

INNOVATIVE DESIGNS INC
Form 10-Q
September 18, 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 July 31, 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.)

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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

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(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 September 11, 2015, there were 24,261,310 shares of the Registrant's common stock, par value \$.0001 per share, outstanding.

Transitional Small Business Disclosure Format: YES NO

Innovative Designs, Inc.

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

	2015	2014
CURRENT ASSETS		
Cash	\$1,506,501	\$988,681
Accounts receivable	35,182	64,298
Other receivables	—	30,000
Inventory - net of obsolete inventory reserve of \$46,000 for 2015 and 2014	929,552	889,560
Prepaid insurance	7,803	2,881
Total current assets	2,479,038	1,975,420
PROPERTY AND EQUIPMENT - NET	48,963	56,189
OTHER ASSETS		
Deposits on equipment	200,000	—
Deferred financing costs, net of accumulated amortization of \$1,989 and \$990 for 2015 and 2014	11	1,010
TOTAL ASSETS	\$2,728,012	\$2,032,619
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$55,625	\$87,933
Current portion of notes payable	14,974	59,407
Accrued interest expense	136,151	184,487
Due to shareholders	329,130	330,000
Accrued expenses	96,354	87,266
Total current liabilities	632,234	749,093
Long-term portion of notes payable	243,827	327,529
TOTAL LIABILITIES	876,061	1,076,622

STOCKHOLDERS' EQUITY

Preferred stock, \$0.0001 par value, 25,000,000 shares authorized	—	—
Common stock, \$0.0001 par value, 100,000,000 shares authorized, and 24,161,310 and 22,438,043 issued and outstanding as of July 31, 2015 and October 31, 2014	2,416	2,244
Additional paid-in capital	8,758,265	7,522,487
Accumulated deficit	(6,908,730)	(6,568,734)
Total stockholders' equity	1,851,951	955,997
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$2,728,012	\$2,032,619

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

INNOVATIVE DESIGNS, INC.

CONDENSED STATEMENTS OF OPERATIONS

Three and Nine Month Periods Ended July 31, 2015 and 2014 (Unaudited)

	Three Month Periods Ended July 31,		Nine Month Periods Ended July 31,	
	2015	2014	2015	2014
REVENUES - NET	\$46,593	\$195,035	\$549,374	\$635,457
OPERATING EXPENSES:				
Cost of sales	24,903	123,782	277,817	322,938
Selling, general and administrative expenses	224,426	169,690	541,207	515,252
	249,329	293,472	819,024	838,190
LOSS FROM OPERATIONS	(202,736)	(98,437)	(269,650)	(202,733)
OTHER INCOME/(EXPENSE)				
Miscellaneous income	5	—	390	—
Interest expense	(31,227)	(24,812)	(70,736)	(88,485)
Total other expense	(31,222)	(24,812)	(70,346)	(88,485)
NET LOSS	\$(233,958)	\$(123,249)	\$(339,996)	\$(291,218)
PER SHARE INFORMATION				
Net Loss Per Common Share	\$(0.010)	\$(0.006)	\$(0.015)	\$(0.015)
Weighted Average Number of Common Shares Outstanding	23,708,444	20,444,578	23,153,055	19,888,248

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

INNOVATIVE DESIGNS, INC.

CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

July 31, 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	65,000	6	56,994	—	57,000
Shares issued for conversion of accrued interest	122,667	12	91,988	—	92,000
Sale of stock	1,535,600	154	1,086,796	—	1,086,950
Net loss	—	—	—	(339,996)	(339,996)
Balance at July 31, 2015	24,161,310	\$ 2,416	\$8,758,265	\$(6,908,730)	\$1,851,951

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

INNOVATIVE DESIGNS, INC.**CONDENSED STATEMENTS OF CASH FLOWS**Nine Month Periods Ended July 31, 2015 and 2014 (Unaudited)

	For the Nine Month Periods Ended	
	July 31, 2015	July 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (339,996)	\$(291,218)
Adjustments to reconcile net loss to net cash used in operating activities:		
Common stock issued for conversion of accrued interest	92,000	—
Common stock issued for services	57,000	57,900
Amortization	999	651
Depreciation	7,226	2,953
Increase (decrease) from changes in:		
Accounts receivable	29,116	57,729
Other receivable	30,000	4,000
Inventory	(39,992)	(40,576)
Deposits on inventory	—	(12,954)
Prepaid insurance	(4,922)	5,470
Deposits on equipment	(200,000)	—
Deferred loan costs	—	(2,000)
Accounts payable	(32,308)	(9,910)
Accrued expenses	9,088	144,562
Accrued interest expense	(48,336)	(7,037)
Net cash used in operating activities	(440,125)	(90,430)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	—	(4,843)
Net cash used in investing activities	—	(4,843)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sale of stock	1,086,950	688,340
Payments on shareholder advances	(70,000)	(46,685)
Proceeds from shareholder advances	69,130	50,000
Payments on notes payable	(128,135)	(149,790)
Proceeds from notes payable	—	80,000
Net cash provided by financing activities	957,945	621,865

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Net increase in cash	517,820	526,592
CASH, BEGINNING OF YEAR	988,681	69,613
CASH, END OF THE PERIOD	\$ 1,506,501	\$ 596,205
Supplemental disclosure of cash flow information:		
Stock issuance for conversion of accrued interest	\$ 92,000	—
Stock issuance for debt conversion	\$ —	\$ 86,900
Cash paid for interest	\$ 27,072	\$ 89,022

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

INNOVATIVE DESIGNS, INC.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Nine Month Periods Ended July 31, 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 July 31, 2015, the changes therein for the three and nine month periods then ended and the results of operations for the three and nine month periods ended July 31, 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 nine month periods ended July 31, 2015 and 2014 are not necessarily indicative of operating results for the full year.

NOTE 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 July 31, 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 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 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

Nine Month Periods Ended July 31, 2015 and 2014 (Unaudited)

NOTE SHIPPING AND HANDLING COSTS
6.

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 \$29,000 and \$46,000 for the nine month periods ended July 31, 2015 and 2014, respectively. These amounts are included in both revenue and selling, general and administrative expenses.

NOTE DEBT
7.

During February 2015, the Company entered into a note payable agreement with Riccelli Properties, which is wholly owned and operated by, the Company's Chief Executive Officer, 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 COMMON STOCK
8.

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.

INNOVATIVE DESIGNS, INC.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Nine Month Periods Ended July 31, 2015 and 2014 (Unaudited)

During the three month period ended July 31, 2015, the Company sold its stock to eight investors. The stock was issued for prices from \$.60 - \$.75. A total of 760,000 shares of common stock were sold, resulting in proceeds of \$522,500. In addition, the Company issued 55,000 shares to two individuals for services performed during May and June 2015. The shares were issued for prices from \$.70 - \$1.25 per share or an aggregate price of \$45,000. Additionally during July 2015, an individual converted accrued interest of \$92,000 into 122,667 shares of common stock. 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.

The following tables present our business segment information for the nine month periods ended July 31, 2015 and 2014:

	2015	2014
Revenues:		
Apparel	\$328,820	\$438,588
Housewrap	220,554	196,869
Total Revenues	\$549,374	\$635,457
Assets:		
Apparel	\$1,985,066	\$1,066,275
Housewrap	742,946	328,411
Total	\$2,728,012	\$1,394,686
Depreciation:		
Apparel	\$1,395	\$1,380
Housewrap	5,831	1,573
Total	\$7,226	\$2,953

NOTE
10. DEPOSITS ON EQUIPMENT

On July 12, 2015 the Company reached an agreement with Ketut Jaya to purchase the machinery and equipment utilized to produce the INSULTEX material. The purchase price is \$700,000 and to be made in four installments. The first installment of \$300,000 is to be made at the execution of the agreement. The second installment of \$200,000 is to be made when the machinery and equipment is ready to be shipped to the United States. The third installment of \$100,000 is to be made once the machinery and equipment is producing INSULTEX, and the fourth and final installment of \$100,000 is to be made after the first commercial production run of INSULTEX is completed. As of July 31, 2015, the Company has made payments of \$200,000.

INNOVATIVE DESIGNS, INC.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Nine Month Periods Ended July 31, 2015 and 2014 (Unaudited)

NOTE
11. SUBSEQUENT EVENTS

The Company has evaluated subsequent events in accordance with ASC Topic 855, “*Subsequent Events*”, through September 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 August and September 2015, the Company sold 100,000 shares of its stock to three investors. The stock was issued for prices from \$.60 to \$1.00 per share, for an aggregate price of \$78,000. 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.

INNOVATIVE DESIGNS, INC.

ITEM MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF 2. 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 July 31, 2015 with the Three Month Period Ended July 31, 2014.

The following table shows a comparison of the results of operations between the three month periods ended July 31, 2015 and July 31, 2014:

	Three Month Period Ended July 31, 2015	% of Sales	Three Month Period Ended July 31, 2014	% of Sales	Increase (Decrease)	% Change
REVENUE	\$ 46,593	100.00 %	195,035	100.00 %	\$(148,442)	-76.11 %
OPERATING EXPENSES						
Cost of sales	24,903	53.45 %	123,782	63.47 %	(98,879)	-79.88 %
Selling, general and administrative expenses	224,426	481.67 %	169,690	87.00 %	54,736	32.26 %
Loss from operations	(202,736)	-435.12 %	(98,437)	-50.47 %	(104,299)	105.96 %
OTHER INCOME/(EXPENSE)						
Miscellaneous income	5	0.01 %	—	—	5	100.00 %
Interest expense	(31,227)	-67.02 %	(24,812)	-12.72 %	(6,415)	25.85 %
Net loss	\$(233,958)	-502.13 %	\$(123,249)	-63.19 %	\$(110,709)	89.83 %

Revenues for the quarter ended July 31, 2015 were \$46,593 compared to revenues of \$195,035 for the quarter ended July 31, 2014. The decrease is caused, primarily, by the fact that during the quarter ended July 31, 2014, a distributor of our House Wrap product purchased approximately \$160,000 of the product. We are 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 July 31, 2015 House Wrap sales totaled \$43,389 in comparison with \$174,388 during the three month period ended July 31, 2014. Our net loss for the three months ended July 31, 2015 was (\$233,958).

Our selling, general and administrative expenses were \$224,426 for the three months ended July 31, 2015 compared to \$169,690 for the three months ended July 31, 2014.

INNOVATIVE DESIGNS, INC.**Results of Operations**Comparison of the Nine Month Period Ended July 31, 2015 with the Nine Month Period Ended July 31, 2014.

The following table shows a comparison of the results of operations between the nine month periods ended July 31, 2015 and July 31, 2014:

	Nine Month Period Ended July 31, 2015	% of Sales	Nine Month Period Ended July 31, 2014	% of Sales	Increase (Decrease)	% Change
REVENUE	\$ 549,374	100.00%	\$ 635,457	100.00%	\$ (86,083)	-13.55 %
OPERATING EXPENSES						
Cost of sales	277,817	50.57 %	322,938	50.82 %	(45,121)	-13.97 %
Selling, general and administrative expenses	541,207	98.51 %	515,252	81.08 %	25,955	5.04 %
Loss from operations	(269,650)	-49.08 %	(202,733)	-31.90 %	(66,917)	33.01 %
OTHER INCOME/(EXPENSE)						
Miscellaneous income	390	0.07 %	—	—	390	100.00 %
Interest expense	(70,736)	-12.88 %	(88,485)	-13.93 %	17,749	-20.06 %
Net loss	\$ (339,996)	-61.89 %	\$ (291,218)	-45.83 %	\$ (48,778)	16.75 %

Revenues for the nine month period ended July 31, 2015 were \$549,374 compared to revenues of \$635,457 for the nine month period ended July 31, 2014. The decrease in revenue was largely the result of the bulk purchase of our House wrap product during the quarter ended July 31, 2014. We are focusing most of our resources and efforts toward the development of a market for our House Wrap product line. During the nine month period ended July 31, 2015 House Wrap sales totaled \$220,554 in comparison with \$196,869 during the nine month period ended July 31, 2014. Our net loss for the nine months ended July 31, 2015 was \$(339,996).

Our selling, general and administrative expenses were \$541,207 for the nine months ended July 31, 2015 compared to \$515,252 for the nine months ended July 31, 2014.

INNOVATIVE DESIGNS, INC.

Liquidity and Capital Resources

During the quarter ended July 31, 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 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 within the next two months and expects to be producing its own INSULTEX within the next six months. See Note 10 of the Notes to the Condensed Financial Statements.

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 July 31, 2015, the Company sold its stock to eight investors. The stock was issued for prices from \$.60 - \$.75. A total of 760,000 shares of common stock were sold, resulting in proceeds of \$522,500. In addition, the Company issued 55,000 shares to two individuals for services performed during May and June 2015. The shares were issued for prices from \$.70 - \$1.25 per share or an aggregate price of \$45,000. Additionally during July 2015, an individual converted accrued interest of \$92,000 into 122,667 shares of common stock. 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 July 31, 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, the first and third quarters ended January 31, 2015 and July 31, 2015, respectively, 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 or its Form 10-Q for the quarters ended January 31, 2015 or July 31, 2015 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 third quarter of 2015.

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.

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:

September 18, 2015
by: /s/ Joseph Riccelli

Joseph Riccelli, Sr., Chief Executive Officer
and Chief Financial Officer