

INFINITE GROUP INC  
Form 10-Q  
November 14, 2014

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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, 2014

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 52-1490422  
(State or other jurisdiction of incorporation or organization) (IRS Employer Identification No.)

80 Office Park Way  
Pittsford, New York 14534  
(Address of principal executive offices)

(585) 385-0610  
(Registrant's telephone number)

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,

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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.

Large Accelerated filer	<input type="radio"/>	Accelerated filer	<input type="radio"/>
Non-accelerated filer	<input type="radio"/>	Smaller reporting company	<input type="checkbox"/>

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 14, 2014.

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Infinite Group, Inc.  
 Quarterly Report on Form 10-Q  
 For the Period Ended September 30, 2014

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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.

PART I  
FINANCIAL INFORMATION

Item 1. Financial Statements

INFINITE GROUP, INC.

Balance Sheets

	September 30, 2014 (Unaudited)	December 31, 2013
<b>ASSETS</b>		
Current assets:		
Cash	\$ 15,707	\$ 16,947
Accounts receivable, net of allowances of \$70,000	529,545	592,045
Prepaid expenses and other current assets	16,321	22,512
Total current assets	561,573	631,504
Property and equipment, net	55,633	46,120
Investment in equity securities	204,000	247,000
Deposits and other assets	2,318	2,318
Total assets	\$ 823,524	\$ 926,942
<b>LIABILITIES AND STOCKHOLDERS' DEFICIENCY</b>		
Current liabilities:		
Accounts payable	\$ 376,190	\$ 316,873
Accrued payroll	308,559	364,120
Accrued interest payable	493,620	451,160
Accrued retirement	206,385	200,316
Accrued expenses - other	13,783	41,933
Current maturities of notes payable - banks and other	91,780	21,186
Notes payable	295,000	30,000
Notes payable - related parties	142,000	142,000
Total current liabilities	1,927,317	1,567,588
Long-term obligations:		
Notes payable:		
Banks and other	1,171,999	1,523,406
Related parties	501,324	501,324
Total liabilities	3,600,640	3,592,318
Commitments and contingencies		
Stockholders' deficiency:		
Common stock, \$.001 par value, 60,000,000 shares authorized;		

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25,961,883 shares issued and outstanding	25,961	25,961
Additional paid - in capital	30,345,328	30,259,102
Accumulated deficit	(33,148,405)	(32,950,439)
Total stockholders' deficiency	(2,777,116 )	(2,665,376 )
Total liabilities and stockholders' deficiency	\$ 823,524	\$ 926,942

See notes to unaudited financial statements.

## INFINITE GROUP, INC.

## Statements of Operations (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Sales	\$2,313,235	\$2,193,875	\$6,455,223	6,444,578
Cost of sales	1,611,279	1,631,818	4,744,935	4,733,619
Gross profit	701,956	562,057	1,710,288	1,710,959
Costs and expenses:				
General and administrative	294,155	274,767	932,057	740,450
Selling	225,324	196,288	705,193	683,534
Total costs and expenses				