

IPARTY CORP
Form 10-Q
November 07, 2005

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 24, 2005

or

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

For the transition period from to

Commission File Number 0-25507

iPARTY CORP.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

76-0547750
(I.R.S. Employer Identification No.)

270 Bridge Street, Suite 301, Dedham, Massachusetts
(Address of principal executive offices)

02026
(Zip Code)

(781) 329-3952

(Registrant's telephone number, including area code)

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 ý No o

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Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

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 November 2, 2005, there were 22,189,147 shares of common stock, \$.001 par value, outstanding.

iPARTY CORP.

QUARTERLY REPORT ON FORM 10-Q

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

iPARTY CORP.

CONSOLIDATED BALANCE SHEETS

	Sep 24, 2005 (Unaudited)	Dec 25, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,001,298	\$ 1,757,157
Restricted cash	451,798	561,407
Accounts receivable	945,417	700,961
Inventory, net	17,399,118	11,400,971
Prepaid expenses and other assets	809,662	476,046
Total current assets	20,607,293	14,896,542
Property and equipment, net	5,311,804	4,483,705
Other assets	102,775	99,690
Total assets	\$ 26,021,872	\$ 19,479,937
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 9,459,521	\$ 3,421,195
Accrued expenses	3,036,100	2,615,835
Current portion of capital lease obligations	425,847	365,674
Borrowings under line of credit	9,519,470	5,257,690
Total current liabilities	22,440,938	11,660,394
Long-term liabilities:		
Capital lease obligations, net of current portion	555,150	796,693
Other liabilities	565,146	471,759
Total long-term liabilities	1,120,296	1,268,452
Commitments and contingencies		
Stockholders' equity:		
Convertible preferred stock - \$.001 par value; 10,000,000 shares authorized,		
Series B convertible preferred stock - 1,150,000 shares authorized; 501,402 and 507,460		
shares issued and outstanding at September 24, 2005 and Dec 25, 2004, respectively		
(aggregate liquidation value of \$10,028,039 at September 24, 2005)		
	7,460,861	7,551,002
Series C convertible preferred stock - 100,000 shares authorized, issued and outstanding		
(aggregate liquidation value of \$2,000,000 at September 24, 2005)		
	1,492,000	1,492,000
Series D convertible preferred stock - 250,000 shares authorized, issued and outstanding		
(aggregate liquidation value of \$5,000,000 at September 24, 2005)		
	3,652,500	3,652,500
Series E convertible preferred stock - 296,667 shares authorized, issued and outstanding		
(aggregate liquidation value of \$1,112,500 at September 24, 2005)		
	1,112,500	1,112,500
Series F convertible preferred stock - 114,286 shares authorized, issued and outstanding		
(aggregate liquidation value of \$500,000 at September 24, 2005)		
	500,000	500,000
Total convertible preferred stock	14,217,861	14,308,002

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Common stock - \$.001 par value; 150,000,000 shares authorized; 22,189,147 and 22,092,717 shares issued and outstanding at September 24, 2005 and Dec 25, 2004, respectively	22,189	22,093
Additional paid-in capital	50,570,243	50,448,100
Accumulated deficit	(62,349,655)	(58,227,104)
Total stockholders' equity	2,460,638	6,551,091
Total liabilities and stockholders' equity	\$ 26,021,872	\$ 19,479,937

The accompanying notes are an integral part of these Consolidated Financial Statements.

iPARTY CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	For the three months ended		For the nine months ended	
	Sep 24, 2005	Sep 25, 2004	Sep 24, 2005	Sep 25, 2004
Revenues	\$ 14,839,051			