

INFINITE GROUP INC
Form 10-Q
November 14, 2011

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the quarterly period ended: September 30, 2011

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: 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 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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large Accelerated filer
Non-accelerated filer

Accelerated filer
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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. There were 25,961,883 shares of the issuer's common stock, par value \$.001 per share, outstanding as of November 11, 2011.

Infinite Group, Inc.
 Quarterly Report on Form 10-Q
 For the Period Ended September 30, 2011

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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, 2011 (Unaudited)	December 31, 2010
ASSETS		
Current assets:		
Cash	\$ 7,128	\$ 33,155
Accounts receivable, net of allowance of \$70,000	690,958	709,302
Prepaid expenses and other current assets	25,794	15,392
Total current assets	723,880	757,849
Property and equipment, net	54,279	68,210
Deposits and other assets	18,424	18,424
Total assets	\$ 796,583	\$ 844,483
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current liabilities:		
Accounts payable	\$ 633,223	\$ 651,976
Accrued payroll	290,198	283,425
Accrued interest payable	380,404	312,945
Accrued retirement and pension	670,000	3,129,584
Accrued expenses - other	64,767	54,717
Current maturities of long-term obligations-bank	22,059	25,954
Notes payable	30,000	30,000
Notes payable-related parties	174,000	174,000
Total current liabilities	2,264,651	4,662,601
Long-term obligations:		
Notes payable:		
Banks and other	609,216	624,469
Related parties	501,324	501,324
Accrued pension expense	4,158,755	1,291,119
Total liabilities	7,533,946	7,079,513
Commitments and contingencies (Note 7)	-	-
Stockholders' deficiency:		
Common stock, \$.001 par value, 60,000,000 shares authorized; 26,461,883 shares issued and outstanding	26,461	26,461
Additional paid-in capital	30,080,215	29,999,371

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Accumulated deficit	(33,882,892)	(33,299,715)
Accumulated other comprehensive loss	(2,961,147)	(2,961,147)
Total stockholders' deficiency	(6,737,363)	(6,235,030)
Total liabilities and stockholders' deficiency	\$ 796,583	\$ 844,483

See notes to unaudited consolidated financial statements.

INFINITE GROUP, INC.

Consolidated Statements of Operations (Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Sales	\$2,305,024	\$2,212,716	\$6,539,743	\$7,206,004
Cost of services	1,697,182	1,589,069	4,837,973	5,354,738
Gross profit	607,842	623,647	1,701,770	1,851,266