

Giggles N' Hugs, Inc.
Form 10-Q/A
May 03, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q/A

(Amendment No. 2)

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

For the quarterly period ended June 30, 2012

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

Commission file number 000-53948

GIGGLES N HUGS, INC.

(Exact name of registrant as specified in its charter)

Nevada

20-1681362

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

10250 Santa Monica, #155, Los Angeles, CA 90067

(Address of principal executive offices) (Zip Code)

(310) 553-4847

(Registrant's telephone number, including area code)

Copies of Communications to:

Richardson & Patel, LLP

110 Glendon Avenue

Suite 850

Los Angeles, CA 90024

(310) 208-1187

Fax (310) 708-1154

Indicate by check mark whether the issuer (1) 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 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

Accelerated filer

Non-accelerated filer (Do not check if a 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

The number of shares of Common Stock, \$0.001 par value, outstanding on August 20, 2012 was 22,894,145 shares.

Restatement

Giggles N Hugs, Inc. (hereinafter referred to as “us,” “we,” or the “Company”) is filing this Amendment No. 2 on Form 10-Q/A (the “Second Amendment”) to its Quarterly Report for the quarterly period ended June 30, 2012, which was filed with the Securities and Exchange Commission (“SEC”) on August 29, 2012 (the “Original Report”) in response to certain issues set forth in our Current Report on Form 8-K filed with the SEC on March 20, 2013 (the “Form 8-K”). As previously reported in the Form 8-K, we announced that the consolidated financial statements contained in our Quarterly Report on Form 10-Q for the three months ended March 31, 2012, the three and six months ended June 30, 2012 and the three and nine months ended September 30, 2012 required restatement in order to correct an error related to the following:

Total stock-based compensation expense in connection with options granted to employees was not correctly recognized for employee options issued in February 2012 in the consolidated statement of operations for the six months ended June 30, 2012 in accordance with Accounting Standards Codification (“ASC”) 718 “Compensation - Stock Compensation”).

This Second Amendment reflects the restatement of our previously issued consolidated financial statements contained in the Original Report for the three and six months ended June 30, 2012. The adjustment is fully discussed in Note 4 to the consolidated financial statements contained in this Second Amendment.

This Second Amendment speaks only of the original filing date of the Original Report and, except for those Items disclosed in this Explanatory Note, is unchanged from the Original Report. You should read this Second Amendment together with our other reports that update and supersede the information contained in this Second Amendment.

GIGGLES N HUGS, INC.

QUARTERLY PERIOD ENDED JUNE 30, 2012

Index to Report on Form 10-Q/A

	Page No.
PART I - FINANCIAL INFORMATION	
<u>Item 1. Financial Statements</u>	F-1
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	4
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	12
<u>Item 4T. Controls and Procedures</u>	12
PART II - OTHER INFORMATION	
<u>Item 1. Legal Proceedings</u>	13
<u>Item 1A. Risk Factors</u>	13
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	13
<u>Item 3. Defaults Upon Senior Securities</u>	14
<u>Item 4. Mine Safety Disclosure</u>	14
<u>Item 5. Other Information</u>	14
<u>Item 6. Exhibits</u>	15
<u>Signature</u>	16

PART I – FINANCIAL INFORMATION**Item 1. Financial Statements.****GIGGLES N HUGS, INC.****CONSOLIDATED BALANCE SHEETS****(unaudited)**

	June 30, 2012 (As Restated See Note 4)	December 31, 2011
Assets		
Current assets:		
Cash and equivalents	\$ 109,864	\$ 608,309
Inventory	14,959	14,297
Prepaid expenses	4,469	-
Total current assets	129,292	622,606
Fixed assets:		
Total fixed assets, net	973,705	880,999
Other assets:		
Security deposits	32,500	30,000
Total assets	\$ 1,135,497	\$ 1,533,605
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 112,680	\$ 116,031
Incentive from lessor – current portion	47,151	44,406
Accrued expenses	16,852	15,888
Deferred revenue	10,151	16,942
Total current liabilities	186,834	193,267
Long-term liabilities:		
Incentive from lessor – long-term	510,307	490,059
Total long-term liabilities	510,307	490,059

Total liabilities	697,141	683,326
Stockholders' equity:		
Common stock, \$0.001 par value, 1,125,000,000 shares authorized, 22,894,145 and 22,862,145 shares issued and outstanding as of June 30, 2012 and December 31, 2011, respectively	22,894	22,862
Common stock payable (50,000 shares as of June 30, 2012)	209,500	-
Additional paid-in capital	2,944,999	2,001,168
Accumulated deficit	(2,739,037)	(1,173,751)
Total stockholders' equity	438,356	850,279
Total liabilities and stockholders' equity	\$1,135,497	\$1,533,605

See Accompanying Notes to Financial Statements.

F-1

GIGGLES N HUGS, INC.**CONSOLIDATED STATEMENTS OF OPERATIONS****(unaudited)**

	For the three months ended June 30,		For the six months ended June 30,	
	2012	2011	2012	2011
			(As restated See note 4)	
Revenue				
Food and beverage sales	\$ 170,961	\$ 173,608	\$ 335,810	\$ 328,697
Private party rentals	89,135	87,132	195,949	146,423
Other sales	65,692	57,621	133,890	113,818
Allowances, returns and discounts	(12,724)	(25,900)	(23,775)	(55,168)
Net sales	313,064	292,461	641,874	533,770
Costs and operating expenses				
Cost of sales including food and beverage	71,251	70,168	138,805	135,315
Labor	100,239	120,762	232,376	257,587
Occupancy cost	64,137	60,424	119,467	126,263
Depreciation	25,666	25,313	51,532	50,613
Total operating expenses	261,293	276,667	542,180	569,778
Other expenses				
Executive compensation	109,488	38,269	209,675	38,269
Employee stock-based compensation	-	-	1,100,883	-
Consulting expenses	57,480	183,350	67,480	391,589
Professional expenses	89,357	71,711	155,029	130,770
General and administrative expenses	64,957	35,629	130,313	104,948
Total costs and operating expenses	582,575	605,626	2,205,560	1,235,354
Loss before provision for income taxes	\$(269,511)	\$(313,165)	\$(1,563,686)	\$(701,584)
Provision for income taxes	\$(1,600)	\$-	\$(1,600)	\$-
Net loss	\$(271,111)	\$(313,165)	\$(1,565,286)	\$(701,584)
Net loss per share - basic	\$(0.01)	\$(0.04)	\$(0.07)	\$(0.02)
Weighted average number of common shares outstanding - basic	22,866,365	18,742,248	22,866,365	18,633,896

See Accompanying Notes to Financial Statements.

F-2

GIGGLES N HUGS, INC.**CONSOLIDATED STATEMENTS OF CASH FLOWS****(unaudited)**

	For the six months ended	
	June 30, 2012	2011
	(As restated See note 4)	
Cash flows from operating activities		
Net loss	\$(1,565,286)	\$(701,584)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	51,532	50,614
Stock based compensation	52,480	-
Employee stock-based compensation	1,100,883	-
Changes in operating assets and liabilities:		
Increase in prepaid expenses and deposits	(6,969)	-
Increase in inventory	(662)	(577)
Decrease in accounts payable	(3,351)	(58,871)
Increase (decrease) in lease incentive liability	22,993	(14,230)
Increase in accrued expenses	964	1,968
Increase (decrease) in deferred revenue	(6,791)	