

COFFEE HOLDING CO INC
Form 10-Q
June 07, 2018

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: **April 30, 2018**

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

(State or other jurisdiction of

incorporation or organization)

11-2238111

(I.R.S. Employer

Identification No.)

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

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," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

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

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

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

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

5,702,342 shares of common stock, par value \$0.001 per share, are outstanding at June 6, 2018.

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PART I

ITEM 1 – FINANCIAL STATEMENTS.

COFFEE HOLDING CO., INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

APRIL 30, 2018 AND OCTOBER 31, 2017

	April 30, 2018	October 31, 2017
	(Unaudited)	
- ASSETS -		
CURRENT ASSETS:		
Cash	\$ 3,232,113	\$ 2,325,650
Accounts receivable, net of allowances of \$144,000 for 2018 and 2017	13,931,417	13,441,802
Inventories	16,345,937	16,310,572
Prepaid green coffee	112,397	171,350
Prepaid expenses and other current assets	350,294	593,825
Prepaid and refundable income taxes	447,351	472,814
Due from broker	642,046	
TOTAL CURRENT ASSETS	35,061,555	33,316,013
Machinery and equipment, at cost, net of accumulated depreciation of \$5,895,426 and \$5,557,899 for 2018 and 2017, respectively	2,831,939	2,439,338
Customer list and relationships, net of accumulated amortization of \$87,500 and \$72,250 for 2018 and 2017, respectively	352,500	367,750
Trademarks	820,000	820,000
Other intangible assets	331,124	331,124
Non-compete	150,000	
Goodwill	2,548,969	1,794,265
Equity method investments	90,085	94,643
Deferred income tax asset	13,968	339,748
Deposits and other assets	522,633	497,529
TOTAL ASSETS	\$ 42,722,773	\$ 40,000,410
- LIABILITIES AND STOCKHOLDERS' EQUITY -		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 2,917,399	\$ 4,430,626
Line of credit	12,207,727	8,407,527

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Due to broker		210,862
Note payable	150,000	
Income taxes payable	300	1,346
TOTAL CURRENT LIABILITIES	15,275,426	13,050,361
Deferred income tax liabilities	366,054	629,680
Deferred rent payable	241,261	240,379
Deferred compensation payable	513,633	488,529
TOTAL LIABILITIES	16,396,374	14,408,949
STOCKHOLDERS' EQUITY:		
Coffee Holding Co., Inc. stockholders' equity:		
Preferred stock, par value \$.001 per share; 10,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, par value \$.001 per share; 30,000,000 shares authorized, 6,494,680 shares issued; 5,702,342 and 5,805,935 shares outstanding as of April 30 2018 and October 31, 2017, respectively	6,494	6,494
Additional paid-in capital	16,103,283	16,104,075
Retained earnings	13,287,726	12,345,490
Less: Treasury stock, 792,338 and 688,745 common shares, at cost as of April 30, 2018 and October 31, 2017, respectively	(3,942,508)	(3,504,510)
Total Coffee Holding Co., Inc. Stockholders' Equity	25,454,995	24,951,549
Noncontrolling interest	871,404	639,912
TOTAL EQUITY	26,326,399	25,591,461
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$42,722,773	\$40,000,410

See notes to Condensed Consolidated Financial Statements

COFFEE HOLDING CO., INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

THREE AND SIX MONTHS ENDED APRIL 30, 2018 AND 2017

(Unaudited)

	Six Months Ended April 30,		Three Months Ended April 30,	
	2018	2017	2018	2017
NET SALES	\$44,277,116	\$37,419,469	\$22,193,898	\$17,787,103
COST OF SALES (including \$4.4 and \$2.2 million of related party costs for the six months ended April 30, 2018 and 2017, respectively. Including \$3.0 and \$1.4 million for the three months ended April 30, 2018 and 2017, respectively.)	36,614,421	31,645,614		