

IPARTY CORP
Form 10-Q
May 09, 2011

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

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly Period Ended March 26, 2011

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 1-15611

iPARTY CORP.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

76-0547750
(I.R.S. Employer
Identification No.)

270 Bridge Street, Suite 301,
Dedham, Massachusetts
(Address of Principal Executive Offices)

02026
(Zip Code)

(781) 329-3952
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting

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company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes
No

As of May 2, 2011, there were 24,408,594 shares of common stock, \$.001 par value, outstanding.

iPARTY CORP.
QUARTERLY REPORT ON FORM 10-Q
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

iPARTY CORP.
CONSOLIDATED BALANCE SHEETS
(unaudited)

Mar 26, 2011

Dec 25, 2010

ASSETS

Current assets:

Cash	\$	63,650	\$	62,650
Restricted cash		440,213		616,742
Accounts receivable		665,469		626,181
Inventories		15,850,976		14,950,933
Prepaid expenses and other assets		251,162		253,749
Deferred income tax asset - current		95,163		95,163
Total current assets		17,366,633		16,605,418
Property and equipment, net		3,005,371		3,000,798
Intangible assets, net		855,274		934,477
Other assets		243,040		264,179
Deferred income tax asset		476,354		476,354
Total assets	\$	21,946,672	\$	21,281,226

LIABILITIES AND STOCKHOLDERS'

EQUITY

Current liabilities:

Accounts payable and book overdrafts	\$	5,601,591	\$	4,572,147
Accrued expenses		1,854,488		2,254,049
Warrant liability		19,043		10,000
Current portion of capital lease obligations		9,228		9,228
Borrowings under line of credit		4,584,717		3,102,213
Total current liabilities		12,069,067		9,947,637

Long-term liabilities:

Capital lease obligations, net of current portion		2,306		4,613
Other liabilities		1,508,437		1,517,157
Total long-term liabilities		1,510,743		1,521,770

Commitments and contingencies

Stockholders' equity:

Convertible preferred stock - \$.001 par value; 10,000,000 shares authorized, Series B convertible preferred stock - 1,150,000 shares authorized; 421,218 issued and outstanding at March 26, 2011 and December 25, 2010 (aggregate liquidation value of \$8,424,360 at March 26, 2011)		6,267,724		6,267,724
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Series C convertible preferred stock - 100,000 shares authorized, issued and outstanding (aggregate liquidation value of \$2,000,000 at March 26, 2011)	1,492,000	1,492,000
Series D convertible preferred stock - 250,000 shares authorized, issued and outstanding (aggregate liquidation value of \$5,000,000 at March 26, 2011)	3,652,500	3,652,500
Series E convertible preferred stock - 533,333 shares authorized; 296,666 shares issued and outstanding (aggregate liquidation value of \$1,112,497 at March 26, 2011)	1,112,497	1,112,497
Series F convertible preferred stock - 114,286 shares authorized, issued and outstanding (aggregate liquidation value of \$500,000 at March 26, 2011)	500,000	500,000
Total convertible preferred stock	13,024,721	13,024,721
Common stock - \$.001 par value; 150,000,000 shares authorized; 24,397,743 and 24,294,493 shares issued and outstanding at March 26, 2011 and December 25, 2010, respectively	24,398	24,294
Additional paid-in capital	52,826,152	52,760,302
Accumulated deficit	(57,508,409)	(55,997,498)
Total stockholders' equity	8,366,862	9,811,819
Total liabilities and stockholders' equity	\$ 21,946,672	\$ 21,281,226

The accompanying notes are an integral part of these Consolidated Financial Statements.

iPARTY CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	For the three months ended	
	Mar 26, 2011	Mar 27, 2010
Revenues	\$ 15,092,128	\$ 14,836,379
Operating costs:		
Cost of products sold and occupancy costs	9,600,871	