

INFINITE GROUP INC
Form 10-Q
November 12, 2008

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

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the quarterly period ended: September 30, 2008

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the transition period from _____ to _____

Commission file number: 0-21816

INFINITE GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

52-1490422
(IRS Employer
Identification No.)

60 Office Park Way
Pittsford, New York 14534
(Address of principal executive offices)

(585) 385-0610
(Registrant's telephone number)

(Former name, former address and former fiscal year,
if changed since 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 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 ☐
Non-accelerated filer ☐

Accelerated filer ☐
Smaller reporting company ☒

Indicate by check mark whether the issuer is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. There were a total of 24,935,328 shares of the issuer's common stock, par value \$.001 per share, outstanding as of November 12, 2008.

INFINITE GROUP, INC.
FORM 10-Q REPORT

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FORWARD-LOOKING STATEMENTS

Certain statements made in this Quarterly Report on Form 10-Q are “forward-looking statements” regarding the plans and objectives of management for future operations and market trends and expectations. Such statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The forward-looking statements included herein are based on current expectations that involve numerous risks and uncertainties. Our plans and objectives are based, in part, on assumptions involving the continued expansion of our business. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that our assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove

inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this report will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives and plans will be achieved. We undertake no obligation to revise or update publicly any forward-looking statements for any reason. The terms “we”, “our”, “us”, or any derivative thereof, as used herein refer to Infinite Group, Inc., a Delaware corporation, and its predecessors.

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements**INFINITE GROUP, INC.****Consolidated Balance Sheets**

	September 30, 2008 (Unaudited)	December 31, 2007 (Audited)
ASSETS		
Current assets:		
Cash	\$ 39,307	\$ 28,281
Accounts receivable, net of allowance of \$35,000	1,206,999	669,607
Prepaid expenses and other current assets	58,932	59,381
Total current assets	1,305,238	757,269
Property and equipment, net	60,539	70,723
Other assets – security deposits	12,641	19,523
Total assets	\$ 1,378,418	\$ 847,515
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current liabilities:		
Accounts payable	\$ 431,210	\$ 299,519
Accrued payroll	434,646	262,453
Accrued interest payable	268,645	269,530
Accrued pension and retirement	2,352,191	2,081,508
Accrued expenses – other	69,802	86,197
Current maturities of notes payable	4,325	4,077
Notes payable	30,000	30,000
Notes payable-related parties	258,846	140,332
Total current liabilities	3,849,665	3,173,616
Long-term obligations:		
Notes payable	232,502	29,706
Notes payable-related parties	890,624	1,091,624
Accrued pension expense	302,395	408,419
Total liabilities	5,275,186	4,703,365
Commitments and contingencies (note 6)		
Stockholders' deficiency:		
Common stock, \$.001 par value, 60,000,000 shares authorized; 24,935,328 (23,614,965 – 2007) shares issued and outstanding	24,935	23,615
Additional paid-in capital	29,646,038	29,386,215
Accumulated deficit	(31,340,052)	(31,037,991)
Accumulated other comprehensive loss	(2,227,689)	(2,227,689)
Total stockholders' deficiency	(3,896,768)	(3,855,850)

Total liabilities and stockholders' deficiency	\$	1,378,418	\$	847,515
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See notes to consolidated financial statements.

INFINITE GROUP, INC.

Consolidated Statements of Operations (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Sales	\$ 2,478,978	\$ 2,063,644	\$ 7,109,403	