

Organic Sales & Marketing Inc
Form 10-Q
February 19, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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 December 31, 2009

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 0-3338

ORGANIC SALES AND MARKETING, INC.
(Exact Name of small business issuer as specified in its Charter)

Delaware
(State or other Jurisdiction of Incorporation or
Organization)

33-1069593
(IRS Employer Identification No.)

114 Broadway, Raynham, MA 02767
(Address of Principal Executive Office)

(508) 823-1117
(Registrant's telephone number including area code)

Check 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 is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller public 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 outstanding of each of the issuer's classes of common equity, as of the latest practicable date was 10,290,072 shares of common stock, par value \$.0001, issued and outstanding as of February 10, 2010.

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PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements.

The accompanying financial statements are unaudited for the interim periods, but include all adjustments (consisting only of normal recurring adjustments), which we consider necessary for the fair presentation of results for the three months ended December 31, 2009 and December 31, 2008.

Moreover, these financial statements do not purport to contain complete disclosure in conformity with the U.S. generally accepted accounting principles and should be read in conjunction with our audited financial statements at, and for the fiscal year ended September 30, 2009 as contained in Registrant's Form 10-K filing.

Organic Sales and Marketing, Inc.

Financial Statements for the Three Months Ended
December 31, 2009 (unaudited) and 2008 (unaudited)

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ORGANIC SALES AND MARKETING, INC.
Balance Sheets

ASSETS

	December 31, 2009 (Unaudited)	September 30, 2009
CURRENT ASSETS		
Cash and cash equivalents	\$ 27,318	\$ 24,547
Accounts receivable, net	17,645	8,090
Inventories	90,489	109,581
Prepaid Expense	20,946	7,479
Total Current Assets	156,398	149,697
PROPERTY AND EQUIPMENT, NET	8,157	9,383
OTHER ASSETS		
Deposits	200	200
Total Other Assets	200	200
TOTAL ASSETS	\$ 164,755	\$ 159,280

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

ORGANIC SALES AND MARKETING, INC.
Balance Sheets (Continued)

LIABILITIES AND STOCKHOLDERS' (DEFICIT)

	December 31, 2009 (Unaudited)	September 30, 2009
CURRENT LIABILITIES		
Accounts payable-trade	\$ 544,963	\$ 581,215
Accounts payable-related party	13,858	3,986
Cash Overdraft	31,929	-
Accrued expenses	34,125	33,807
Accrued interest payable	74,511	61,620
Line of Credit	68,374	72,054
Notes payable - related parties	605,736	495,736
Total Current Liabilities	1,373,496	1,248,418
Total Liabilities	1,373,496	1,248,418
COMMITMENTS	-	-
STOCKHOLDERS' (DEFICIT)		
Common stock, \$0.0001 par value; 100,000,000 shares authorized, 10,288,794 and 10,088,794 shares issued and outstanding, respectively	1,029	1,009
Additional paid-in capital	5,755,832	5,669,969
Accumulated (Deficit)	(6,965,602)	(6,760,116)
Total Stockholders' (Deficit)	(1,208,741)	(1,089,138)
TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT)	\$ 164,755	\$ 159,280

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

ORGANIC SALES AND MARKETING, INC.
Statements of Operations
(Unaudited)

	For the Three Months Ended December 31,	
	2009	2008
REVENUES		
Product sales, net	\$ 42,974	\$ 44,632
Radio Advertising	4,845	-
Total Revenues	47,819	44,632
COST OF SALES	39,257	33,474
GROSS PROFIT	8,562	11,158
OPERATING EXPENSES		
Advertising Expense	19,190	101,956
Payroll and Compensation Expense	59,589	109,484
Selling Expense	21,161	40,552
General and Administrative	43,390	65,878
Legal and Accounting	53,962	66,904
Total Operating Expenses	197,292	384,774
LOSS FROM OPERATIONS	(188,730)	(373,616)
OTHER INCOME (EXPENSE)		
Interest income	277	475
Interest expense	(17,033)	(11,521)
Valuation of Warrants granted for Financing Costs	-	(593,484)
Total Other Income (Expense)	(16,756)	(604,530)
NET LOSS BEFORE INCOME TAXES	(205,486)	(978,146)
INCOME TAX EXPENSE	-	-
NET LOSS	\$ (205,486)	\$ (978,146)
LOSS PER SHARE-		
Basic and Diluted	\$ (0.02)	\$ (0.13)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING-		

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Basic and Diluted

10,117,055

7,776,450

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

ORGANIC SALES AND MARKETING, INC.
 Statements of Stockholders' (Deficit)
 For the period October 1, 2007 through December 31, 2009

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated (Deficit)	Total Stockholders' Equity (Deficit)
Balance, October 1, 2007	5,388,569	\$ 539	\$ 1,898,410	\$ (2,104,520)	\$ (205,571)
Shares issued for cash at \$.50/share	870,000	87	434,913	-	435,000
Shares issued for cash at \$1.00/share	33,123	3	33,120		33,123
Shares issued for debt and payables at \$1.00/share	139,562	14	139,548		139,562
Shares issued for conversion of debt at \$.50/share	368,240	37	184,083		184,120
Debt Settlement Expense related to issuance of stock at a discount			685,420		685,420
Valuation of Options and Warrants Granted			363,465		363,465
Net loss for the year ended September 30, 2008				(2,248,268)	(2,248,268)
Balance, September 30, 2008	6,799,494	\$ 680	\$ 3,738,959	\$ (4,352,789)	\$ (613,150)
Shares issued for cash at \$.25/share	1,440,000	144	359,856		360,000
Shares issued for cash at \$.15/share	1,296,800	130	194,390		194,520
Shares issued for services rendered at \$.40/share	450,000	45	179,955		180,000
Shares issued for services rendered at \$.10/share	50,000	5	4,995		5,000
Shares issued for services rendered at \$.18/share	50,000	5	8,995		9,000
	2,500	-	350		350

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Shares issued for services rendered at \$.14/share

Valuation of Options and Warrants Granted	-	-	1,182,470	1,182,470
Net loss for the year ended September 30, 2009	-	-	-	(2,407,327)
Balance, September 30, 2009	10,088,794	\$ 1,009	\$ 5,669,969	\$ (6,760,116)
Shares issued for cash at \$.15/share	200,000	20	29,980	30,000
Valuation of Options and Warrants Granted	-	-	55,883	55,883
Net loss for the three months ended December 31, 2009 (Unaudited)	-	-	-	(205,486)
Balance, December 31, 2009 (Unaudited)	10,288,794	\$ 1,029	\$ 5,755,832	\$ (6,965,602)

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

ORGANIC SALES AND MARKETING, INC.
Statements of Cash Flows
(Unaudited)

For the Three Months
Ended December 31,
2009 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss	\$ (205,486)	\$ (978,146)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	1,225	1,225
Valuation of options and warrants granted	55,883	650,195
Change in operating assets and liabilities:		
Accounts receivable-trade	(9,555)	20,199
Inventories	19,092	(30,755)
Prepaid Expense	(13,467)	(7,310)
Accounts payable-trade	(36,252)	8,044
Accounts payable-related party	9,872	-
Cash Overdraft	31,929	-
Accrued expenses	318	10,998
Accrued interest payable	12,891	7,431
Net Cash Used in Operating Activities	\$ (133,549)	\$ (318,119)

CASH FLOWS FROM INVESTING ACTIVITIES

Net Cash Used in Investing Activities	\$ -	\$ -
Proceeds from issuance of common stock	30,000	360,000
Proceeds from Line of Credit	-	1,000
Payments on Line of Credit	(3,680)	(7,110)
Proceeds from notes payable - related party	110,000	27,499
Net Cash Provided by Financing Activities	\$ 136,320	\$ 381,389
NET INCREASE (DECREASE) IN CASH	\$ 2,771	\$ 63,270
CASH, BEGINNING OF PERIOD	\$ 24,547	\$ 27,838
CASH, END OF PERIOD	\$ 27,318	\$ 91,108

SUPPLEMENTAL DISCLOSURES:

Cash paid for interest	\$ 4,142	\$ 3,201
Cash paid for taxes	\$ -	\$ -

