

INNOVATIVE DESIGNS INC  
Form 10-Q  
June 15, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended April 30, 2015

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number: 000-51791

INNOVATIVE DESIGNS, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware                                      03-0465528  
(State or other jurisdiction of      (I.R.S. Employer  
incorporation or organization)      Identification No.)

124 Cherry Street

Pittsburgh, Pennsylvania 15223

(Address of Principal Executive Offices, Zip Code)

(412) 799-0350

(Issuer's Phone Number Including Area Code)

N/A

(Former Name or Former Address, 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 and 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 during the preceding 12 months (or 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 definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

(Check One)

Large Accelerated Filer  Accelerated Filer

Non-accelerated Filer  Smaller reporting company

(Do not check if a 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 June 15, 2015, there were 23,267,643 shares of the Registrant's common stock, par value \$.0001 per share, outstanding.

Transitional Small Business Disclosure Format: YES  NO

Innovative Designs, Inc.

Index

Form 10-Q for the Quarter Ended April 30, 2015

	Page No.
<b>Part I — Financial Information</b>	
Item 1. <u>Condensed Financial Statements (Unaudited)</u>	1
<u>Condensed Balance Sheets as of April 30, 2015 (Unaudited) and October 31, 2014</u>	1
<u>Condensed Statements of Operations for the Three and Six Month Periods Ended April 30, 2015 and 2014, (Unaudited)</u>	2
<u>Condensed Statements of Changes in Stockholders' Equity as of April 30, 2015 (Unaudited) and October 31, 2014</u>	3
<u>Condensed Statements of Cash Flows for the Six Month Periods Ended April 30, 2015 and 2014 (Unaudited)</u>	4
<u>Notes to the Condensed Financial Statements</u>	5 - 7
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	8 - 11
<b>Part II — Other Information</b>	
<u>Items 2., 3. and 4.T</u>	12 - 13
Item 6. <u>Exhibits</u>	14

**ITEM 1. CONDENSED FINANCIAL STATEMENTS****INNOVATIVE DESIGNS, INC.****CONDENSED BALANCE SHEETS**April 30, 2015 (Unaudited) and October 31, 2014

	2015	2014
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$1,454,672	\$988,681
Accounts receivable	47,776	64,298
Other receivables	-	30,000
Inventory - net of obsolete inventory reserve of \$46,000 for 2015 and 2014	874,033	889,560
Prepaid insurance	10,987	2,881
Total current assets	2,387,468	1,975,420
<b>PROPERTY AND EQUIPMENT - NET</b>	<b>51,378</b>	<b>56,189</b>
<b>OTHER ASSETS</b>		
Deferred financing costs, net of accumulated amortization of \$1,646 and \$990 for 2015 and 2014	354	1,010
<b>TOTAL ASSETS</b>	<b>\$2,439,200</b>	<b>\$2,032,619</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$31,577	\$87,933
Current portion of notes payable	28,610	59,407
Accrued interest expense	206,354	184,487
Due to shareholders	349,130	330,000
Accrued expenses	148,912	87,266
Total current liabilities	764,583	749,093
Long-term portion of notes payable	248,208	327,529
<b>TOTAL LIABILITIES</b>	<b>1,012,791</b>	<b>1,076,622</b>
<b>STOCKHOLDERS' EQUITY</b>		

Edgar Filing: INNOVATIVE DESIGNS INC - Form 10-Q

Preferred stock, \$0.0001 par value, 25,000,000 shares authorized	-	-
Common stock, \$0.0001 par value, 100,000,000 shares authorized, and 23,223,643 and 22,438,043 issued and outstanding as of April 30, 2015 and October 31, 2014	2,322	2,244
Additional paid-in capital	8,098,859	7,522,487
Accumulated deficit	(6,674,772)	(6,568,734)
Total stockholders' equity	1,426,409	955,997
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$2,439,200</b>	<b>\$2,032,619</b>

The accompanying condensed notes are an integral part of these financial statements.

- 1 -

**INNOVATIVE DESIGNS, INC.**

## CONDENSED STATEMENTS OF OPERATIONS

Three and Six Month Periods Ended April 30, 2015 and 2014 (Unaudited)

	Three Month Periods Ended April 30,		Six Month Periods Ended April 30,	
	2015	2014	2015	2014
REVENUES - NET	\$ 216,377	\$ 66,670	\$ 502,781	\$ 440,422
OPERATING EXPENSES:				
Cost of sales	120,178	29,204	252,914	199,156
Selling, general and administrative expenses	164,874	204,726	316,781	345,562
	285,052	233,930	569,695	544,718
LOSS FROM OPERATIONS	(68,675 )	(167,260 )	(66,914 )	(104,296 )
OTHER INCOME/(EXPENSE)				
Miscellaneous income	-	-	385	-
Interest expense	(21,773 )	(35,403 )	(39,509 )	(63,673 )
Total other expense	(21,773 )	(35,403 )	(39,124 )	(63,673 )
NET LOSS	\$ (90,448 )	\$ (202,663 )	\$ (106,038 )	\$ (167,969 )
PER SHARE INFORMATION				
Net Loss Per Common Share	\$ (0.004 )	\$ (0.010 )	\$ (0.005 )	\$ (0.009 )
Weighted Average Number of Common Shares Outstanding	23,108,564	19,776,232	22,870,758	19,605,472

The accompanying condensed notes are an integral part of these financial statements.

**INNOVATIVE DESIGNS, INC.**

## CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

April 30, 2015 (Unaudited) and October 31, 2014

	Common Stock Number of Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total
Balance at October 31, 2013	19,325,743	\$ 1,935	\$ 5,777,606	\$(6,134,664 )	\$(355,123 )
Shares issued for services	180,000	18	86,982	-	87,000
Shares issued for debt conversion	392,300	39	86,861	-	86,900
Sale of stock	2,540,000	252	1,571,038	-	1,571,290
Net loss	-	-	-	(434,070 )	(434,070 )
Balance at October 31, 2014	22,438,043	2,244	7,522,487	(6,568,734 )	955,997
Shares issued for services	10,000	1	11,999	-	12,000
Sale of stock	775,600	77	564,373	-	564,450
Net loss	-	-	-	(106,038 )	(106,038 )
Balance at April 30, 2015	23,223,643	\$ 2,322	\$ 8,098,859	\$(6,674,772 )	\$1,426,409

The accompanying condensed notes are an integral part of these financial statements.



**INNOVATIVE DESIGNS, INC.**

## CONDENSED STATEMENTS OF CASH FLOWS

Six Month Periods Ended April 30, 2015 and 2014 (Unaudited)

	For the Six Month Periods Ended	
	April 30, 2015	April 30, 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (106,038	) \$ (167,969
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Common stock issued for services	12,000	23,300
Amortization	656	312
Depreciation	4,811	1,969
Increase (decrease) from changes in:		
Accounts receivable	16,522	(7,976
Other receivable	30,000	4,000
Inventory	15,527	92,410
Deposits on inventory	-	(33,409
Prepaid insurance	(8,106	) 5,586
Deferred loan costs	-	(2,000
Accounts payable	(56,356	) (11,174
Accrued expenses	61,646	120,527
Accrued interest expense	21,867	(836
Net cash (used in) provided by operating activities	(7,471	) 24,740
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	-	(4,843
Net cash used in investing activities	-	(4,843
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from sale of stock	564,450	56,000
Payments on shareholder advances	(50,000	) (46,572
Proceeds from shareholder advances	69,130	-
Payments on notes payable	(110,118	) (107,301
Proceeds from notes payable	-	80,000
Net cash provided by (used in) financing activities	473,462	(17,873
Net increase in cash	465,991	2,024

Edgar Filing: INNOVATIVE DESIGNS INC - Form 10-Q

CASH, BEGINNING OF YEAR	988,681	69,613
CASH, END OF THE PERIOD	\$ 1,454,672	\$ 71,637
Supplemental disclosure of cash flow information:		
Stock issuance for debt conversion	\$ -	\$ 74,300
Cash paid for interest	\$ 17,642	\$ 58,009

The accompanying condensed notes are an integral part of these financial statements.

- 4 -

**INNOVATIVE DESIGNS, INC.**

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Three Month Periods Ended April 30, 2015 and 2014 (Unaudited)

In the opinion of management, the accompanying unaudited financial statements contain all adjustments necessary to present fairly Innovative Designs, Inc.'s financial position as of April 30, 2015, the changes therein for the three and six month periods then ended and the results of operations for the three and six month periods ended April 30, 2015 and 2014.

The financial statements included in the Form 10-Q are presented in accordance with the requirements of the Form and do not include all of the disclosures required by accounting principles generally accepted in the United States of America. For additional information, reference is made to the Company's annual report on Form 10-K for the fiscal year ended October 31, 2014. The results of operations for the three and six month periods ended April 30, 2015 and 2014 are not necessarily indicative of operating results for the full year.

NOTE 3. INVENTORY

Inventory consists principally of purchased finished goods. Inventory is stated at the lower of cost or market on a first-in, first-out basis. Innovative Designs, Inc. (the "Company") has decided to discontinue the manufacturing of its hunting and swimming line of apparel. The Company has booked a reserve against this inventory at April 30, 2015 and October 31, 2014 of \$46,000. Management will continue to evaluate its obsolete inventory reserve throughout the year and make adjustments as needed.

NOTE 4. EARNINGS PER SHARE

The Company calculates net income (loss) per share in accordance with Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") Topic 260 "*Earnings per Share*". Basic earnings (loss) per share is calculated by dividing income (loss) by the weighted average number of common shares outstanding for the period. During the periods presented, the Company only has common stock outstanding. As a result, diluted earnings per share was not calculated.

NOTE 5. INCOME TAXES

The Company accounts for income taxes in accordance with ASC Topic 740 "*Income Taxes*", which requires an asset and liability approach for financial reporting purposes.

Deferred income taxes are provided for differences between the tax bases of assets and liabilities and the financial reporting amounts at the end of the period, and for net operating loss and tax credit carryforwards available to offset future taxable income. Changes in enacted tax rates or laws result in adjustments to recorded deferred tax assets and liabilities in the periods in which the tax laws are enacted or tax rates are changed. The Company will continue to evaluate its income tax obligation throughout the year and will record a tax provision when it is necessary.

**INNOVATIVE DESIGNS, INC.**

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Three Month Periods Ended April 30, 2015 and 2014 (Unaudited)

NOTE 6. SHIPPING AND HANDLING COSTS

The Company pays shipping and handling costs on behalf of customers for purchased apparel merchandise. These costs are billed back to the customer through the billing invoice. The shipping and handling costs associated with merchandise ordered by the Company are included as part of inventory as these costs are allocated across the merchandise received. With House Wrap orders, the customer pays the shipping cost. The shipping and handling costs billed back to customer orders was approximately \$10,000 and \$15,000 for the six month periods ended April 30, 2015 and 2014, respectively. These amounts are included in both revenue and selling, general and administrative expenses.

NOTE 7. DEBT

During February 2015, the Company entered into a note payable agreement with Riccelli Properties, which is wholly owned and operated by Joseph Riccelli, Sr., in the amount of \$69,130. This amount reflects payments made by Riccelli Properties on other debt obligations of the Company with proceeds of the sale of real estate. The note has a term of 1 year and an interest rate of 10%.

NOTE 8. COMMON STOCK

During the three month period ended January 31, 2015, the Company sold its stock to five investors. The stock was issued for prices from \$.60-\$.80 per share. A total of 283,000 shares of common stock were sold, resulting in proceeds of \$203,750. We believe that Section 4(2) of the Securities Act of 1933, as amended, was available because these transactions did not involve a public offering and there was no general solicitation or general advertising involved in these transactions. We placed legends on the stock certificates stating that the securities were not registered under the Securities Act and set forth the restrictions on their transferability and sale.

During the three month period ended April 30, 2015, the Company sold its stock to eleven investors. The stock was issued for prices from \$.60-\$.80 per share. A total of 492,600 shares of common stock were sold, resulting in proceeds of \$360,700. In addition, the Company issued 10,000 shares for services performed during February 2015. The shares

issued were valued at \$1.20 per share or an aggregate price of \$12,000. We believe that Section 4(2) of the Securities Act of 1933, as amended, was available because these transactions did not involve a public offering and there was no general solicitation or general advertising involved in these transactions. We placed legends on the stock certificates stating that the securities were not registered under the Securities Act and set forth the restrictions on their transferability and sale.

NOTE 9. SEGMENT INFORMATION

We have organized our operations into two segments. We rely on an internal management reporting process that provides segment information for purposes of making financial decisions and allocating resources.

- 6 -

**INNOVATIVE DESIGNS, INC.**

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Three Month Periods Ended April 30, 2015 and 2014 (Unaudited)

The following tables present our business segment information for the six month periods ended April 30, 2015 and 2014:

	2015	2014
Revenues:		
Apparel	\$325,616	\$417,941
Housewrap	177,165	22,481
Total Revenues	\$502,781	\$440,422
Assets:		
Apparel	\$2,084,565	\$599,839
Housewrap	354,635	224,660
Total	\$2,439,200	\$824,499
Depreciation:		
Apparel	\$945	\$1,010
Housewrap	3,866	959
Total	\$4,811	\$1,969

NOTE 10. SUBSEQUENT EVENTS

The Company has evaluated subsequent events in accordance with ASC Topic 855, “*Subsequent Events*”, through June 15, 2015, which is the date financial statements were available to be issued. With the exception of the matters discussed below, no subsequent event items were identified by the Company.

In May 2015, the Company issued an aggregate of 44,000 shares of stock, valued from \$0.75 per share to \$1.25 per share, for services with a fair value of \$38,000. We believe that Section 4(2) of the Securities Act of 1933, as amended, was available because these transactions did not involve a public offering and there was no general solicitation or general advertising involved in these transactions. We placed legends on the stock certificates stating that the securities were not registered under the Securities Act and set forth the restrictions on their transferability and sale.

The Company has reached an agreement in principle with the manufacturer of the INSULTEX material to purchase a machine capable of producing the INSULTEX material. Also included in the proposed agreement will be the propriety formula that creates INSULTEX. The Company intends to have the machine shipped to the United States where the Company will produce INSULTEX under its own brand name.

- 7 -



**INNOVATIVE DESIGNS, INC.**

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**General**

The following information should be read in conjunction with the consolidated financial statements and the notes thereto and in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended October 31, 2014.

**Disclosure Regarding Forward-Looking Statements**

Certain statements made in this report, and other written or oral statements made by or on behalf of the Company, may constitute "forward-looking statements" within the meaning of the federal securities laws. When used in this report, the words "believes," "expects," "estimates," "intends" and similar expressions are intended to identify forward-looking statements. Statements regarding future events and developments and our future performance, as well as our expectations, beliefs, plans, intentions, estimates or projections relating to the future, are forward-looking statements within the meaning of these laws. Examples of such statements in this report include descriptions of our plans and strategies with respect to developing certain market opportunities and our overall business plan. All forward-looking statements are subject to certain risks and uncertainties that could cause actual events to differ materially from those projected. We believe that these forward-looking statements are reasonable; however, you should not place undue reliance on such statements. These statements are based on current expectations and speak only as of the date of such statements. We undertake no obligations to publicly update or revise any forward-looking statement, whether as a result of future events, new information or otherwise.

**Background**

Innovative Designs, Inc. (hereinafter referred to as the "Company", "we or "our") was formed on June 25, 2002. We market and sell clothing products such as outdoor apparel, and cold weather gear called "Arctic Armor" that are made from INSULTEX, a material with buoyancy, scent block and thermal resistant properties. We also market our House Wrap product line which is a building material with thermal qualities. House Wrap is also made from INSULTEX. We obtain INSULTEX through a license agreement with the owner and manufacturer of the material. Since our formation we have devoted our efforts to:

- Completing the development, design and prototypes of our products,
- Obtaining retail stores or sales agents to offer and sell our products,
- Developing our website to sell more of our products, and
- Establishing distribution channels for our House Wrap product.

**INNOVATIVE DESIGNS, INC.****Results of Operations**Comparison of the Three Month Period Ended April 30, 2015 with the Three Month Period Ended April 30, 2014.

The following table shows a comparison of the results of operations between the three month periods ended April 30, 2015 and April 30, 2014:

	Three Month Period Ended April 30, 2015	% of Sales	Three Month Period Ended April 30, 2014	% of Sales	Increase (Decrease)	% Change
REVENUE	\$ 216,377	100.00%	66,670	100.00 %	\$ 149,707	224.55 %
<b>OPERATING EXPENSES</b>						
Cost of sales	120,178	55.54 %	29,204	43.81 %	90,974	311.51 %
Selling, general and administrative expenses	164,874	76.20 %	204,726	307.07 %	(39,852 )	-19.47 %
Loss from operations	(68,675 )	-31.74 %	(167,260 )	-250.88 %	98,585	-58.94 %
<b>OTHER EXPENSE</b>						
Interest expense	(21,773 )	-10.06 %	(35,403 )	-53.10 %	13,630	-38.50 %
Net loss	\$ (90,448 )	-41.80 %	\$ (202,663 )	-303.98 %	\$ 112,215	-55.37 %

Revenues for the quarter ended April 30, 2015 were \$216,377 compared to revenues of \$66,670 for the quarter ended April 30, 2014. The increase is caused, primarily, by increased sales of House Wrap during the quarter. We are also focusing most of our resources and efforts toward the development of a market for our House Wrap product line. During the three month period ended April 30, 2015 House Wrap sales totaled \$169,560 in comparison with \$15,630 during the three month period ended April 30, 2014. Our net loss for the three months ended April 30, 2015 was \$(90,448). In February 2015, we announced that the laboratory which we use for testing our House Wrap product passed international accreditation which can now be documented on lab results. This allows the Company to begin an aggressive marketing program to national home builders who require the type of accreditation recently achieved.

Our selling, general and administrative expenses were \$164,874 for the three months ended April 30, 2015 compared to \$204,726 for the three months ended April 30, 2014.

- 9 -

**INNOVATIVE DESIGNS, INC.****Results of Operations**Comparison of the Six Month Period Ended April 30, 2015 with the Six Month Period Ended April 30, 2014.

The following table shows a comparison of the results of operations between the six month periods ended April 30, 2015 and April 30, 2014:

	Six Month Period Ended April 30, 2015	% of Sales	Six Month Period Ended April 30, 2014	% of Sales	Increase (Decrease)	% Change	
REVENUE	\$ 502,781	100.00%	\$ 440,422	100.00%	\$ 62,359	14.16	%
<b>OPERATING EXPENSES</b>							
Cost of sales	252,914	50.30 %	199,156	45.22 %	53,758	26.99	%
Selling, general and administrative expenses	316,781	63.01 %	345,562	78.46 %	(28,781 )	-8.33	%
Loss from operations	(66,914 )	-13.31 %	(104,296 )	-23.68 %	37,382	-35.84	%
<b>OTHER INCOME/(EXPENSE)</b>							
Miscellaneous income	385	0.08 %	-	-	385	100.00	%
Interest expense	(39,509 )	-7.86 %	(63,673 )	-14.46 %	24,164	-37.95	%
Net loss	\$ (106,038 )	-21.09 %	\$ (167,969 )	-38.14 %	\$ 61,931	-36.87	%

Revenues for the period ended April 30, 2015 were \$502,781 compared to revenues of \$440,422 for the period ended April 30, 2014. The increase in revenue was largely the result of increased sales of our House Wrap product line. We are also focusing most of our resources and efforts toward the development of a market for our House Wrap product line. During the six month period ended April 30, 2015 House Wrap sales totaled \$177,165 in comparison with \$22,481 during the six month period ended April 30, 2014. Our net loss for the six months ended April 30, 2015 was \$(106,038).

Our selling, general and administrative expenses were \$316,781 for the six months ended April 30, 2015 compared to \$345,562 for the three months ended April 30, 2014.

- 10 -

**INNOVATIVE DESIGNS, INC.**

**Liquidity and Capital Resources**

During the quarter ended April 30, 2015, we funded our operations from revenues from sales and private sales of our securities.

**Short Term:** We will continue to fund our operations from sales and the sale of our securities. We continue to pay our creditors when payments are due. We will require more funds to be able to order the material for our House Wrap product and to purchase equipment needed for the manufacture of the INSULTEX product. The Company has reached an agreement in principle with the manufacturer of the INSULTEX material to purchase a machine capable of producing the INSULTEX material. Also included in the proposed agreement will be the propriety formula that creates INSULTEX. The Company intends to have the machine shipped to the United States where the Company will produce INSULTEX under its own brand name. The Company hopes to have the machine in the Pittsburgh area within the next four months and expects to be producing its own INSULTEX within the next six months. The final terms will be contained in the definitive agreement.

**Long Term:** The Company will continue to fund its operations from revenues, borrowings from private parties and the possible sale of our securities. Should we not be able to rely on the private sources for borrowing, our operations would be severely effected as we would not be able to fund our purchase orders to our suppliers for finished goods.

**INNOVATIVE DESIGNS, INC.**

**PART II – OTHER INFORMATION**

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

During the three month period ended April 30, 2015, the Company sold its stock to eleven investors. The stock was issued for prices from \$.60-\$.80 per share. A total of 492,600 shares of common stock were sold, resulting in proceeds of \$360,700. In addition, the Company issued 10,000 shares for services performed during February 2015. The shares issued were valued at \$1.20 per share or an aggregate price of \$12,000. We believe that Section 4(2) of the Securities Act of 1933, as amended, was available because these transactions did not involve a public offering and there was no general solicitation or general advertising involved in these transactions. We placed legends on the stock certificates stating that the securities were not registered under the Securities Act and set forth the restrictions on their transferability and sale.

In May 2015, the Company issued an aggregate of 44,000 shares of stock, valued from \$0.75 per share to \$1.25 per share, for services with a fair value of \$38,000. We believe that Section 4(2) of the Securities Act of 1933, as amended, was available because these transactions did not involve a public offering and there was no general solicitation or general advertising involved in these transactions. We placed legends on the stock certificates stating that the securities were not registered under the Securities Act and set forth the restrictions on their transferability and sale.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

As a smaller reporting company, we are not required to provide the information otherwise required by this Item.

**ITEM 4T. CONTROLS AND PROCEDURES**

Management has developed and implemented a policy and procedures for reviewing, on a quarterly basis, our disclosure controls and procedures. During the quarter ended April 30, 2015, our principle executive/financial officer concluded that these controls and procedures were ineffective. At this time we do not have the financial resources to employ a financial staff with accounting and financial expertise, once we have the necessary financial resources, we



plan to hire and designate an individual responsible for identifying reportable developments and to implement procedures designed to remediate the material weakness by focusing additional attention and resources in our internal accounting functions. During the fourth quarter of 2014 and the first quarter ended January 31, 2015, the Company was not able to close the books and records in a timely fashion. Consequently, the Company was unable to file its Form 10-K for the year ended October 31, 2014 within the timeline established by the SEC and was required to seek an extension for filing the form. There were no reclassifications made during the second quarter of 2015.

- 12 -

**INNOVATIVE DESIGNS, INC.**

Changes in Internal Control Over Financial Reporting

During the most recent fiscal quarter, there were no changes in the Company's internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13(a)-15 or 15d-15 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

- 13 -

**INNOVATIVE DESIGNS, INC.**

ITEM 6. EXHIBITS

\*3.1 Revised Certificate of Incorporation

\*\*3.2 By-Laws

31.1 Rule 13a - 14a Certification of Chief Executive Officer and Chief Financial Officer

32.1 Section 1350 Certification of Chief Executive Officer and Chief Financial Officer

\* Incorporated by reference to the Company's Form 10-K filed February 12, 2015

\*\* Incorporated by reference to the Company's registration statement on Form SB-2, filed March 11, 2003

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Innovative Designs, Inc.  
Registrant

Date: June 15, 2015 by: /s/ Joseph Riccelli  
Joseph Riccelli, Sr., Chief Executive Officer  
and Chief Financial Officer