INNOVATIVE DESIGNS INC
Form 10QSB
March 21, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

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

For the quarterly period ended January 31, 2008

OR

o 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: 000-5179

INNOVATIVE DESIGNS, INC.
(Exact Name of Registrant as Specified in its Charter)

| | |
|---|---|
| Delaware | 03-0465528 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

223 North Main Street, Suite 1
Pittsburgh, Pennsylvania 15215
(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)

Check whether the issuer (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 x NO o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES o NO x

As of February 29, 2008, there were 18,029,743 shares of the Registrant's common stock, par value $.01 per share, outstanding.

Transitional Small Business Disclosure Format: YES o NO x

Innovative Designs, Inc.

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Form 10-QSB for the Quarter Ended January 31, 2008

**ITEM 1. CONDENSED FINANCIAL STATEMENTS**

**INNOVATIVE DESIGNS, INC.**

CONDENSED BALANCE SHEETS
January 31, 2008 (Unaudited) and October 31, 2007

| | | 2008 | | 2007 |
|---|---|---|---|---|
| ASSETS | | | | |
| CURRENT ASSETS: | | | | |
| Cash | $ | 211,016 | $ | 6,555 |
| Accounts receivable | | 155,427 | | 209,000 |
| Inventory | | 1,061,282 | | 1,046,090 |
| Total current assets | | 1,427,725 | | 1,261,645 |
| | | | | |
| PROPERTY AND EQUIPMENT, NET | | 12,555 | | 13,752 |
| | | | | |
| TOTAL ASSETS | $ | 1,440,280 | $ | 1,275,397 |
| | | | | |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | | | | |
| | | | | |
| CURRENT LIABILITIES: | | | | |
| Accounts payable | $ | - | $ | 9,314 |
| Current portion of notes payable | | 231,109 | | 300,742 |
| Accrued interest expense | | 88,200 | | 91,995 |
| Accounts payable - related party | | 28,220 | | 28,220 |
| Current portion of related party debt | | 126,000 | | 146,000 |
| Due to shareholders | | 236,500 | | 236,500 |
| Accrued expenses | | - | | 4,476 |
| Accrued liability related to arbitration award | | 4,176,000 | | 4,176,000 |
| Total current liabilities | | 4,886,029 | | 4,993,247 |
| | | | | |
| LONG-TERM LIABILITIES: | | | | |
| Long-term portion of notes payable | | 404,025 | | 411,426 |
| Total long term liabilities | | 404,025 | | 411,426 |
| | | | | |
| TOTAL LIABILITIES | | 5,290,054 | | 5,404,673 |
| | | | | |
| STOCKHOLDERS' DEFICIT: | | | | |
| Preferred stock, $.0001 par value, 100,000,000 shares authorized | | | | |
| Common stock, $.0001 par value, 500,000,000 shares authorized, 17,913,643 and 17,096,193 shares issued and outstanding | | 1,793 | | 1,711 |
| Additional paid in capital | | 5,353,400 | | 5,049,064 |
| Accumulated deficit | | (9,204,967) | | (9,180,051) |
| Total stockholders' (deficit) | | (3,849,774) | | (4,129,276) |

| | | | | |
|---|---|---|---|---|
| TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT | $ | 1,440,280 | $ | 1,275,397 |

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

**INNOVATIVE DESIGNS, INC.**

STATEMENTS OF OPERATIONS
(Unaudited)

| | For the Three Months Ended January 31, 2008 | For the Three Months Ended January 31, 2007 |
|---|---|---|
| REVENUE | $ 234,183 | $ 215,683 |
| | | |
| OPERATING EXPENSES: | | |
| Cost of sales | 135,825 | 85,908 |
| Non-cash stock compensation | 2,400 | 6,000 |
| Selling, general and administrative expenses | 113,853 | 69,694 |
| | 252,078 | 161,602 |
| | | |
| Income (loss) from operations | (17,895) | 54,081 |
| | | |
| OTHER INCOME AND (EXPENSE): | | |
| Interest expense | (7,021) | (7,199) |
| | | |
| Net income (loss) | $ (24,916) | $ 46,882 |
| | | |
| Per share information - basic and fully diluted | | |
| | | |
| Weighted Average Shares Outstanding | 17,522,343 | 16,906,030 |
| | | |
| Net income (loss) per share | (.001) | .003 |

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

**INNOVATIVE DESIGNS, INC.**

STATEMENTS OF STOCKHOLDERS' DEFICIT
January 31, 2008 (Unaudited) and October 31, 2007

| | Common Stock Shares | Amount | Additional Paid in Capital | Retained Deficit | Total |
|---|---|---|---|---|---|
| Balance at October 31, 2006 | 16,901,193 | $ 1,691 | $ 4,971,084 | $ (9,233,144) | $ (4,260,369) |
| Shares issued for services | 15,000 | 2 | 5,998 | - | 6,000 |
| Services performed - shares to be issued | 180,000 | 18 | 71,982 | - | 72,000 |
| Net income | - | - | - | 53,093 | 53,093 |
| Balance at October 31, 2007 | 17,096,193 | 1,711 | 5,049,064 | (9,180,051) | (4,129,276) |
| Shares issued for services | 6,000 | 1 | 2,399 | - | 2,400 |
| Shares issued for cash | 661,450 | 66 | 249,452 | - | 249,518 |
| Shares issued for extinguishment of debt | 150,000 | 15 | 52,485 | - | 52,500 |
| Net loss | - | - | - | (24,916) | (24,916) |
| Balance at January 31, 2008 | 17,913,643 | $ 1,793 | $ 5,353,400 | $ (9,204,967) | $ (3,849,774) |

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

**INNOVATIVE DESIGNS, INC.**

STATEMENTS OF CASHFLOW
(Unaudited)

| | For the Three Months Ended January 31, 2008 | For the Three Months Ended January 31, 2007 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income (loss) | $ (24,916) | $ 46,882 |
| Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities: | | |
| Common stock issued for services | 2,400 | 6,000 |
| Depreciation and amortization | 1,197 | 1,197 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 53,573 | (59,040) |
| Inventory | (15,192) | 32,438 |
| Accounts payable | (9,314) | - |
| Accrued expenses | (8,271) | 613 |
| Other assets | - | 4,013 |
| Net cash provided by (used in) operating activities | (523) | 32,103 |
| | | |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Payments on note payable | (24,534) | (36,873) |
| Payment on related party note | (20,000) | - |
| Receipt of shareholder advances | - | 10,000 |
| Common stock issued for cash | 249,518 | - |
| Net cash (used in) provided by financing activities | 204,984 | (26,873) |
| | | |
| Net increase (decrease) in cash | $ 204,461 | $ 5,230 |
| | | |
| Cash - beginning of year | $ 6,555 | $ 66,275 |
| Cash - end of period | $ 211,016 | $ 71,505 |
| | | |
| Supplemental cash flow information: | | |
| | | |
| Cash paid for interest | $ 3,049 | $ 3,162 |

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

**INNOVATIVE DESIGNS, INC.**

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
January 31, 2008

1. BASIS OF PRESENTATION - INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and the general instructions to Form 10-QSB. Accordingly, they do not include all information and footnotes required by GAAP for complete financial statements. These interim financial statements should be read in conjunction with our audited financial statements and notes thereto included in our Annual Report on Form 10-KSB for the fiscal year ended October 31, 2007. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. The results of operations for the periods presented are not necessarily indicative of the results that may be expected for the year ending October 31, 2008 or any future period.

2. ADOPTION OF SFAS NO. 123 (REVISED 2004) SHARE-BASED PAYMENT

In December 2004, FASB issued FASB No. 123 (Revised 2004) Share-Based Payment. This Statement establishes standards for the accounting and transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. This Statement focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. This Statement does not change the accounting guidance for share-based payment transactions with parties other than employees provided in Statement 123 as originally issued and EITF Issue No. 96-18, "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services." This Statement does not address the accounting for employee share ownership plans, which are subject to AICPA Statement of Position 93-6, *Employers' Accounting for Employee Stock Ownership Plans*. The adoption of SFAS 123 (Revised 2004) by the Company did not have a material impact on the Company's financial position, results of operations or cash flows. There was no change in the status of outstanding shares or in the Equity Compensation Plan since October 31, 2006, and no shares were granted to employees of the Company for services rendered or to be rendered.

3. EARNINGS PER SHARE

Innovative Designs, Inc. (the "Company") calculates net income (loss) per share as required by Statement of Financial Accounting Standard No. 128, 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. Diluted earnings (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares and dilutive common stock equivalents outstanding. During the periods presented common stock equivalents were not considered as their effect would be anti-dilutive.

**INNOVATIVE DESIGNS, INC.**

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
January 31, 2008

4. GOING CONCERN AND LEGAL PROCEEDINGS

The Company's financial statements are presented on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

The Company has experienced a significant loss from operations as a result of its investment necessary to achieve its operating plan, which is long-range in nature. For the three month period ended January 31, 2008 and 2007, the Company incurred a net income (loss) of ($24,916) and $46,882, respectively. The Company has incurred significant losses since inception. The Company has working capital of ($3,458,304) and ($3,731,602) and a stockholders' (deficit) of ($3,849,774) and ($4,129,276) at January 31, 2008 and 2007, respectively.

The Company's ability to continue as a going concern is contingent upon its ability to expand its operations and secure additional financing. The Company is currently pursuing financing for its operations and seeking to expand its operations. Failure to secure such financing or expand its operations may result in the Company not being able to continue as a going concern.

The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the possible inability of the Company to continue as a going concern.

On November 2, 2007, the Company participated in oral argument before a three-judge panel of the United States Court of Appeals for the Third Circuit regarding its appeal from the Orders of the Honorable Arthur J. Schwab finding Innovative Designs bound to the terms of an arbitration clause set forth in a contract to which it was not a party, and recognizing and enforcing a foreign arbitral award purportedly entered by default in arbitration proceedings in Italy. No one participated in oral argument on behalf of the Appellees, Elio D. Cattan ("Cattan") and Eliotex, SRL ("Eliotex"), and no appeal brief was ever filed on their behalf. The Company awaits the Court's ruling.

Greystoner Inc., which purchased the judgment at Sheriff Sale on September 5, 2007, subsequently sold the judgment by assignment to a Pennsylvania LLC controlled by an affiliate of our Chief Executive Officer at the behest of the Company. The Company has elected not to cause the judgment entered by Judge Schwab to be satisfied of record at this time, in order not to moot its appeal Innovative Designs is confident in its position, and seeks vindication by the Third Circuit. The Company has entered into an agreement by which it may purchase and satisfy the judgment at a time of its choosing. In the opinion of legal counsel, the judgment no longer represents a threat to the legal or economic viability of the Company. Once the appeal has been determined, the Company will request the judgment be satisfied of record.

The Company does have the right to administratively reopen the case for the purpose of adjudicating the claims it originally brought in the action, seeking, inter alia, a Declaration of Non-Infringement of the Cattan/Eliotex patent and a Declaration the patent is null and void under applicable U.S. law. No decision has yet been made as to whether or not to pursue further relief before Judge Schwab. Neither Cattan, Eliotex nor their counsel has played any role in the case subsequent to the filing of the Company's appeal.

**INNOVATIVE DESIGNS, INC.**

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
January 31, 2008

United States Bankruptcy Court for the Western District of Pennsylvania
Case No. 06-23921-MBM

On September 24, 2007, the Company filed a Motion to Dismiss the bankruptcy case initiated by Cattan and Eliotex, citing the fact that the Petitioning Creditors no longer own any interest in the judgment which formed the basis of their claim, and asserting that the Petitioning Creditors no longer had standing to pursue the claims, or, hence, the case.

On October 22, 2007, the Company filed Objections to Claims Nos. 1, 2, 3, 4 and 5, asserting that the instant claims, representing the claims of each of the Petitioning Creditors, were improper and null and void, as the judgment which formed the basis of those claims was no longer owned by any of the Petitioning Creditors, and hence the Petitioning Creditors had no standing to pursue the claims further.

On October 26, 2007, a Stipulation between the Petitioning Creditors and the Company was entered seeking a Stipulated Order of Dismissal of the bankruptcy case, which Order was signed by the Honorable Chief Bankruptcy Court Judge M. Bruce McCullough on October 31, 2007- the Company is no longer in bankruptcy, and notice to that effect was immediately transmitted to the appropriate regulatory bodies.

United States District Court for the Western District of Pennsylvania
Case No. 06-00582-AJS

This case was filed by Cattan and Eliotex seeking relief ancillary to the judgment obtained by Cattan and Eliotex against the Company, which judgment, as aforesaid, was subsequently purchased at Sheriff Sale by Greystone, Inc. and subsequently sold to a Pennsylvania LLC owned by a related party.

Counsel for Cattan and Eliotex has indicated to counsel for the Company that it has requested authority from Cattan and Eliotex to dismiss the action with prejudice and, failing that, to seek leave to withdraw as counsel for Cattan and Eliotex.

On October 29, 2007, Cattan and Eliotex's counsel filed a Motion to Withdraw as Attorneys for Plaintiff. Judge Schwab denied the Motion until such time as Cattan and Eliotex have secured substitute counsel. The case remains in limbo as Cattan and Eliotex have taken no action to secure substitute counsel. The Company believes much, if not all, of the averments made in the Complaint have been rendered moot by the subsequent purchase and assignment of the Cattan/Eliotex judgment. The Company is not directly implicated in this suit.

The Company no longer faces any legal or financial jeopardy as a result of the Cattan/Eliotex litigation, is no longer in bankruptcy and has been able to resume its business operations in earnest.

**INNOVATIVE DESIGNS, INC.**

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
January 31, 2008

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF 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-KSB for the fiscal year ended October 31, 2007.

**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 hunting apparel, and cold weather gear called "Artic Armor" that are made from INSULTEX, a material with buoyancy, scent block and thermal resistant proprieties. We obtain INSULTEX through a license agreement with the owner and manufacturer of the material. Since our formation we have devoted our efforts to:

- Raising funding either through the sale of our common stock or through borrowing;
- Developing and evolving our marketing plan;
- Completing the development, design and prototypes of our products, and
- Obtaining retail stores or sales agents to offer and sell our products.

In November 2006, we were placed into involuntary Chapter 7 bankruptcy proceeding which was subsequently converted to a Chapter 11 proceeding. On October 31, 2007, we were dismissed form the bankruptcy proceeding.

**INNOVATIVE DESIGNS, INC.**

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
January 31, 2008

**Results of Operations**

Comparison of the Three Months Ended January 31, 2008 with the Three Months Ended January 31, 2007

**Revenues**

The following table shows a comparison of the results of operations between the three months ended January 31, 2008 and three months ended January 31, 2007:

| | Three Months Ended January 31, 2008 | % of Sales | Three Months Ended January 31, 2007 | % of Sales | $ Increase (Decrease) | % Change |
|---|---|---|---|---|---|---|
| REVENUE | $ 234,183 | 100% | $ 215,683 | 100% | $ 18,500 | 8.6% |
| | | | | | | |
| OPERATING EXPENSES | | | | | | |
| Cost of sales | 135,825 | 58.0% | 85,908 | 39.8% | 49,917 | 58.1% |
| Non-stock compensation | 2,400 | 1.0% | 6,000 | 35.9% | (3,600) | (60%) |
| Selling, general and administrative expenses | 113,853 | 48.6% | 69,694 | 32.3% | 44,159 | 63.4% |
| | 252,078 | 107.6% | 161,602 | 72.1% | 90,476 | 56.0% |
| Income (loss) from operations | (17,895) | (7.6%) | 54,081 | 27.9% | (71,976) | (133.1%)) |
| | | | | | | |
| OTHER INCOME (EXPENSE) | | | | | | |
| Interest expense | (7,021) | (3.0%) | (7,199) | (3.3)% | 178 | (2.5%) |
| | (7,021) | (3.0%) | (7,199) | (3.3)% | 178 | (2.5%) |
| | | | | | | |
| Net income (loss) | $ (24,916) | (10.6%) | $ 46,882 | 24.5% | $ (71,798) | (153.1%) |

The increase in sales revenue for the three months ended January 31, 2008 over the corresponding period ending January 31, 2007 is a result of our selling more of our Artic Armor line of products. We are also using more sales agents who are familiar with the industries that have a need for our Artic Armor products. Most of our sales during the period were for this product line.

Because of the seasonal nature of our current product lines, Artic Armor and our hunting line, we do not expect the next quarter to show strong sales of these items.

Our increase in the cost of sales is the result of paying more sales commissions during the quarter ending January 31, 2008. Selling, general and administrative expenses increased for the current quarter from the quarter ending January 31, 2007, in part because of the professional fees paid related to our bankruptcy proceedings.

**INNOVATIVE DESIGNS, INC.**

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
January 31, 2008

**Liquidity and Capital Resources**

During the quarter ended January 31, 2008, we funded our operations with revenues from sales and loans from our Chief executive Officer. We will continue to fund operations from revenues and borrowings and the possible sale of securities. Our ability to obtain outside funding of either debt or equity was adversely affected by our status in bankruptcy.

Short Term: We funded our operations with revenues from sales and loans from our Chief Executive Officer. Our ability to obtain outside funding of either debt or equity was adversely affected by our status in bankruptcy. Further, the bankruptcy status resulted in customers reducing their sales activity or ceasing to do business with us or all together. The loss of this revenue had an adverse impact on the Company’s short term liquidity. The financial institution has restricted the amounts we can borrow on our lines of credit and they will not increase our borrowing capacity on the lines of credit. The Company continues to pay its creditors when payments are due and has been successful in expanding its sales base into the oil and gas industry.

Long Term: The Company will continue to fund operations from revenues, borrowings and the possible sale of its securities. The Company is currently pursing financing to fund its long-term liquidity needs.

ITEM 3. CONTROLS AND PROCEDURES

Management has developed and implemented a policy and procedures for reviewing, on a quarterly basis, our disclosure controls and procedures and our internal control over financial reporting. Management, including our principal executive and financial officer, evaluated the effectiveness of the design and operation of disclosure controls and procedures as of January 31, 2008 and, based on their evaluation, our principal executive and financial officers have concluded that these controls and procedures are operating effectively. Disclosure controls and procedures are controls and other procedures that are designed to ensure that information we are required to disclose in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports we file under the Exchange Act is accumulated and communicated to management, including the principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure.

There were no significant changes in our internal control over financial reporting during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**INNOVATIVE DESIGNS, INC.**

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
January 31, 2008

**PART II**

ITEM 2. UNREGISTERED SALE OF EQUITY SECURITIES AND USE OF PROCEEDS

On November 1, 2007, we issued a total of 425,000 shares of our common stock to three consultants for their services. The closing price of our common stock on that date was $.35 per share. Based on the closing price, the value of the common stock issued was $148,750. The shares were issued without registration pursuant to the exemption provided by Section 4(2) of the Securities act of 1933, as amended.

On November 3, 2007, we issued 110,000 shares of our common stock to a noteholder in exchange for the note. The closing price of our common stock on that date was $.40 per share making the value of the transaction $440,000. The shares were issued without registration pursuant to the exemption provided by Section 4 (2) of the Securities Act of 193, as amended.

On November 3, 2007, we issued a total of 78,450 shares of our common stock to a total of six consultants and one of our legal counsel for their services. The closing price of our common stock on that date was $.40. Based on the closing price, the value of the common stock issued was $31,260. The shares were issued without registration pursuant to the exemption provided by Section 4(2) of the Securities Act of 1933, as amended.

On December 1, 2007, we issued each of our director's except our CEO and Chairman of the Board 25,000 shares of our common stock for their services. We also issued 25,000 shares to our Vice-president Sales and 30,000 shares to one of our legal counsel for their services. The closing price of our common stock was $.40 per share. Based on the closing price, the value of the shares issued was $62,000. The shares were issued without registration pursuant to the exemption provided by Section 4(2) of the Securities Act of 1933, as amended.

On December 2, 2007, we issued a total of 118,800 shares of our common stock to five investors in a private placement. Total proceeds were $78,450. The shares were issued without registration pursuant to the exemption provided in Section 506 of regulation D, promulgated under the Securities Act of 1933, as amended as an offering to "accredited investors" as that term is defined in Regulation D.

On January 4, 2008, we issued 40,000 shares of our common stock to a consultant for services. The closing price for our common stock on that date was $.45 making the value of the services $18,000. The shares were issued without registration pursuant to the exemption provided by Section 4(2) of the Securities Act of 1933, as amended.

On January 5, 2008, we issued 4,500 shares of our common stock to a consultant for services. The closing price of our common stock was $.45 per share. Based on the closing price, the value of the shares issued was $2,025. The shares were issued without registration pursuant to the exemption provided by section 4(2) of the Securities Act of 1933, as amended.

**INNOVATIVE DESIGNS, INC.**

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
January 31, 2008

On January 6, 2008, we issued 23,000 shares of our common stock to a consultant for services. The closing price of our common stock on that date was $.45 per share. Based on the closing price, the shares were valued at $10,350. The shares were issued without registration pursuant to the exemption provided by Section 4(2) of the Securities Act of 1933, as amended.

On January 7, 2008, we issued 40,000 shares of our common stock in exchange for debt. The closing price of our common stock on that date was $.35 per share. Based on the closing price, the value of the stock was $14,000. The shares were issued without registration pursuant to the exemption provided by section 4(2) of the Securities Act of 1933, as amended.

ITEM 5. OTHER INFORMATION

Effective March 19, 2008, our Chief Executive Officer temporally assumed the duties of Chief Financial Officer and Principal Accounting Officer.

ITEM 6. EXHIBITS

| | |
|---|---|
| *3.1 | Certificate of Incorporation |
| *3.2 | By Laws |
| 31.1 | Rule 13a - 14a Certification of Chief Executive Office and Chief Financial Officer |
| 32.1 | Section 1350 Certification of Chief Executive Officer and Chief Financial officer |

* Incorporated by reference to the Company’s registration statement on Form SB-2, filed March 11, 2003

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Innovative Designs, Inc.
Registrant

Date: March 19, 2008

/s/ Joseph Riccelli

Joseph Riccelli, Chief Executive Officer
and Chief Financial Officer