlets.

The Company also registered for a copyright and trademark its CheeseClock by Artisanal:

Because of the proprietary nature of the CheeseClock as an independent mark and its affiliation with the Artisanal Premium Cheese brand the Company believes its request for copyright and trademark protection will ultimately be granted.

No Backlog Orders

The Company periodically has backlog orders due to transportation delays for foreign-made cheeses. The backorders are generally fulfilled within days of the official back order date.

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Government Contracts

The Company does not have any material contracts with the Government or any government agency and, therefore, does not have any exposure to these types of agreements.

Financial Information About Foreign and Domestic Operations and Export Sales

The Company does not believe that it is subject to any material risks attendant with foreign operations or export sales due to its immediate dependence on one U.S.A. market. As part of its inventory of foreign-produced cheeses, the Company will be subject to fluctuations in exchange rates. At present, the Company maintains an inventory of approximately \$350,000 of which one half represents domestic products so its exposure at any one time to currency risks is not material to its immediate working capital requirements. The Company is evaluating a plan to develop an export program for key premium retailers in select markets, but until such time as it chooses to enter these markets, it will not be exposed any such risks.

Regulation

We and our distributors are subject to regulation by federal, state and local authorities that affects our business. All of our cheese products and packaging materials are subject to regulations administered by the Food and Drug Administration (FDA) and the U.S. Department of Agriculture (USDA). Under the Federal Food, Drug and Cosmetic Act of 1938, as amended, the FDA prescribes the requirements and establishes the standards for quality, purity and labeling. Among other things, the FDA enforces statutory prohibitions against misbranded and adulterated foods, establishes safety standards for food processing, establishes ingredients and manufacturing procedures for certain foods, establishes standards of identity for certain foods, and establishes labeling standards and nutrition labeling requirements for food products.

New government laws and regulations may be introduced in the future that could result in additional compliance costs, seizures, confiscations, recalls, or monetary fines, any of which could prevent or inhibit the development, distribution, and sale of our products. If we fail to comply with applicable laws and regulations, we may be subject to civil remedies, including fines, injunctions, recalls, or seizures, as well as potential criminal sanctions, which could have a material adverse effect on our business, results of operations, and financial condition. We have not experienced any material regulatory problems in the past and have not been subject to any fines or penalties.

Research and Development Activities

The Company will continue its past practices of identifying the best-tasting specialty, artisan and farmstead cheese products available worldwide and bringing them to market through its multi-channel distribution system that will soon include traditional retailers. Supplementing this practice is a plan to develop new proprietary cheese recipes internally. The Company will also continue to work closely with leading cheese makers to develop new types of cheeses that will be proprietary to the Company, if not by ownership of the recipe, then through exclusive distribution and marketing rights for these products. As of the date of this filing the Company has developed three such cheeses—Laurier, Grasslands Blue and Rocky Sage. The Company is also working closely with an industry-renowned chef to develop a line of four refrigerated products all bearing the Artisanal Premium Cheese logo. The Company has no budget for research and development as all costs are nominal inasmuch as they require the intellectual work of people employed by the Company or cheese makers that offer samples of new products.

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Environmental Compliance

The Company does not manufacture products or use raw materials in its products that are deemed to be subject to rules or regulations relating to the discharge of certain materials into the environment.

Employees

As of May 31, 2009, we had 24 full-time employees, and 2 part-time employees. We believe the relationship we have with our employees is good.

Item 2

DESCRIPTION OF PROPERTY

In August 2007, the Company's principal executive offices were moved from 42 Forest Lane, Bronxville, New York 10708 to 500 West 37th Street, 2nd Floor, New York, New York 10018, which is the location of the offices and operation of Artisanal Cheese, LLC, the specialty cheese operation that the Company acquired through its subsidiary AHF Acquisition Corp. in August 2007. Upon closing that transaction, Artisanal Cheese LLC negotiated a new five-year lease for approximately 10,000 square feet commencing September 28, 2007, subject to rent increase of approximately ten percent per annum. The current lease payment is approximately \$16,000 per month.

The leased space consists of all executive and sales offices, five cheese-aging caves, a packaging and shipping facility, a customer call center and a 1,000 square foot cheese center consisting of a fully-equipped kitchen, classroom and presentation area with two large flat-screen television panels used for conducting cheese education courses and third-party special events. From this facility the business distributes its line of Artisanal Premium Cheese products to fine food wholesalers, specialty food outlets, restaurants and to consumers through its catalogue and internet site.

Management believes that the facilities used by it in the operation of its business are adequately covered by insurance and are suitable and adequate for its current business operations.

Item 3

LEGAL PROCEEDINGS

None.

Item 4

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The last Annual Meeting of Shareholders was held on January 28, 2005 at which the Company received majority votes in favour of: changing the Company's name to American Home Food Products, undertaking a 1-for-7 reverse stock split and ratifying the election of its independent outside auditors. Since then, the company had pursued several operating businesses that could serve as growth platforms in various product categories. However, for various reasons not attributable to the Company, the transaction could not be brought to a close until August 2007 when the Company acquired Artisanal Cheese LLC. Management anticipates scheduling the next meeting of shareholders for a date within approximately ninety days of the filing of this Form 10-K.

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PART II

Item MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND
5 ISSUER PURCHASES OF EQUITY SECURITIES

Common Stock

The Company's common stock, \$.001 par value, is traded on the Over-the-Counter ("OTC") Bulletin Board operated by the National Association of Securities Dealers under the ticker symbol "AHFP". The Company's common stock became actively traded in July, 1995.

The following table shows the range of high and low bid information for our common shares for each quarter (except as indicated) within the last two fiscal years:

	Closing Bid	
	High	Low
Fiscal Year 2008		
Quarter Ended August 31, 2007	\$0.40	\$0.40
Quarter Ended November 30, 2007	\$0.38	\$0.38
Quarter Ended February 29, 2008	\$0.20	\$0.20
Quarter Ended May 31, 2008	\$0.30	\$0.30
Fiscal Year 2009		
Quarter Ended August 31, 2008	\$0.20	\$0.20
Quarter Ended November 30, 2008	\$0.09	\$0.09
Quarter Ended February 29, 2009	\$0.05	\$0.05
Quarter Ended May 31, 2009	\$0.29	\$0.29

The quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

The approximate number of common stockholders of record at May 31, 2008, was 200. The number of stockholders of record does not include beneficial owners of our common stock, whose shares are held in the names of various dealers, clearing agencies, banks, brokers and other fiduciaries, which is estimated to be 500 shareholders.

The Company may, but has not, entered into any agreements with market makers to make a market in the Company's common stock. In addition, any market making activity would be subject to the limits imposed by the Securities Act, and the Securities Exchange Act of 1934, as amended. For example, federal regulations under the Exchange Act regulate the trading of so-called "penny stocks" (the "Penny Stock Rules"), which are generally defined as any security not listed on a national securities exchange or NASDAQ, priced at less than \$5.00 per share, and offered by an issuer with limited net tangible assets and revenues. In addition, equity securities listed on NASDAQ that are priced at less than \$5.00 per share are deemed penny stocks for the limited purpose of Section 15(b)(6) of the Exchange Act. Therefore, during the time which the common stock is quoted on the NASDAQ OTC Bulletin Board at a price below \$5.00 per share, trading of the common stock will be subject to the full range of the Penny Stock Rules. Under these rules, broker dealers must take certain steps before selling a "penny stock," which steps include: (i) obtain financial and investment information from the investor; (ii) obtain a written suitability questionnaire and purchase agreement signed by the investor; and (iii) provide the investor a written identification of the shares being offered and in what quantity. If the Penny Stock Rules are not followed by the broker-dealer, the investor has no obligation to purchase the shares. Given the application of the comprehensive Penny Stock Rules it may be more difficult for

broker-dealers to sell the common stock.

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Accordingly, no assurance can be given that an active market will always be available for the common stock, or as to the liquidity of the trading market for the common stock. If a trading market is not maintained, holders of the common stock may experience difficulty in reselling them or may be unable to resell them at all. In addition, there is no assurance that the price of the common stock in the market will be equal to or greater than the offering price when a particular offer of securities is made by or on behalf of a selling security holder, whether or not the Company employs market makers to make a market in the Company's stock.

Series A Redeemable Convertible Preferred stock

During the fiscal year ended May 31, 2009, the Company sold 250,000 shares of redeemable convertible preferred stock for a total gross proceeds of \$250,000. During the fiscal year ended May 31, 2008, the Company sold 5,200,000 shares of redeemable convertible preferred stock at a price of \$1.00 per share for total gross proceeds of \$5,200,000. Another 15,000 shares of preferred stock was issued in exchange for consulting services. The preferred stock has a face value of \$1.00 per share and is convertible at \$.30 per share into \$.001 par value common stock of Company. The preferred stock converts into approximately 60% of the issued and outstanding common stock of the Company on a fully diluted basis.⁶

Dividends shall be paid (a) at an annual rate of 12% of the face value in each of the first two years ending August 14, 2008 and 2009, and will be paid in preferred shares and (b) after the first two years, at a rate of 12% of the face value if paid in cash or at a rate of 15% of the face value if paid in preferred shares, at the election of the Company. The preferred share dividends shall convert into common stock at \$.30 per share, unless the Company elects to pay dividends in cash pursuant to (b) above. The monthly accrual for preferred share dividends paid in preferred shares through August 14, 2008 and August 14, 2009 is 52,150 and an average of 59,338 shares, respectively. Thereafter, the monthly accrual for preferred share dividends paid in cash is expected to be approximately \$66,497 or 83,121 shares if paid in shares.

At any time prior to August 14, 2012, and upon 30 days advance notice, the Company shall have the right to redeem one-half of the preferred stock that is issued and outstanding by paying the holder the full face value of the preferred stock plus accrued dividends in cash (the "First Redemption"). The remaining one-half of the preferred stock that is issued and outstanding after the First Redemption can either be: (a) redeemed by the Company in cash at full par/face value plus accrued dividends with the holder also receiving a two-year option to acquire 5% of the issued and outstanding common stock of the Company at an exercise price of \$.30 per share, or, (b) converted into 30% of the issued and outstanding common stock of the Company (the "Second Redemption"). The holder shall have sole authority to elect subsection (a) or (b) above upon receiving a redemption notice. Any common stock or common stock option issued pursuant to the First Redemption or the Second Redemption shall be on a fully-diluted basis, excluding the management stock option granted to Messrs. Dowe and Feeney (see below).

⁶ As of 5/31/09, this conversion is calculated as follows:

6,559,717	preferred shares converted at \$.30	21,999,057	shares of common
5,100,000	management stock options	5,100,000	shares of common
770,000	stock options issued to directors	770,000	shares of common
7,835,316	shares of common outstanding	7,835,316	shares of common
		35,704,373	

$21,999,057/35,704,373 = .616$ or 62%

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So long as over \$1,500,000 of the preferred stock is issued and outstanding the Company shall require the prior written consent of holders representing two-thirds of the preferred stock issued and outstanding to (a) sell, merge with, acquire or consolidate with another business entity, (b) incur additional leverage beyond the leverage contemplated by the Company and holders as part of the Company's acquisition of Artisanal Cheese, LLC, or (c) issue any new shares of common stock or securities convertible or exercisable into common stock in excess of 2% of the shares of common stock issued and outstanding on a fully diluted basis as of August 14, 2007, excluding the management stock option granted to Messrs. Dowe and Feeney (see below.) At no time shall any securities be sold or granted at a price less than the thirty cents (\$.30) per share conversion price.

In the event of a liquidation, the preferred stockholders shall receive a cash payment of par value plus accrued dividends in calendar year 2007; \$1.10 per preferred share plus accrued dividends in calendar year 2008; and \$1.20 per preferred share plus accrued dividends in calendar 2009 and thereafter.

Pursuant to a Registration Rights Agreement with each preferred shareholder, the Company agreed to file a registration statement with respect to the preferred shares issued and the number of common shares necessary to enable all holders to have resale rights in the common stock underlying their preferred stock if and when converted, or upon a redemption payable in common stock. As an inducement for the Company to undertake the registration process in a timely manner, the Registration Rights Agreement included a liquidated damage penalty if the Company failed to meet certain target dates or failed to register the shares altogether. The Company filed a registration statement in May 2008. In the meantime, recent amendments to Rule 144 have effectively shortened the holding periods for both non-affiliates and affiliates. Consequently, substantially all of the shares included in the Company's registration statement have become unrestricted and freely-tradeable, thereby obviating the need to pursue the Registration Statement any further. The registration statement was subsequently withdrawn. All costs relating to the registration statement have been borne by the Company. The Company has issued 347,668 shares of common stock to the preferred shareholders representing the liquidating damage penalty.

Management Stock Options

At the time the Company acquired Artisanal Cheese LLC, the Company offered Mr. Daniel W. Dowe and Mr. William Feeney five-year management stock options so as to encourage them to serve as Chairman/Chief Executive Officer and Chief Operating Officer of the Company, respectively. Specifically, the Company offered them management stock options having an exercise price of \$.30 per share that are exercisable into approximately 12% and 8%, respectively, of the Company's common stock on a fully-diluted basis. The options will not be exercisable unless the Company (a) achieves \$21.6 million in revenue or \$2 million EBITDA in a full calendar year by no later than 2009 and (b) redeems 2,607,500 shares of the preferred stock. The failure of either of these conditions will cause the management stock option to terminate in its entirety. When Mr. Feeney resigned as Chief Operating Officer in January 2008, and Mr. Dowe assumed Mr. Feeney's duties, the Company adjusted the aforementioned percentages to 14.4% and 1.9%, respectively, recognizing Mr. Feeney's contribution toward the acquisition of Artisanal Cheese LLC and his continued contribution as a consultant to the Company. The board adopted a confirming resolution of these stock options, as adjusted, at its meeting on January 31, 2008.

At its board meeting on April 9, 2008, the board authorized three-year stock options to each of the seven non-managing board members. The options have an exercise price of \$.30 per share that is exercisable into 0.4% of the Company's Common Stock on a fully-diluted basis (including the Dowe and Feeney options). These options are immediately fully-vested and exercisable and will expire on January 31, 2011.

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Dilution

The conversion price of the Series A shares and exercise price of the management stock options and the number of shares issuable upon conversion/exercise of the respective shares and options are subject to adjustments for common stock dividends, stock splits, combinations, reclassification or similar event. Therefore, any Series A preferred shares converted or stock options exercised after such event shall be entitled to receive the aggregate number and kind of common stock and/or capital stock which, if such Series A shares had been converted or stock options exercised immediately prior to such event, Series A or stock options would have owned upon such conversion/exercise (and, in the case of a reclassification, would have retained after giving effect to such reclassification) and been entitled to receive by virtue of such dividend, subdivision, combination or reclassification.

If all of the preferred shares outstanding as of May 31, 2009 were converted (including preferred stock dividends through that date), i.e. 6,599,717 the number of common shares would increase by 21,999,057 shares, to a total of 29,834,373 shares representing a 74% dilution to existing 7,835,316 common shares. If all of the stock options issued to non-management directors outstanding as of May 31, 2009 were exercised, i.e. 770,000, the number of common shares would increase by 770,000 shares to a total of 8,605,316 shares representing a 9% dilution to the existing 7,835,316 common shares. If the company undertakes the First Redemption and, upon notice of the Second Redemption, the preferred shareholders were to convert the remaining one-half of the preferred stock into common shares (See "Series A Redeemable Convertible Preferred Stock, Subsection (b) of Second Redemption, described above), the number of common shares would increase by 3,687,993 shares to a total of 12,293,309 shares representing a 30% dilution to the existing 7,835,316 common shares and 770,000 stock option holders on a fully-diluted basis.

Item 6

SELECTED FINANCIAL DATA

As a smaller reporting company, this Item has been omitted pursuant to 17 CFR 229.301(c).

Item 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Results of Operations

Year ended May 31, 2009 (Fiscal 2009) as compared to May 31, 2008 (Fiscal 20078)

In the year ending May 31, 2009 (Fiscal 2009), the Company had net sales of \$5,704,247. The cost of goods sold was \$4,168,844 representing a gross margin of approximately 27%. Selling, general and administrative costs totaled \$2,999,360 and are predominantly comprised of employee related expenses.

For the year ending May 31, 2009, the Company recorded a net loss from operations of \$1,617,552 versus \$600,474 versus for the same period in 2008. The net loss to common shareholders during the year ending May 31, 2009 was \$2,297,798 versus a net loss of \$1,050,324. Of the net loss \$680,246 was attributable to non-cash dividends paid to preferred shareholders during Fiscal 2009 in the form of new shares of preferred stock. The Company incurred \$84,000 of amortization charges and depreciation of \$106,950. The Company also had approximately \$15,000 of non-recurring expenses related to the closing of a revolving line of credit.

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On May 31, 2009, the Company had \$886,735 in current assets, which consisted primarily of net accounts receivable of \$456,688, inventory of \$324,091 and prepaid expenses of \$105,956. The Company's leasehold and equipment and other assets was \$767,383 and intangibles decreased to \$3,746,461 net of amortization, which represents the goodwill and other intangibles.

Liquidity and Financial Resources at May 31, 2009

As of May 31, 2009, the Company had \$2,374,942 in current liabilities, which includes accounts payable of \$822,761, accrued taxes of \$480,769, a note payable of \$511,646, current portion of long-term debt and accrued expenses and other current liabilities totaling \$288,862. The Company's current liabilities also include outstanding prepaid gift certificates and other deferred revenue totaling \$62,531.

All long-term liabilities are payable to the previous owners of Artisanal Cheese LLC and are being repaid in accordance with the terms of the two governing instruments. The short-term debt of \$228,000 payable to the restaurants owned by former owners of Artisanal Cheese LLC was paid quarterly and the \$50,500 balance as of May 31, 2008 was retired in full in July 2008.

At the end of fiscal 2008, the Company had intended to complete its plan to close on a two-part senior debt facility consisting of an asset-based revolving line of credit secured by the accounts receivable of the company and then a term loan in the range of \$1 million secured by all of the other assets of the Company. This senior financing was contemplated as part of the acquisition of Artisanal Cheese LLC in August 2007.

In February 2009, the Company closed on a revolving line of credit in an amount representing up to 85% of the company's accounts receivable and 50% of its inventories with a maximum loan amount of \$750,000. The cost of this facility is at Prime Rate plus 2%. The Prime Rate at closing was 3.25%. The line of credit is secured by the assets of the Company and has various covenants for collateral management fees, change of control provisions and a guarantee. As of June 1, 2009, two events of default had occurred under the loan. Specifically, the advance against acceptable inventory exceeded the bank's formula by approximately \$20,000 and the Company had not yet paid its past due taxes in full or otherwise subordinated the taxes to the bank in a manner acceptable to the bank. On or about June 1, 2009, the parties executed a Forbearance Agreement pursuant to which the bank agreed to forbear from exercising its rights and remedies under the original loan document in exchange for the Company's agreement that, until it provides satisfactory evidence that it has paid the past due taxes have been paid or otherwise subordinated to the bank and until it has raised \$1.7 million in cash equity, the interest rate shall be increased to Prime Rate plus 8%. The forbearance agreement expired July 31, 2009. On or about August 13, 2009, the parties executed a second forbearance agreement pursuant to which the bank agreed to forbear until November 9, 2009, in exchange for a \$10,000 forbearance fee, a limitation on the loan against inventory to a maximum of \$175,000, and interest to continue at the rate of Prime Rate plus 8%.

In June 2009, the board approved the Company's intentions to obtain an \$850,000 term loan and to raise an additional \$2 million in equity. As of the date of this filing, the company has secured \$350,000 of the term loan from existing shareholders and has a term sheet for \$2.5 million from a reputable financial institution. The proceeds will be used to finance the Company's new packaging and retail displays and its expansion into big-box and chain retailers, pay down tax liabilities and to provide a cash reserve.

With the expansion of sales into specialty, big-box and chain retail markets, the Company believes its cash flow will be sufficient to meet its fixed monthly expenses. The Company generates cash from the sales of its product. Wholesale and retail customers purchasing on an open account basis have 30-day payment terms. All others sales pertaining to cheese and related items from our print catalog or website or sales relating to classes at the cheese center are paid through credit card which generally settle within three days of purchase.

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Fluctuations in the Company's working capital accounts are generally attributable to seasonal flows in the company's ordinary business. For instance, during the holiday seasons of November-through-January, there is a substantial increase in inventory and accounts receivable with a corresponding decrease in cash. As the season progresses, inventory is generally reduced as the company begins to sell its products to its customers. Fluctuations from February to May are somewhat diminished although the Company does experience an increase in inventory and accounts receivable and decrease in cash as the Easter/Passover holidays approach. Thereafter, as orders are fulfilled in and around the holiday season, inventory decreases and cash increases. From May through August, inventory, accounts receivable and cash remains relatively stable except for short-term swings attributable to weekend holidays like Mother's Day, Memorial Day, Father's Day, July 4 and Labor Day when the Company experiences a higher than average rate of sales on those holiday weekends.

In the past fiscal year, the Company's capital expenditures were nominal. The company incurred approximately \$19,000 of expenses relating to the design and installation of an air purifying system. The Company believes that its forecasted growth in the next year will be readily serviced from its existing facilities without any additional capital expenditures except that the Company may increase its freezer capacity. The Company has received quotes for this work in the range of \$15,000. Any capital that might be required for professional services or new product offerings is expected to be immaterial.

For so long as more than \$1,500,000 of the Preferred stock is issued and outstanding, the Company shall require the prior written consent of holders representing two-thirds of the Preferred stock issued and outstanding to (a) sell, merge with, acquire or consolidate with another business entity, (b) incur additional leverage beyond the leverage contemplated by the Company and Holders as part of the Company's acquisition of Artisanal Cheese, LLC, or (c) issue any new shares of common stock or securities convertible or exercisable into Common Stock in excess of 2% of the shares of Common Stock issued and outstanding on a fully diluted basis as of August 14, 2007, excluding the Management Stock Option granted to Messrs. Dowe and Feeney (see below.) At no time shall such securities be sold or granted at a price less than the thirty cents (\$.30) per share Conversion Price. If the Company cannot obtain the requisite two-thirds approval, these restrictions may affect our liquidity and our ability to execute our business plan.

The cost to carry the preferred stock is a dividend of 12% payable in stock for the first two years. Thereafter the dividend is 12% if payable in cash or 15% if payable in stock, at the Company's election. Where the Company elects to pay the dividend in shares, this will not present a drain on the company's capital resources.

Inflation and Changing Prices

The Company does not foresee any risks associated with inflation or substantial price increases in the near future. In addition, the cheeses that are selected by the Company in its affinage process are often available from various sources. As such, while the Company has exposure to inflation, it does not believe that inflation will have any materially significant impact on its operations in the near future.

The Company does not foresee any increase in costs that cannot be passed on to its customer in the ordinary course of business. The company adjusts its wholesale and online prices throughout the year to reflect increase costs attributable to increases in energy prices. Under very limited circumstances, the Company has entered into agreements with certain customers for which the Company provides third-party drop-ship fulfillment with contracted pricing for various cheese collections. The Company, in turn, usually has a corresponding agreement with the cheese suppliers whose products are incorporated into these collections for fixed prices to ensure that the company achieves its anticipated gross margin.

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Year ended May 31, 2008 (Fiscal 2008) as compared to May 31, 2007 (Fiscal 2007)

On August 15, 2007, the Company completed its acquisition of all the ownership interests in Artisanal Cheese, LLC. With this transaction, the Company sold its building material assets and recapitalized its existing debts primarily through a tax-free exchange of debt for equity and cash payments to satisfy other obligations. Due to its expanded operations into the specialty food industry, the Company realized a significant increase in its revenues and costs versus the prior period.

In the year ending May 31, 2008 (Fiscal 2008), the Company had net sales of \$4,993,813 that were generated in only a nine and one-half month period from August 15, 2007 to May 31, 2008, as the Company had not owned the business for the full fiscal year period.

Until it sold its building material assets on August 15, 2007, the Company's gross margin of 100% was attributable to the Company's conversion in February 2003 of its manufacturing business into a licensing business. From February 2003 to August 15, 2007, the Company maintained an exclusive licensing agreement with CGM, Inc., whereby CGM fulfilled all orders for products sold under the trade names that the Company owned and thereafter paid the Company a cash royalty on sales. All royalty payments were based on actual sales in the previous month and were paid on a monthly basis. For instance, the royalty for sales of goods in August was paid on October 1st. The increase in cost of goods sold and general operating expenses was attributable primarily to the acquisition of Artisanal Cheese, LLC and the increase in sales of its new line of specialty foods.

For the year ending May 31, 2008, the Company recorded a net loss from operations of \$600,474 versus \$364,433 for the same period in 2007. The net loss to common shareholders during the year ending May 31, 2008 was \$1,050,324 versus a net loss of \$364,433. Of the net loss \$449,850 was attributable to non-cash dividends paid to preferred shareholders during Fiscal 2008 in the form of new shares of preferred stock and \$113,000 was attributable to an increase in accrued liabilities relating to a registration rights penalty for which the Company expects to obtain waivers in the next quarter (See Item 5, Redeemable Convertible Preferred Stock). The Company also generated a gain of \$522,571 on the sale of its former intangible assets relating to the building material business and the discontinuation of its royalty-generating business. The Company incurred \$79,387 in interest charges. Of this amount, approximately \$63,000 was attributable to interest on loans that were converted into equity as part of the Artisanal transaction. The Company also incurred \$71,459 of amortization charges of which \$4,959 related to the building material assets which were sold on August 15, 2007 and depreciation of \$100,110.

On May 31, 2008, the Company had \$1,593,334 in current assets, which consisted primarily of cash of \$750,133, inventory of \$411,771 and accounts receivable of \$378,711. The Company's leasehold and equipment and other assets was \$847,070 and intangibles increased to \$3,830,461 net of amortization, which represents the goodwill and other intangibles. Each of the Company's asset categories increased substantially when compared to its year ending balance sheet dated May 31, 2007 due to the acquisition of the Artisanal assets in August 2007.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amount of assets and liabilities, revenues and expenses, and related disclosure on contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions and conditions.

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Critical accounting policies are defined as those that are reflective of significant judgments and uncertainties, and potentially result in materially different results under different assumptions and conditions. The Company believes that its critical accounting policies are limited to those described below. For a detailed discussion on the application of these and other accounting policies see Note 2 to our financial statements.

Long-Lived Assets (including Tangible and Intangible Assets)

We acquired businesses in recent years, which resulted in intangible assets being recorded. The determination of the value of such intangible assets requires management to make estimates and assumptions that affect our consolidated financial statements. We assess potential impairment to the intangible and tangible assets on a quarterly basis or when evidence of events or changes in circumstances indicate that the carrying amount of an asset may not be recovered. Our judgments regarding the existence of impairment indicators, if any, and future cash flows related to these assets are based on operational performance of our business, market conditions and other factors.

Accounting for Income Taxes

As part of the process of preparing our financial statements we are required to estimate our income taxes. Management judgment is required in determining our provision of our deferred tax asset. We recorded a valuation for the full deferred tax asset from our net operating losses carried forward due to the Company not demonstrating any consistent profitable operations. In the event that the actual results may differ from these estimates or we adjust these estimates in future periods we may need to adjust such valuation recorded.

Stock-Based Compensation

The computation of the expense associated with stock-based compensation requires the use of a valuation model. SFAS 123(R) is a new and very complex accounting standard, the application of which requires significant judgment and the use of estimates, particularly surrounding Black-Scholes assumptions such as stock price volatility, expected option lives, and expected option forfeiture rates, to value equity-based compensation. The Company currently uses a Black-Scholes option pricing model to calculate the fair value of its stock options. The Company primarily uses historical data to determine the assumptions to be used in the Black-Scholes model and has no reason to believe that future data is likely to differ materially from historical data. However, changes in the assumptions to reflect future stock price volatility and future stock award exercise experience could result in a change in the assumptions used to value awards in the future and may result in a material change to the fair value calculation of stock-based awards. SFAS 123(R) requires the recognition of the fair value of stock compensation in net income. Although every effort is made to ensure the accuracy of our estimates and assumptions, significant unanticipated changes in those estimates, interpretations and assumptions may result in recording stock option expense that may materially impact our financial statements for each respective reporting period.

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Item 8

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

AMERICAN HOME FOOD PRODUCTS, INC.
Consolidated Financial Statements

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Statement of Operations for Years ended May 31, 2009 and May 31, 2008	F-3
Statement of Changes in Shareholders' Equity (Deficiency) for the Years ended May 31, 2009 and May 31, 2008	F-4
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Notes to Financial Statements for the Years ended May 31, 2009 and May 31, 2008	F-6

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and Directors
American Home Food Products, Inc.
New York, New York

We have audited the accompanying consolidated balance sheets of American Home Food Products, Inc. as of May 31, 2009 and 2008, and the related consolidated statements of operations, shareholders' equity, cash flows for each of the years then ended May 31, 2009 and 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Home Food Products, Inc. as of May 31, 2009 and 2008, and the results of its operations and its cash flows for each of the years then ended May 31, 2009 and 2008, in conformity with accounting principles generally accepted in the United States.

/s/ Sherb & Co., LLP
Certified Public Accountants

New York, New York
September 10, 2009

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AMERICAN HOME FOOD PRODUCTS, INC.
CONSOLIDATED BALANCE SHEETS

ASSETS

	May 31,	
CURRENT ASSETS:	2009	2008
Cash	\$-	\$750,133
Accounts receivable, net	456,688	378,711
Inventories	324,091	411,771
Prepaid expenses and other current assets	105,956	52,719
Total Current Assets	886,735	1,593,334
FIXED ASSETS, net	722,118	796,430
OTHER ASSETS	45,265	50,640
INTANGIBLES - at cost, net	3,746,461	3,830,461
Total Assets	\$5,400,579	\$6,270,865
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Cash Overdraft	\$36,927	\$-
Accounts payable	822,761	654,242
Note payable and current portion of long term debt	683,092	218,211
Prepaid gift certificates and other deferred revenue	62,531	67,909
Accrued expenses and other current liabilities	288,862	295,510
Accrued payroll taxes	480,769	650,377
Total Current Liabilities	2,374,942	1,886,249
LONG TERM DEBT, net of current portion	74,390	245,836
COMMITMENTS AND CONTINGENCY		
SHAREHOLDERS' EQUITY		
Preferred stock - \$0.001 par value, 10,000,000 shares authorized, 6,599,717 and 5,664,850 shares issued and outstanding, respectively	6,600	5,665
Common stock - \$0.001 par value, 40,000,000 shares authorized 7,835,316 and 7,427,649 shares issued and outstanding, respectively	7,835	7,428
Additional paid-in capital	16,713,919	16,285,242
Accumulated deficit	(13,777,107)	(12,159,555)
Total shareholders' equity	2,951,247	4,138,780
	\$5,400,579	\$6,270,865

See notes to the consolidated financial statements.

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AMERICAN HOME FOOD PRODUCTS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended May 31,	
	2009	2008
SALES	\$5,704,247	\$4,993,813
COST OF GOODS SOLD	4,168,844	3,636,877
GROSS PROFIT	1,535,403	1,356,936
SELLING, GENERAL AND ADMINISTRATIVE DEPRECIATION AND AMORTIZATION	2,999,360 190,950	2,116,025 171,569
GAIN (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND INTEREST	(1,654,907)	(930,658)
OTHER INCOME(EXPENSES):		
Interest income (expense) and other income	37,355	(79,387)
Liquidating damages on preferred share issuance	-	(113,000)
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(1,617,552)	(1,123,045)
INCOME TAXES	-	-
LOSS FROM CONTINUING OPERATIONS	(1,617,552)	(1,123,045)
DISCONTINUED OPERATIONS		
INCOME FROM OPERATIONS, net of tax	-	43,528
GAIN ON SALE OF OPERATIONS, net of tax	-	479,043
NET GAIN ON DISCONTINUED OPERATIONS	-	522,571
NET LOSS	\$(1,617,552)	\$(600,474)
LESS PREFERRED STOCK DIVIDEND	(680,246)	(449,850)
NET LOSS APPLICABLE TO COMMON SHARES	\$(2,297,798)	\$(1,050,324)
INCOME LOSS PER COMMON SHARE - CONTINUING OPERATIONS:		
Basic	\$(0.21)	\$(0.18)
Diluted	\$(0.21)	\$(0.18)
INCOME (LOSS) PER COMMON SHARE - DISCONTINUED OPERATIONS:		
Basic	\$0.00	\$0.08
Diluted	\$0.00	\$0.08

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INCOME (LOSS) APPICABLE PER COMMON SHARE

Basic	\$ (0.30)	\$ (0.17)
Diluted	\$ (0.30)	\$ (0.17)

WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:

basic	7,686,094	6,178,251
diluted	7,686,094	6,178,251

See notes to the consolidated financial statements.

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AMERICAN HOME FOOD PRODUCTS, INC.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED MAY 31, 2008 and 2009

Preferred Stock		Common Stock		Additional	Accumulated
Shares	Amount	Shares	Amount	Paid-in Capital	