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(Registrant's telephone number, including area code)

Copies of Communications to:

Libertas Law Group, Inc.

225 Santa Monica Blvd., 11th Floor

Santa Monica, CA 90401

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.

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

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The number of shares of Common Stock, \$0.001 par value, outstanding on August 15, 2016 was 44,103,157 shares.

GIGGLES N' HUGS, INC.

TWENTY SIX WEEKS ENDED JUNE 26, 2016

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PART I – FINANCIAL INFORMATION**Item 1. Financial Statements.****GIGGLES N' HUGS, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

	June 26, 2016 (Unaudited)	December 27, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 113,305	\$ 334,191
Inventory	27,107	37,660
Prepaid expenses, other	30,809	26,919
Total current assets	171,221	398,770
Fixed assets:		
Total fixed assets, net	1,122,265	1,729,836
Other assets	32,620	32,620
Total assets	\$ 1,326,106	\$ 2,161,226
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 702,705	\$ 554,230
Incentive from lessor – current portion	76,105	134,645
Note payable from lessor, net of discount of \$19,109 and \$35,094, respectively, in default	664,207	648,222
Accrued expenses	67,097	396,568
Deferred revenue	62,714	52,334
Promissory note payable, net of discount \$0 and \$60,306, respectively	265,000	204,694
Convertible note payable and accrued interest, net of debt discount of \$61,104 and \$139,471, respectively	158,943	71,779
Total current liabilities	1,996,771	2,062,472
Long-term liabilities:		
Incentive from lessor – long-term	771,069	1,063,453

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Total liabilities	2,767,840	3,125,925
Stockholders' deficit:		
Common stock, \$0.001 par value, 1,125,000,000 shares authorized, 42,893,533 and 41,821,033 shares issued and outstanding as of June 26, 2016 and December 27, 2015, respectively	42,892	41,820
Common stock payable (405,556 shares and 555,556 as of June 26, 2016 and December 27, 2015, respectively)	218,535	245,498
Additional paid-in capital	8,088,828	7,970,268
Accumulated deficit	(9,791,989)	(9,222,285)
Total stockholders' deficit	(1,441,734)	(964,699)
Total liabilities and stockholders' deficit	\$1,326,106	\$2,161,226

See Accompanying Notes to Condensed Consolidated Financial Statements.

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GIGGLES N' HUGS, INC.**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)**

	Thirteen Weeks Ended	Thirteen Weeks Ended	Twenty -Six Weeks Ended	Twenty -Six Weeks Ended
	June 26, 2016	June 28, 2015	June 26, 2016	June 28, 2015
Revenue				
Net sales	\$831,464	\$830,812	\$1,710,398	\$1,749,039
Costs and operating expenses				
Cost of operations	734,151	767,076	1,504,669	1,532,448
General and administrative expenses	319,926	508,682	644,118	854,348
Depreciation and amortization	88,741	93,753	177,882	184,371
Total operating expenses	1,142,818	1,369,511	2,326,669	2,571,167
Loss from Operations	(311,354)	(538,699)	(616,271)	(822,128)
Other (income) Expenses:				
Finance and interest expense	84,378	5,880	173,331	22,833
Loss (gain) on stock issuance for payable settlement	-	(525)	-	17,772
Gain on debt modification	-	(69,228)	-	(69,228)
Gain on sale of asset	(5,971)	-	(5,971)	-
Gain on lease termination	(214,111)	-	(214,111)	-
Loss before provision for income taxes	(175,650)	(474,826)	(569,520)	(793,505)
Provision for income taxes	(616)	-	184	
Net loss	\$(175,034)	\$(474,826)	\$(569,704)	\$(793,505)
Net loss per share – basic and diluted	\$-	\$(0.01)	\$(0.01)	\$(0.02)
Weighted average number of common shares outstanding – basic and diluted	42,806,033	37,709,576	42,367,492	35,759,702

See Accompanying Notes to Condensed Consolidated Financial Statements.

GIGGLES N' HUGS, INC.**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT****(Unaudited)**

	Common Stock		Additional	Common	Accumulated	Total
	Shares	Amount	Paid in	Stock	Deficit	Stockholders'
			Capital	Payable		Deficit
Balance, December 27, 2015	41,821,033	\$41,820	\$7,970,268	\$245,498	\$(9,222,285)	\$(964,699)
Shares issued for professional services	397,500	397	29,773			30,170
Shares issued to settle the accounts payable	525,000	525	30,975			31,500
Shares issued for stock payable	150,000	150	26,813	(26,963)		-
Warrants vested for professional services			31,000			31,000
Net loss					(569,704)	(569,704)
Balance, June 26, 2016	42,893,533	\$42,892	\$8,088,828	\$218,535	\$(9,791,989)	\$(1,441,734)

See Accompanying Notes to Condensed Consolidated Financial Statements.

GIGGLES N' HUGS, INC.**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

	Twenty-Six Weeks ended June 26, 2016	Twenty-Six Weeks ended June 28, 2015
Cash flows from operating activities		
Net loss	\$ (569,704)	\$ (793,505)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	177,882	184,371
Amortization of debt discount	154,658	3,711
Gain on sales of fixed assets	(5,971)	-
Gain on lease termination	(214,111)	-
Stock-based compensation	-	13,500
Loss on stock issuance for payable settlement	-	17,772
Warrant expenses	-	38,778
Warrants vested for services	31,000	-
Gain on note payable modification	-	(69,228)
Shares issued for services	30,170	230,822
Changes in operating assets and liabilities:		
Increase in prepaid expenses and deposits	(3,890)	(9,184)
Decrease in security deposits, other	-	4,600
Decrease in inventory	10,553	1,076
Increase in accounts payable	179,976	144,200
Decrease in lease incentive liability	(61,653)	(54,226)
(Decrease) increase in accrued expenses	(329,473)	26,069
(Decrease) increase in accrued interest	8,797	(10,846)
Decrease (increase) in deferred revenue	10,380	(7,211)
Net cash used in operating activities	(581,386)	(279,301)
Cash flows from investing activities		
Provided from lease termination	350,000	-
Provided (used) from sales or purchase of fixed assets	10,500	(6,848)
Net cash provided (used) in investing activities	360,500	(6,848)
Cash flows from financing activities		
Payments on note payable	-	(1,199)
Proceeds from shares issued	-	323,880
Net cash provided by financing activities	-	322,681

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NET INCREASE (DECREASE) IN CASH	(220,886)	36,532
CASH AT BEGINNING OF PERIOD	334,191	108,236
CASH AT END OF PERIOD	\$ 113,305	\$ 144,768