

**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 and Exchange Act of 1934
For the quarterly period ended June 30, 2015

Transition report pursuant to Section 13 or 15(d) of the Exchange Act
For the transition period from _____ to _____.

Commission File Number: 0-9376

INNOVATIVE FOOD HOLDINGS, INC.

(Exact Name of Registrant as Specified in its Charter)

Florida

(State or Other Jurisdiction of Incorporation or Organization)

20-1167761

(IRS Employer I.D. No.)

28411 Race Track Rd.

Bonita Springs, Florida 34135

(Address of Principal Executive Offices)

(239) 596-0204

(Registrant's Telephone Number, Including Area Code)

(Former name, former address and former fiscal year, 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 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 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 for such shorter period that the registrant was required to submit and post such files). **YES x NO o**

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 the 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

(Do not check if a smaller reporting company)

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

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 23,353,447 shares of common stock issued and 22,652,784 shares of common stock outstanding as of August 7, 2015.

INNOVATIVE FOOD HOLDINGS, INC.
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PART I. FINANCIAL INFORMATION**ITEM 1 - CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

Innovative Food Holdings, Inc.
Condensed Consolidated Balance Sheets

	June 30, 2015	December 31, 2014
	(unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,797,506	\$ 3,112,526
Accounts receivable net	1,466,690	1,242,970
Inventory	1,204,922	1,195,327
Other current assets	617,342	625,495
Due from related parties	461,241	461,130
Total current assets	<u>5,547,701</u>	<u>6,637,448</u>
Property and equipment, net	2,828,833	1,922,044
Investment	204,000	204,000
Intangible assets, net	21,834,887	23,610,549
Total assets	<u>\$ 30,415,421</u>	<u>\$ 32,374,041</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 3,917,174	\$ 4,096,700
Deferred revenue	4,153,797	4,792,609
Accrued liabilities - related parties	343,891	1,137,692
Accrued interest	610,203	603,034
Accrued interest - related parties	93,023	78,945
Revolving credit facilities	132,704	360,871
Notes payable, current portion, net of discount	1,113,218	714,811
Notes payable - related parties, current portion	110,500	110,500
Deferred tax liability	1,069,200	1,069,200
Contingent liabilities	570,000	572,500
Total current liabilities	<u>12,113,710</u>	<u>13,536,862</u>
Note payable - long term portion, net of discount	1,533,899	1,251,745
Notes payable - related parties, long term portion	2,199,970	2,199,970
Total liabilities	<u>15,847,579</u>	<u>16,988,577</u>
Stockholders' equity		
Common stock, \$0.0001 par value; 500,000,000 shares authorized; 23,353,447 and 21,393,989 shares issued, and 22,652,784 and 20,693,326 shares outstanding at June 30, 2015 and December 31, 2014, respectively	2,336	2,140
Additional paid-in capital	29,087,923	25,937,734
Treasury stock, 486,254 shares outstanding at June 30, 2015 and December 31, 2014	(160,099)	(160,099)
Accumulated deficit	(14,361,958)	(10,395,495)
Total Innovative Food Holdings, Inc. stockholders' equity	<u>14,568,202</u>	<u>15,384,280</u>
Noncontrolling interest in variable interest entity	(360)	1,184
Total stockholder's equity	<u>14,567,842</u>	<u>15,385,464</u>
Total liabilities and stockholders' equity	<u>\$ 30,415,421</u>	<u>\$ 32,374,041</u>

See notes to these unaudited condensed consolidated financial statements.

Innovative Food Holdings, Inc.
Condensed Consolidated Statements of Operations
(UNAUDITED)

	For the Three Months Ended June 30, 2015	For the Three Months Ended June 30, 2014	For the Six Months Ended June 30, 2015	For the Six Months Ended June 30, 2014
Revenue	\$ 12,532,501	\$ 6,449,027	\$ 23,714,318	\$ 12,002,493
Cost of goods sold	8,770,802	4,464,276	16,956,107	8,194,131
Gross margin	<u>3,761,699</u>	<u>1,984,751</u>	<u>6,758,211</u>	<u>3,808,362</u>
Selling, general and administrative expenses	<u>5,580,890</u>	<u>1,303,106</u>	<u>10,462,286</u>	<u>2,671,217</u>
Total operating expenses	5,580,890	1,303,106	10,462,286	2,671,217
Operating income	(1,819,191)	681,645	(3,704,075)	1,137,145
Other (income) expense:				
Interest expense, net	132,162	254,504	263,932	541,298
Other (income)	-	-	-	(20,000)
Total other (income) expense	<u>132,162</u>	<u>254,504</u>	<u>263,932</u>	<u>521,298</u>
Net (loss) income before taxes	\$ (1,951,353)	427,141	(3,968,007)	615,847
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net (loss) income	<u>\$ (1,951,353)</u>	<u>\$ 427,141</u>	<u>\$ (3,968,007)</u>	<u>\$ 615,847</u>
Less net income attributable to noncontrolling interest in variable interest entities	<u>-</u>	<u>-</u>	<u>(1,544)</u>	<u>-</u>
Net (loss) income attributable to Innovative Food Holdings, Inc.	<u>\$ (1,951,353)</u>	<u>\$ 427,141</u>	<u>\$ (3,966,463)</u>	<u>\$ 615,847</u>
Net (loss) income per share - basic	<u>\$ (0.086)</u>	<u>\$ 0.055</u>	<u>\$ (0.183)</u>	<u>\$ 0.081</u>
Net (loss) income per share - diluted	<u>\$ (0.086)</u>	<u>\$ 0.033</u>	<u>\$ (0.183)</u>	<u>\$ 0.047</u>
Weighted average shares outstanding - basic	<u>22,785,765</u>	<u>7,815,537</u>	<u>21,623,103</u>	<u>7,599,348</u>
Weighted average shares outstanding - diluted	<u>22,785,765</u>	<u>19,566,632</u>	<u>21,623,103</u>	<u>13,164,868</u>

See notes to these unaudited condensed consolidated financial statements.

Innovative Food Holdings, Inc.
Condensed Consolidated Statements of Cash Flows
(UNAUDITED)

	For The Six Months Ended June 30, 2015	For The Six Months Ended June 30, 2014
Cash flows from operating activities:		
Net (loss) income	\$ (3,968,007)	\$ 615,847
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Depreciation and amortization	608,839	133,303
Stock based compensation	2,284,110	72,833
Amortization of discount on notes payable	198,314	492,776
Increase (decrease) in allowance for doubtful accounts	-	(10,595)
Changes in assets and liabilities:		
Accounts receivable, net	(223,720)	(366,516)
Deferred revenue	(638,812)	-
Inventory and other current assets, net	(1,442)	(45,350)
Accounts payable and accrued expenses - related party	(329,927)	(294,616)
Accounts payable and accrued expenses	(172,357)	165,060
Contingent liability	(2,500)	(80,881)
Net cash (used in) provided by operating activities	(2,245,502)	681,861
Cash flows from investing activities:		
Investments in food related companies	-	(54,000)
Cash paid to re-acquire shares issued in acquisition of The Fresh Diet	(3,000,000)	-
Acquisition of property and equipment	(1,094,054)	(3,519)
Net cash (used in) investing activities	(4,094,054)	(57,519)
Cash flows from financing activities:		
Common stock sold for cash	4,288,596	-
Common stock sold for exercise of options and warrants	481,860	-
Purchase of treasury stock for cash	-	(60,000)
Borrowings on revolving credit facilities	1,986,824	-
Payments made on revolving credit facilities	(2,214,991)	-
Borrowing made on debt	980,000	-
Principal payments on debt	(382,560)	(371,812)
Principal payments capital leases	(115,193)	-
Net cash provided by (used in) financing activities	5,024,536	(431,812)
Decrease (increase) in cash and cash equivalents	(1,315,020)	192,530
Cash and cash equivalents at beginning of period	3,112,526	2,073,605
Cash and cash equivalents at end of period	<u>\$ 1,797,506</u>	<u>\$ 2,266,135</u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	<u>\$ 44,348</u>	<u>\$ 28,912</u>
Taxes	<u>\$ -</u>	<u>\$ -</u>
Non-cash transactions:		
Issuance of 804,835 shares of common stock for conversion of notes payable and accrued interest	<u>\$ -</u>	<u>\$ 201,120</u>
Discount on notes payable due to extension of term	<u>\$ -</u>	<u>\$ 745,467</u>

See notes to these unaudited condensed consolidated financial statements.

INNOVATIVE FOOD HOLDINGS, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2015
(Unaudited)

1. BASIS OF PRESENTATION

Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements of Innovative Food Holdings, Inc., and its wholly owned subsidiaries, some of which are non-operating, Artisan Specialty Foods, Inc. (“Artisan”), Food Innovations, Inc. (“Food Innovations” or “FII”), Food New Media Group, Inc. (“FNM”), Organic Food Brokers, Inc. (“OFB”), Gourmet Food Service Group, Inc. (“GFG”), Gourmet Foodservice Warehouse, Inc., Gourmating, Inc., The Fresh Diet, Inc. (“The Fresh Diet” or “FD”), The Haley Group, Inc. (“Haley”), 4 The Gourmet, Inc. (d/b/a For The Gourmet, Inc.), (“Gourmet” and collectively with IVFH and the other subsidiaries, the “Company” or “IVFH”) have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. All material intercompany transactions have been eliminated upon consolidation of these entities.

The accompanying unaudited interim condensed consolidated financial statements have been prepared by the Company, in accordance with generally accepted accounting principles pursuant to Regulation S-X of the Securities and Exchange Commission and with the instructions to Form 10-Q. Certain information and footnote disclosures normally included in audited consolidated financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. Accordingly, these interim financial statements should be read in conjunction with the Company’s audited financial statements and related notes as contained in Form 10-K for the year ended December 31, 2014. In the opinion of management, the interim unaudited condensed consolidated financial statements reflect all adjustments, including normal recurring adjustments, necessary for fair presentation of the interim periods presented. The results of the operations for the three and six months ended June 30, 2015 are not necessarily indicative of the results of operations to be expected for the full year. The results of The Fresh Diet have been included since its acquisition on August 15, 2014.

Consolidation of Variable Interest Entity

The Company consolidates the financial statements of a variable interest entity (“VIE”) in which it is the primary beneficiary. In determining whether the Company is the primary beneficiary of a variable interest entity, consideration is given to a number of factors, including the ability to direct the activities that most significantly affect the entity’s economic success as well as the Company’s exposure to absorb the losses and obligations of such entities. Late Night Express Courier Service, Inc., an independent company providing delivery services to The Fresh Diet customers, was determined to be a VIE that was required to be consolidated under Accounting Standards Codification (“ASC”) 810, Consolidation, as set forth by the Financial Accounting Standards Board (“FASB”) and accordingly, was included in the accompanying unaudited condensed consolidated financial statements as of and for the period ended June 30, 2015. All material inter-company transactions and balances of the Company’s wholly owned subsidiaries and VIE have been eliminated in consolidation.

2. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Business Activity

Our business is currently conducted by our wholly-owned subsidiaries, Artisan, Food Innovations, FNM, OFB, GFG, Gourmet Foodservice Warehouse, Inc., Gourmating, Inc., The Fresh Diet, Haley, and Gourmet. Since its incorporation, the Company primarily through FII’s relationship with US Food, Inc. (“U.S. Foods” or “USF”), has been in the business of providing premium restaurants, within 24 – 72 hours, with the freshest origin-specific perishables, specialty food products, and healthcare products shipped directly from our network of vendors and from our warehouses. Our customers include restaurants, hotels, country clubs, national chain accounts, casinos, hospitals and catering houses. Gourmet has been in the business of providing consumers with gourmet food products shipped directly from our network of vendors and from our warehouses within 24 – 72 hours. GFG is focused on expanding the Company’s program offerings to additional customers. In our business model, we receive orders from our customers and then work closely with our suppliers and our warehouse facilities to have the orders fulfilled. In order to maintain freshness and quality, we carefully select our suppliers based upon, among other factors, their quality, uniqueness, reliability and access to overnight courier services.

The Fresh Diet is the nationwide leader in freshly prepared health and wellness gourmet specialty meals, using the finest ingredients, delivered directly to consumers using The Fresh Diet® platform. The Fresh Diet's platform includes a company managed or owned preparation and logistics infrastructure, including a comprehensive company managed network of same day and next day last mile food delivery capabilities. Artisan is a supplier of over 1,500 niche gourmet products to over 500 customers in the Greater Chicago area. Haley provides consulting services and other solutions to its clients in the food industry. Haley is a dedicated foodservice consulting and advisory firm that works closely with companies to access private label and manufacturers' label food service opportunities with the intent of helping them launch and commercialize new products in the broadline foodservice industry and get products distributed via national broadline food distributors. OFB is a dedicated foodservice consulting and advisory firm that works closely with companies to access private label and manufacturers' label food service opportunities with the intent of helping them launch and commercialize new products in the retail foodservice industry and provides emerging food brands distribution and shelf placement access in all of the major metro markets in the food retail industry.

Use of Estimates

The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. These estimates include certain assumptions related to doubtful accounts receivable, stock-based services, valuation of financial instruments, and income taxes. On an on-going basis, we evaluate these estimates, including those related to revenue recognition and concentration of credit risk. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Accounts subject to estimate and judgements are accounts receivable reserves, income taxes, intangible assets, contingent liabilities, and equity based instruments. Actual results may differ from these estimates under different assumptions or conditions. We believe our estimates have not been materially inaccurate in past years, and our assumptions are not likely to change in the foreseeable future.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Innovative Food Holdings, Inc., and its wholly owned operating subsidiaries, Artisan, Food Innovations, FNM, OFB, GFG, Gourmet Foodservice Warehouse, Inc., Gourmating, Inc., The Fresh Diet, Haley, and Gourmet. All material intercompany transactions have been eliminated upon consolidation of these entities.

The Company consolidates the financial statements of a variable interest entity ("VIE") in which it is the primary beneficiary. In determining whether the Company is the primary beneficiary of a variable interest entity, consideration is given to a number of factors, including the ability to direct the activities that most significantly affect the entity's economic success as well as the Company's exposure to absorb the losses and obligations of such entities. Late Night Express Courier Service, Inc., an independent company providing delivery services to The Fresh Diet customers, was determined to be a VIE that was required to be consolidated under Accounting Standards Codification ("ASC") 810, Consolidation, as set forth by the Financial Accounting Standards Board ("FASB") and accordingly, was included in the accompanying consolidated financial statements for the year ended December 31, 2014. All material inter-company transactions and balances of the Company's wholly owned subsidiaries and VIE have been eliminated in consolidation.

Revenue Recognition

The Company recognizes revenue upon product delivery. All of our products are shipped either same day or overnight or through longer shipping terms to the customer and the customer takes title to product and assumes risk and ownership of the product when it is delivered. Shipping charges to customers and sales taxes collectible from customers, if any, are included in revenues.

For revenue from product sales, the Company recognizes revenue in accordance with Financial Accounting Standards Board "FASB" Accounting Standards Codification "ASC" 605-15-05. ASC 605-15-05 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. The Company defers any revenue for which the product has not been delivered or is subject to refund until such time that the Company and the customer jointly determine that the product has been delivered or no refund will be required.

Revenue from the sale of meals is recognized when the earnings process is complete, which is upon the delivery of the product to the Company's customers. Meal programs are sold weekly, bi-weekly and monthly. Meal programs are non-returnable and non-refundable if not cancelled within 3 days of initial delivery. Refunds of cancelled meal plans are recorded at the time of cancellation.

Deferred revenue consists of cash received for meals that have not yet been delivered to the customer.

Cost of Goods Sold

We have included in cost of goods sold all costs which are directly related to the generation of revenue. These costs include primarily the cost of food and raw materials, plus kitchen expenses including payroll, contract labor, kitchen related depreciation, operating expenses, and rent; preparation, product conversion, packing and handling, shipping and delivery costs including delivery payroll.

Deferred Revenue

Deferred revenue consists of cash received for meals that have not yet been delivered to the customer.

Advertising Costs

The Company's policy is to report advertising costs as expenses in the periods in which the costs are incurred. The total amounts charged to advertising expense were approximately \$304,823 and \$3,237, respectively, for the three months ended June 30, 2015 and 2014. The total amounts charged to advertising expense were approximately \$799,475 and \$15,051, respectively, for the six months ended June 30, 2015 and 2014.

Basic and Diluted Earnings Per Share

Basic net earnings per share is based on the weighted average number of shares outstanding during the period, while fully-diluted net earnings per share is based on the weighted average number of shares of common stock and potentially dilutive securities assumed to be outstanding during the period using the treasury stock method. Potentially dilutive securities consist of options and warrants to purchase common stock, and convertible debt. Basic and diluted net loss per share is computed based on the weighted average number of shares of common stock outstanding during the period.

The Company uses the treasury stock method to calculate the impact of outstanding stock options and warrants. Stock options and warrants for which the exercise price exceeds the average market price over the period have an anti-dilutive effect on earnings per common share and, accordingly, are excluded from the calculation.

Dilutive shares at June 30, 2015:

At June 30, 2015, the Company had outstanding convertible notes payable in the aggregate principal amount of \$758,065 with accrued interest of \$662,653 convertible at the rate of \$0.25 per share into an aggregate of 5,682,872 shares of common stock, and a convertible note payable in the amount of \$200,000 convertible at the rate of \$1.54 per share into 129,871 shares of common stock.

Also at June 30, 2015, the Company had outstanding warrants for holders to purchase the following additional shares: 2,828,405 shares at a price of \$0.575 per share; 448,011 shares at a price of \$0.55 per share; 94,783 shares at a price of \$0.25 per share; and 700,000 shares at a price of \$0.01 per share.

Also at June 30, 2015, the Company had outstanding options for holders to purchase the following additional shares: 30,000 shares at a price of \$3.40 per share; 20,000 shares at a price of \$2.40 per share; 500,000 shares at a price of \$2.00 per share; 15,000 shares at a price of \$1.90 per share; 310,000 shares at a price of \$1.60 per share; 15,000 shares at a price of \$1.50 per share; 100,000 shares at a price of \$1.46 per share; 15,000 shares at a price of \$1.44 per share; 75,000 shares at a price of \$1.31 per share; 225,000 shares at a price of \$0.57 per share; 92,500 shares at a price of \$0.48 per share; 92,500 shares at a price of \$0.474 per share; 92,500 shares at a price of \$0.45 per share; 275,000 shares at a price of \$0.40 per share; 92,500 shares at a price of \$0.38 per share; and 1,170,000 shares at a price of \$0.35 per share.

Also at June 30, 2015, the Company has issued restricted stock units (“RSUs”) for the potential issuance of shares of the Company’s common stock for the purpose of aligning executives and employees of the Company and for the purpose of compensation for serving as members of the Board of Directors of the Company and for the purposes of retaining qualified personnel at compensation levels that otherwise would not be available should the company have been required to pay certain salaries in cash only. Certain of the RSUs were issued to employees of The Fresh Diet (“Employee RSUs”) and certain RSUs were issued to the executive officers of the Company (“Executive RSUs”) and certain RSUs were issued to members of the board of directors of the Company (“Board RSUs”). With respect to the Executive RSUs, the Company’s executive officers were awarded an aggregate number of RSUs which vest according to the following schedule, provided the performance conditions are met: 322,466 RSU’s vest on January 1, 2015, 390,000 RSUs vest on July 1, 2015 and 300,000 RSU’s vest on December 31, 2015; 75,000 RSU’s vest on May 1, 2016, 90,000 RSU’s vest on July 1, 2016 and 600,000 RSUs vest on December 31, 2016 and 890,000 RSUs vest on July 1, 2017 and 300,000 RSU’s vest solely upon the achievement of performance goals and the continued employment with the Company. The members of the Company’s Board of Directors were awarded the aggregate number of RSU’s which vest according to the following schedule: 270,000 RSU’s vest on July 1, 2015; 270,000 RSU’s vest on July 1, 2016; and 270,000 RSU’s vest on July 1, 2017.

The Employee RSUs issued to certain nonexecutive employees of the Company were issued either partially in lieu of salary, future bonuses or a combination of both bonus and salary. The Employee RSUs vest according to the following schedule: On July 1, 2015 600,000 will vest and on December 31, 2015 an additional 600,000 shares will vest. On December 31, 2016 an additional 1.2 million shares will vest and an additional 1.6 million shares will vest on July 1, 2017. Vesting is contingent on being an employee of the Company at the time of vesting. In addition, there are restrictions on the sale of such vested stock including aggregate volume restrictions and no Employee RSU shares can be sold below \$2.50 per share. In addition, up to an additional 25,000 shares will vest on a monthly basis. Vesting is contingent on employment by the Company at the time of vesting, and the Company stock price closing above \$2.50 per share for 20 straight days. In addition, there are restrictions on the sale of such vested stock including aggregate volume restrictions and no shares can be sold below \$2.50 per share.

The Company estimated that the stock-price goals of the Company’s stock price closing above \$2.50 per share for 20 straight days have a 90% likelihood of achievement, and these RSUs were valued at 90% of their face value. The Company estimated that the revenue targets had a 100% likelihood of achievement, and these RSUs were valued at 100% of their face value. We recognized stock-based compensation expense of in a straight-line manner over the vesting period of the RSUs. This resulted in stock-based compensation expense of \$690,397 and \$2,159,050, respectively, related to recognition of RSUs during the three and six months ended June 30, 2015.

Fully-diluted earnings per share was the same as basic earnings per share for the three and six months ended June 30, 2015 because the effect of the exercise of above instruments would be anti-dilutive.

Dilutive shares at June 30, 2014:

For the three months ended June 30, 2014, the Company excluded from the calculation of fully-diluted earnings per share options to purchase 310,000 shares of common stock at an exercise price of \$1.60 per share.

For the six months ended June 30, 2014, the Company excluded from the calculation of fully-diluted earnings per share options to purchase 310,000 shares of common stock at an exercise price of \$1.60 per share. The Company also excluded 5,728,948 shares issuable upon the conversion of notes payable at an exercise price of \$0.25 per share.

Diluted earnings per share was computed as follows for the three months ended June 30, 2014:

	Income (Numerator)	Shares (Denominator)	Per-Share Amount
Basic earnings per share	\$ 427,141	7,815,537	\$ 0.055
Effect of Dilutive Securities:			
Exercise of in-the-money warrants		3,970,335	
Exercise of in-the-money options		1,688,876	
Conversion of notes payable and accrued interest	220,637	5,728,948	
Shares accrued, not yet issued		362,936	
Diluted earnings per share	\$ 647,778	19,566,632	\$ 0.033

Diluted earnings per share was computed as follows for the six months ended June 30, 2014:

	Income (Numerator)	Shares (Denominator)	Per-Share Amount
Basic earnings per share	\$ 615,847	7,599,348	\$ 0.081
Effect of Dilutive Securities:			
Exercise of in-the-money warrants		3,634,221	
Exercise of in-the-money options		1,568,363	
Shares accrued, not yet issued		362,936	
	<u>615,847</u>	<u>13,164,868</u>	<u>0.047</u>
Diluted earnings per share	\$ 615,847	13,164,868	\$ 0.047

Significant Recent Accounting Pronouncements

In April 2015, the FASB issued ASU 2015-03, “*Simplifying the Presentation of Debt Issuance Costs*” (“this Update”) as part of its initiative to reduce complexity in accounting standards (the Simplification Initiative). The Board received feedback that having different balance sheet presentation requirements for debt issuance costs and debt discount and premium creates unnecessary complexity. Recognizing debt issuance costs as a deferred charge (that is, an asset) also is different from the guidance in International Financial Reporting Standards (IFRS), which requires that transaction costs be deducted from the carrying value of the financial liability and not recorded as separate assets. Additionally, the requirement to recognize debt issuance costs as deferred charges conflicts with the guidance in FASB Concepts Statement No. 6, Elements of Financial Statements, which states that debt issuance costs are similar to debt discounts and in effect reduce the proceeds of borrowing, thereby increasing the effective interest rate. Concepts Statement 6 further states that debt issuance costs cannot be an asset because they provide no future economic benefit. To simplify presentation of debt issuance costs, the amendments in this Update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this Update. For public business entities, the amendments in this Update are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. For all other entities, the amendments in this Update are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016. The Company is currently evaluating the effects of adopting this ASU, if it is deemed to be applicable.

Management does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying unaudited condensed consolidated financial statements.

3. ACQUISITIONS

The Fresh Diet

The Fresh Diet Merger on August 15, 2014 was accounted for as an acquisition of an ongoing business in accordance with ASC Topic 805 - Business Combinations (“ASC 805”), where the Company was treated as the acquirer and the acquired assets and assumed liabilities were recorded by the Company at their preliminary estimated fair values. The total purchase price of the assets acquired and assumed liabilities included; cash, inventory, accounts receivable, fixed assets, deposits and trade names and, accounts payable and notes payable.

The acquisition date estimated fair value of the consideration transferred totaled \$12,645,912, which consisted of the following:

Cash	\$ 3,000,000
Common Stock – 6,889,937 shares	9,645,912
Total purchase price	<u>\$ 12,645,912</u>
Tangible assets acquired	\$ 2,567,223
Liabilities assumed	11,035,724
Net tangible assets	(8,468,501)
Customer relationships	2,700,000
Tradenames	1,800,000
Goodwill	16,614,413
Total purchase price	<u>\$ 12,645,912</u>

The above estimated fair value of the intangible assets is based on a preliminary purchase price allocation prepared by management with the assistance of a third party valuation expert. As a result, during the preliminary purchase price allocation period, which may be up to one year from the business combination date, we may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. After the preliminary purchase price allocation period, we record adjustments to assets acquired or liabilities assumed subsequent to the purchase price allocation period in our operating results in the period in which the adjustments were determined.

During the six months ended June 30 2015, the Company paid the amount of \$3,000,000 in cash to certain former shareholders of The Fresh Diet, and cancelled 3,110,063 shares of common stock with a value of \$4,354,088; these shares were originally intended to be issued in the acquisition of The Fresh Diet. This resulted in a decrease in the value of The Fresh Diet acquisition in the net amount of \$1,354,088; this amount was credited to goodwill during the six months ended June 30, 2015; see Note 9.

Pro forma results

The following table sets forth the unaudited pro forma results of the Company as if the acquisition of FD had taken place on the first day of the June 30, 2014 three and six months period presented. These combined results are not necessarily indicative of the results that may have been achieved had the companies always been combined.

	Three months ended June 30, 2014
Total revenues	\$ 11,835,304
Net income	135,322
Basic net income per common share	\$ 0.009
Diluted net income per common share	\$ 0.005
Weighted average shares - basic	14,705,474
Weighted average shares - diluted	26,456,569
	Six months ended June 30, 2014
Total revenues	\$ 23,514,559
Net income	880,974
Basic net income per common share	\$ 0.061
Diluted net income per common share	\$ 0.044
Weighted average shares - basic	14,489,285
Weighted average shares - diluted	20,054,805

Organic Food Brokers

Pursuant to a purchase agreement, effective June 30, 2014, the Company purchased 100% of the membership interest of Organic Food Brokers, LLC, a Colorado limited liability company. OFB is a dedicated foodservice consulting and advisory firm that works closely with companies to access private label and manufacturers' label food service opportunities with the intent of helping them launch and commercialize new products in the retail foodservice industry and provides emerging food brands distribution and shelf placement access in the major metro markets in the food retail industry.

The purchase price consisted of (i) One Hundred Thousand (\$100,000) Dollars in cash, (ii) a Convertible Promissory Note in the face amount of Two Hundred Thousand (\$200,000) Dollars, and (iii) stock options issued by the Company to acquire one hundred thousand (100,000) shares of its common stock over the four year period following the closing date at an exercise price per share of \$1.46. The Note is secured by the Company's grant of a second priority secured interest in the assets of OFB. In addition, the company is contingently liable for certain performance-based payments over the twenty-four months following the acquisition date. The Company believes it is likely that these payments will be made, and accordingly has recorded the entire amount of \$225,000 as a contingent liability on its balance sheet at acquisition. During the three and six months ended June 30, 2015, payments in the aggregate amount of \$26,250 and \$52,500 have been made under this contingent liability; at June 30, 2015, the balance of the contingent liability was \$120,000. The entire cost of the acquisition was \$596,349, which was allocated to customer list, an intangible asset with a useful life of 60 months. \$29,817 and \$59,634 of this amount was amortized during the three and six months ended June 30, 2015.

4. ACCOUNTS RECEIVABLE

At June 30, 2015 and December 31, 2014, accounts receivable consists of:

	June 30, 2015	December 31, 2014
Accounts receivable from customers	\$ 1,503,130	\$ 1,272,470
Allowance for doubtful accounts	(36,440)	(29,500)
Accounts receivable, net	<u>\$ 1,466,690</u>	<u>\$ 1,242,970</u>

5. INVENTORY

Inventory consists primarily of specialty food products and operating materials and supplies, principally food trays and bags that are used to package and deliver meals to customers. At June 30, 2015 and December 31, 2014, inventory consisted of the following:

	June 30, 2015	December 31, 2014
Specialty food products	\$ 947,924	\$ 1,034,786
Operating materials and supplies	256,998	160,541
Total	<u>\$ 1,204,922</u>	<u>\$ 1,195,327</u>

6. OTHER CURRENT ASSETS

At June 30, 2015 and December 31, 2014, Other Current Assets consist of the following:

	June 30, 2015	December 31, 2014
Prepaid expenses	\$ 416,225	\$ 481,519
Security deposits	153,953	143,976
Note receivable	35,000	-
Employee advances	12,164	-
Total	<u>\$ 617,342</u>	<u>\$ 625,495</u>

7. PROPERTY AND EQUIPMENT

The Company owns a building and property located at 28411 Race Track Road, Bonita Springs, Florida 34135 and with respect thereto has entered into each of a Loan Agreement, Mortgage, Security Agreement and Note with Fifth Third Bank, each with an effective date of February 26, 2013. The property consists of approximately 1.1 acres of land and approximately 10,000 square feet of combined office and warehouse space, and was purchased as part of a bank short sale. The Company moved its operations to these premises on July 15, 2013. The purchase price of the property was \$792,758 and was financed in part by a five year mortgage in the amount of \$546,000 carrying an annual interest rate of 3% above LIBOR Rate, as such term is defined in the Note.

On May 14, 2015, the Company purchased a building and property located at 2528 S. 27th Avenue, Broadview, Illinois 60155. The property consists of approximately 1.33 acres of land and approximately 28,711 square feet of combined office and warehouse space. The purchase price of \$914,350 was initially financed primarily by a draw-down of \$900,000 on the Company's credit facility with Fifth Third Bank. On May 29, 2015, a permanent financing facility was provided by Fifth Third Bank in the form of a loan in the amount of \$980,000. \$900,000 of this amount was used to pay the balance of the credit facility; the additional \$80,000 will be used for refrigeration and other up-fit expenses at the property. The interest on the loan will be at the LIBOR rate plus 3.0%. The building will be used for office and warehouse space for the Company's Artisan subsidiary.

A summary of property and equipment at June 30, 2015 and December 31, 2014, was as follows:

	June 30, 2015	December 31, 2014
Land	\$ 385,523	\$ 177,383
Building	1,326,165	619,955
Computer and Office Equipment	524,207	502,277
Warehouse Equipment	7,733	7,733
Furniture, Fixtures, and Leasehold Improvements	505,997	373,360
Kitchen Equipment	454,987	429,850
Vehicles	503,309	503,309
Total before accumulated depreciation	3,707,921	2,613,867
Less: accumulated depreciation	(879,088)	(691,823)
Total	<u>\$ 2,828,833</u>	<u>\$ 1,922,044</u>

Depreciation and amortization expense for property and equipment amounted to \$102,309 and \$19,759 for the three months ended June 30, 2015 and 2014, respectively. Depreciation and amortization expense for property and equipment amounted to \$187,265 and \$41,363 for the six months ended June 30, 2015 and 2014, respectively.

8. INVESTMENTS

The Company has made investments in certain early stage food related companies which can benefit from various synergies within the Company's various operating businesses. As of June 30, 2015 and December 31, 2014, the Company had made investments in three such companies in the aggregate amount of \$204,000. These investments are carried at cost. The Company does not have significant influence over the operations of the investment companies.

9. INTANGIBLE ASSETS

The Company acquired certain intangible assets pursuant to the acquisition of The Fresh Diet, Artisan and OFB, and the acquisition of certain assets of The Haley Group, LLC (see note 3). The following is the net book value of these assets:

	June 30, 2015		
	Gross	Accumulated Amortization	Net
Trade Name	\$ 2,121,271	\$ -	\$ 2,121,271
Non-Compete Agreement	244,000	(183,000)	61,000
Customer Relationships	3,830,994	(943,791)	2,887,203
Goodwill	16,765,413	-	16,765,413
Total	\$ 22,961,678	\$ (1,126,791)	\$ 21,834,887

	December 31, 2014		
	Gross	Accumulated Amortization	Net
Trade Name	\$ 2,121,271	\$ -	\$ 2,121,271
Non-Compete Agreement	244,000	(152,500)	91,500
Customer Relationships	3,830,994	(552,717)	3,278,277
Goodwill	18,119,501	-	18,119,501
Total	\$ 24,315,766	\$ (705,217)	\$ 23,610,549

Total amortization expense charged to operations for the three months ended June 30, 2015 and 2014 was \$210,785 and \$45,970, respectively. Total amortization expense charged to operations for the six months ended June 30, 2015 and 2014 was \$421,574 and \$91,940, respectively.

The trade names are not considered finite-lived assets, and are not being amortized. The non-compete agreements are being amortized over a period of 48 months. The customer relationships acquired in the Artisan, Haley, OFB and The Fresh Diet transactions are being amortized over periods of 60, 36, 60 and 60 months, respectively.

During the six months ended June 30, 2015, the Company paid the amount of \$3,000,000 in cash to certain former shareholders of The Fresh Diet, and cancelled 3,110,063 shares of common stock with a value of \$4,354,088; these shares were originally intended to be issued in the acquisition of The Fresh Diet. This resulted in a decrease in the value of The Fresh Diet acquisition in the net amount of \$1,354,088; this amount was credited to goodwill during the six months ended June 30, 2015.

As detailed in ASC 350, the Company tests for goodwill impairment in the fourth quarter of each year and whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its fair value and may not be recoverable. As detailed in ASC 350-20-35-3A, in performing its testing for goodwill impairment, management has completed a qualitative analysis to determine whether it was more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. To complete this review, management followed the steps in ASC 350-20-35-3C to evaluate the fair value of goodwill and considered all known events and circumstances that might trigger an impairment of goodwill. The analysis completed in 2014 determined that there was no impairment to goodwill assets.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2015 and December 31, 2014 are as follows:

	June 30, 2015	December 31, 2014
Trade payables	\$ 3,288,501	\$ 3,853,374
Accrued payroll and commissions	628,673	243,326
Total accounts payable and accrued liabilities - non-related parties	<u>\$ 3,917,174</u>	<u>\$ 4,096,700</u>

At June 30, 2015 and December 31, 2014, accrued liabilities to related parties consisted of accrued payroll, accrued bonus, and payroll related benefits.

11. ACCRUED INTEREST

Accrued interest on the Company's convertible notes payable is convertible at the option of the note holders into the Company's common stock a price of \$0.25 per share. At June 30, 2015, convertible accrued interest was \$664,353 (including \$54,150 to a related party), of which \$662,353 is convertible into 2,649,412 shares of common stock. An additional \$2,000 of accrued interest is not convertible into common stock. During the three and six months ended June 30, 2015, the Company paid cash for interest in the aggregate amount of \$22,303 and \$44,348, respectively.

At December 31, 2014, convertible accrued interest was \$681,979 (including \$54,150 to a related party), of which \$656,184 is convertible into 2,623,724 shares of common stock. An additional \$1,000 of accrued interest is not convertible into common stock. During the twelve months ended December 31, 2014, the Company paid cash for interest in the aggregate amount of \$47,820, and converted an additional \$90,984 of accrued interest into an aggregate of 363,936 shares of common stock.

12. REVOLVING CREDIT FACILITIES

	June 30, 2015	December 31, 2014
Business loan of \$500,000 from a credit card merchant, with a loan fee of 0.5% and repayment rate of 100% of the sum of charge volume during the loan period, maturing no later than April 19, 2015, renewable annually unless terminated, and secured by the assets of The Fresh Diet. During the six months ended June 30, 2015, net borrowings of principal in the amount of \$132,704 were made on this loan.	\$ 132,704	\$ 125,159
Business loan of \$1,000,000 from a credit card merchant, with a loan fee of 20% and repayment rate of 12% of the sum of charge volume until all amounts have been paid, and guaranteed by certain shareholders of the Company who were former shareholders of FD. During the six months ended June 30, 2015, net payments of principal in the amount of \$235,712 were made on this loan.	-	235,712
Total	<u>\$ 132,704</u>	<u>\$ 360,871</u>

13. NOTES PAYABLE AND NOTES PAYABLE TO RELATED PARTIES

	June 30, 2015	December 31, 2014
Secured mortgage note payable for the acquisition of land and building in Bonita Springs, Florida in the amount of \$546,000. Principal payments of \$4,550 and interest at the rate of Libor plus 3% are due monthly. The balance of the principal amount will be due February 28, 2018. During the three months ended June 30, 2015, the Company made payments of principal and interest in the amounts of \$13,650 and \$3,502, respectively. During the six months ended June 30, 2015, the Company made payments of principal and interest in the amounts of \$27,300 and \$7,038, respectively.	\$ 418,600	\$ 445,900
Term loan from Fifth Third Bank in the original amount of \$1,000,000; \$660,439 of this amount was used to pay a note payable; \$339,561 was used for working capital. This loan is secured by first priority perfected security interest in all personal property of the Company, bears interest at the rate of Libor plus 4.75%, with monthly principal payments of \$55,556 plus accrued interest. The note was due May 26, 2015. During the three months ended June 30, 2015, the Company made payments of principal and interest in the amounts of \$111,111 and \$710, respectively. During the six months ended June 30, 2015, the Company made payments of principal and interest in the amounts of \$277,778 and \$3,511, respectively.	-	277,778
Secured mortgage note payable for the acquisition of land and building in Broadview, Illinois in the amount of \$980,000. Payments of \$8,167 including principal and interest at the rate of LIBOR plus 3% are due monthly. The principal balance in the amount of \$490,000 will be due May 29, 2020. During the three and six months ended June 30, 2015, the Company made payments of principal and interest in the amounts of \$8,167 and \$2,531, respectively.	971,833	-
Line of credit facility with Fifth Third Bank in the amount of \$1,000,000. During the three months ended June 30, 2015, the Company borrowed and repaid the amount of \$900,000 from this facility. During the three and six months ended June 30, 2015, the Company paid interest in the amount \$1,925.	-	-

	June 30, 2015	December 31, 2014
A total of 17 convertible notes payable (the “Convertible Notes Payable”). Certain of the Convertible Notes Payable contain cross default provisions, and are secured by subordinated interest in a majority of the Company’s assets. The Convertible Notes Payable bear interest at the rate of 1.9% per annum; principal and accrued interest are convertible into common stock of the Company at a conversion price of \$0.25 per share; however, the interest may be paid in cash by the Company and certain limited amounts of principle may also be prepaid in cash. Effective May 13, 2014, the due date of these notes was extended from May 15, 2014 to December 31, 2015, and in March 2015 the notes were further extended to January 1, 2016. A discount to the notes in the aggregate amount of \$732,565 was recorded to recognize the value of the beneficial conversion feature embedded in the extension of the term of the notes. During the three months ended June 30, 2015, \$99,157 of this discount was charged to operations. During the six months ended June 30, 2015, \$198,314 of this discount was charged to operations. During the three months ended June 30, 2015, the Company accrued interest in the amount of \$3,101 on these notes. During the six months ended June 30, 2015, the Company accrued interest in the amount of \$6,169 on these notes.	\$ 647,565	\$ 647,565
Secured vehicle leases payable at an effective interest rate of 9.96% for purchase of truck, payable in monthly installments (including principal and interest) of \$614 through January 2015. During the six months ended June 30, 2015, the Company made payments in the aggregate amount of \$614 on this lease, consisting of \$609 of principal and \$5 of interest. The lease was paid on full in January, 2015.	-	609
Twenty-nine convertible notes payable in the amount of \$4,500 each to Sam Klepfish, the Company’s CEO and a related party, dated the first of the month beginning on November 1, 2006, issued pursuant to the Company’s then employment agreement with Mr. Klepfish, which provided that the amount of \$4,500 in salary is accrued each month to a note payable. These notes are unsecured and may not be prepaid without Mr. Klepfish’s consent. These notes bear interest at the rate of 8% per annum and have no due date. As of July 1, 2014, the notes bear an interest rate of 1.9% and as of November 17, 2014 the interest rate was reduced to 0%. These notes and accrued interest are convertible into common stock of the Company at a conversion price of \$0.25 per share. During the three months ended June 30, 2015, the Company accrued interest in the amount of \$0 on these notes. During the six months ended June 30, 2015, the Company accrued interest in the amount of \$0 on these notes.	110,500	110,500
Promissory note in the amount of \$200,000 bearing interest at the rate of 1% per annum. Principal in the amount of \$100,000 is due June 30, 2015; this payment was made in July 2015 within the 5 day grace period stipulated in the note agreement. Principal in the amount of \$100,000 is due June 30, 2016. The note is convertible into shares of the Company’s common stock at the conversion price of \$1.54 per share. During the three months ended June 30, 2015, the Company accrued interest in the amount of \$500 on this note. During the six months ended June 30, 2015, the Company accrued interest in the amount of \$1,000 on this note.	200,000	200,000
Four notes payable to shareholders in the aggregate amount of \$1,500,000. These notes are unsecured, currently bear no interest, and mature on August 15, 2017. In the event the notes are not paid when due, amounts not paid under the notes shall bear interest at a rate of 21% per annum until paid in full.	1,500,000	1,500,000
Two notes payable to shareholders in the aggregate amount of \$699,970. These notes are unsecured, and bear interest at the rate of 4% per annum. These notes are due on August 17, 2017. In the event the notes are not paid when due, amounts not paid under the notes shall bear interest at a rate of 21% per annum until paid in full. During the three months ended June 30, 2015, the Company accrued interest in the amount of \$7,078 on these notes. During the six months ended June 30, 2015, the Company accrued interest in the amount of \$14,078 on these notes.	699,970	699,970
Note payable in monthly installments, including interest at the rate of 2% over prime (5.25% as of June 30, 2015), due October 1, 2019, and secured by all assets of The Fresh Diet, the life insurance policies maintained on two of the shareholders of the Company, and personally guaranteed by these shareholders. During the three months ended June 30, 2015, principal payments in the aggregate amount of \$5,622 were made on this note, and interest expense in the amount of \$1,541 was recorded. During the six months ended June 30, 2015, principal payments in the aggregate amount of \$11,204 were made on this note, and interest expense in the amount of \$3,122 was recorded.	112,722	123,926

	June 30, 2015	December 31, 2014
The Company has a \$75,000 line of credit which bears monthly interest at the variable interest rate of 2% over prime rate. The line of credit is overdue. The line of credit is secured by all corporate assets of The Fresh Diet and by a condominium owned by one of the former shareholders of The Fresh Diet. During the three months ended June 30, 2015, interest in the amount of \$1,006 was recorded on this line of credit. During the six months ended June 30, 2015, interest in the amount of \$1,990 was recorded on this line of credit.	\$ 75,000	\$ 75,000
Note payable in monthly installments, including interest at the rate of 1.75% over prime adjusted quarterly (5.25% as of June 30, 2015), due on December 20, 2017, and secured by all assets of The Fresh Diet and personally guaranteed by the spouse of one of its officers. During the three months ended June 30, 2015, principal payments in the aggregate amount of \$24,145 were made on this note, and interest expense in the amount of \$3,584 was recorded. During the six months ended June 30, 2015, principal payments in the aggregate amount of \$48,070 were made on this note, and interest expense in the amount of \$7,390 was recorded.	268,267	316,337
Note payable issued for acquisition of Diet at Your Doorstep's customer lists due on May 1, 2015, and with quarterly payments in the form of 10% of revenue attributed to sales to customers who transition to The Fresh Diet's meal plans. Total payments are capped at \$40,000. During the three months ended June 30, 2015, payments in the amount of \$0 were made on this loan. During the six months ended June 30, 2015, payments in the amount of \$0 were made on this loan.	17,935	17,935
Unsecured note payable for purchase of website domain bearing 0% interest rate and due on November 20, 2017, with monthly payments of \$1,065. During the three months ended June 30, 2015, principal payments in the amount of \$3,195 were made on this loan. During the six months ended June 30, 2015, principal payments in the amount of \$6,390 were made on this loan	22,355	28,745
Capital lease obligations under a master lease agreement for vehicles payable in monthly installments, including interest rate ranging from 2.32% to 7.5%, due on various dates through December 1, 2015, and collateralized by the vehicles. During the three months ended June 30, 2015, principal payments in the aggregate amount of \$54,107 were made on these capital leases, and interest expense in the amount of \$3,492 was recorded. During the six months ended June 30, 2015, principal payments in the aggregate amount of \$115,193 were made on these capital leases, and interest expense in the amount of \$8,201 was recorded.	111,204	226,397
Secured vehicle lease payable at an effective interest rate of 8.26% for purchase of a truck payable in monthly installments (including principal and interest) of \$519 through June 2015. During the three months ended June 30, 2015, the Company made payments in the aggregate amount of \$1,558 on this lease, consisting of \$1,537 of principal and \$21 of interest. During the six months ended June 30, 2015, the Company made payments in the aggregate amount of \$3,116 on this lease, consisting of \$3,042 of principal and \$74 of interest.	-	3,042
Total	\$ 5,155,951	\$ 4,673,704
Less: Discount	(198,364)	(396,678)
Net	\$ 4,957,587	\$ 4,277,026
	June 30, 2015	December 31, 2014
Current maturities, net of discount	\$ 1,223,718	\$ 825,311
Long-term portion, net of discount	3,733,869	3,451,715
Total	\$ 4,957,587	\$ 4,277,026

	For the Three Months Ended June 30,	
	2015	2014
Discount on Notes Payable amortized to interest expense:	\$ 99,157	\$ 232,741

	For the Six Months Ended June 30,	
	2015	2014
Discount on Notes Payable amortized to interest expense:	\$ 198,314	\$ 492,776

At June 30, 2015 and December 31, 2014, the Company had unamortized discounts to notes payable in the aggregate amount of \$198,364 and \$396,678, respectively.

Beneficial Conversion Features

The Company calculates the fair value of any beneficial conversion features embedded in its convertible notes via the Black-Scholes valuation method. The Company also calculates the fair value of any detachable warrants offered with its convertible notes via the Black-Scholes valuation method. The instruments were considered discounts to the notes, to the extent the aggregate value of the warrants and conversion features did not exceed the face value of the notes. These discounts were amortized to interest expense via the effective interest method over the term of the notes. The Company did not issue any debt with beneficial conversion features during the three and six months ended June 30, 2015 or June 30, 2014.

14. RELATED PARTY TRANSACTIONS

For the six months ended June 30, 2015:

During the six months ended June 30, 2015, the Company extended the expiration date to December 31, 2015 of certain options to purchase a total of 277,500 shares of the Company's common stock which were held by board members and key employees. The Company valued the options at the extended due dates using the Black-Scholes valuation model, and charged the amount of \$146 to operations during the period ended June 30, 2015. (See note 16).

At June 30, 2015, the Company has loans receivable outstanding in the aggregate amount of \$426,342 from four individuals who were previously owners of The Fresh Diet. The Company also has a loan receivable in the amount of \$34,899 from a previously related entity.

For the six months ended June 30, 2014:

Pursuant to the terms of the Artisan Acquisition Agreement, the Company made payments in the aggregate amount of \$77,581 to David Vohaska. Mr. Vohaska is no longer a related party.

Pursuant to a settlement agreement, the Company purchased 85,950 shares of its common stock from Michael Ferrone, an individual owning greater than 5% of the outstanding shares of the Company. The purchase price was \$60,000 or \$0.698 per share. These shares were returned to the Company treasury.

15. COMMITMENT AND CONTINGENT LIABILITIES

Pursuant to the OFB acquisition, the Company is contingently liable for certain performance-based payments over the twenty-four months following the acquisition date. The Company believes it is likely that these payments will be made, and accordingly recorded the entire amount of \$225,000 as a contingent liability on its balance sheet at acquisition. During the three and six months ended June 30 2015, payments in the aggregate amount of \$26,250 and \$52,500 have been made under this contingent liability; at June 30, 2015, the balance of the contingent liability is \$120,000 related to the OFB acquisition.

The Company has recorded a contingent liability of \$450,000 representing the estimated potential amounts payable pursuant to certain litigation discussed below.

Litigation

From time to time, the Company may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business.

On June 1, 2012, nine persons, on behalf of themselves and others similarly situated, filed a Collective and Class Action Complaint in the New York Federal District Court, Southern District, against Late Night Express Courier Services, Inc. (FL) (“LNE”) and The Fresh Diet Inc. (“The Fresh Diet”) and certain individuals entitled Hernandez, et al. v. The Fresh Diet Inc., et al., Case No. 12 CV 4339. On or about October 26, 2012, Plaintiffs filed an Amended Complaint (“Complaint”) adding additional individual Defendants. The Complaint seeks to recover alleged unpaid overtime wages on behalf of drivers for LNE who delivered meals to The Fresh Diet customers in the tri-state area. In an opinion dated September 29, 2014 (“Opinion”), the District Court Judge denied the Plaintiffs’ motion for Summary Judgment which sought a holding that all the Plaintiffs were employees of Defendants, as was Defendants’ cross-motion for Summary Judgment seeking a holding that Plaintiffs were independent contractors, the Court finding that there were questions of fact that could not be resolved on motions. In addition, the Plaintiffs’ motion to certify a class of 109 drivers was denied. In the same Opinion, Defendants’ motion to decertify the case from 29 potential opt-in Plaintiffs down to the 9 named Plaintiffs was granted, and the possible claims of the remaining 20 were dismissed without prejudice. On or about February 24, 2015, a second action was filed in the New York Federal District Court, Southern District, on behalf of 6 (of the 20) additional driver-Plaintiffs entitled Hernandez, et al. v. The Fresh Diet Inc., et al. 15 CV 1338, containing essentially the same allegations, and adding the Company as a party defendant because of its acquisition of LNE. In addition, two of the Plaintiffs from the Complaint also joined the second lawsuit asserting claims for retaliation. The two cases were assigned to the same Federal Judge (since they are related), but were not consolidated for discovery or trial. Prior to the second action and on January 21, 2015, the parties appeared before Federal Magistrate Judge Cott for mediation. The Magistrate Judge did not succeed in settling the case. On March 17, 2015, the Federal Judge stayed both cases, and referred both of them to the Court’s mediation program for further mediation within 60 days. The mediator did not succeed and the Company is considering moving for summary judgment in the first action and dismissal on the pleadings in the second action. With respect to the second instituted litigation, inasmuch as the litigation is in its early phase and discovery has not commenced it is too speculative to predict an outcome. However, we believe we will have available to us many of the same defenses as in the first litigation. Accordingly, given the uncertainty of both of these cases and given the additional Plaintiffs in the second action, the Company has recorded a contingent liability of \$450,000 representing the estimated potential amounts payable in the litigations, even though it is possible that the amount of liability or settlement may actually be less than the reserved amount.

16. EQUITY

Common Stock

At June 30, 2015 and December 31, 2014, a total of 700,663 shares are deemed issued but not outstanding by the Company.

Six months ended June 30, 2015:

On March 6, 2015, we completed a round of financing of \$3,065,904 through the sale of 3,178,420 restricted shares of our common stock at a price per share of \$0.9646. Simultaneously, we also raised an additional \$1,226,978 through the sale of 943,829 restricted shares of our common stock at a price per share of \$1.30 for total proceeds of \$4,288,596. Approximately 2.1 Million shares are subject to a one year lock up. No warrants or other convertible securities were involved in the financing and the financing was completed by officers of the Company without requiring the services of a placement agent or the payment of any fees or commissions. The financing was an exempt private placement under Regulation D (Rule 506(b)) with offers and sales made only to “accredited investors” without the use of public advertising.

On March 6, 2015, the Company paid \$3,000,000 cash for the purpose of acquiring, in a block sale, the shares of Monolith Ventures Ltd, a former shareholder of The Fresh Diet, who agreed to sell its position of 3,110,063 shares at a price of \$0.9646 per share. The Company cancelled these 3,110,063 shares during the three months ended March 31, 2015.

On March 18, 2015, the Company issued 727,272 shares of common stock to Alpha Capital Anstalt for cash proceeds of \$400,000 upon the exercise of warrants with an exercise price of \$0.55 per share.

On April 21, 2015, the Company issued 150,000 shares of common stock to Lou Haley, at \$0.25 per share, which was previously accrued in the amount of \$37,500 pursuant to the terms of the acquisition of The Haley Group.

On March 28, 2015, the Company issued 40,000 shares of common stock to Michael Ferrone pursuant to the exercise of 40,000 stock options with an exercise price of \$0.38 per share, for cash proceeds of \$15,200.

On June 4, 2015, the Company agreed to issue 150,000 shares of common stock Michael Ferrone pursuant to the exercise of 150,000 stock options with a weighted average exercise price of \$0.444 per share, for cash proceeds of \$66,600.

On June 1, 2015, the Company agreed to issue 30,000 shares of common stock with a fair value of \$39,000 (or \$1.30 per share) to a service provider.

Six months ended June 30, 2014:

The Company issued 804,835 shares of common stock for the conversion of principal in the amount of \$120,583 and accrued interest in the amount of \$80,627 for a total conversion value of \$201,210.

The Company issued 16,203 shares of common stock for the cashless exercise of warrants.

The Company purchased 85,950 shares of the Company's outstanding common stock. The purchase price was \$60,000 and the Company recorded the transaction at cost to Treasury Stock. In addition, the Company has an additional 400,304 shares of common stock which are held in treasury stock at a cost of \$100,099.

Warrants

The following table summarizes the significant terms of warrants outstanding at June 30, 2015. These warrants may be settled in cash and, unless the underlying shares are registered, via cashless conversion, into shares of the Company's common stock at the request of the warrant holder. These warrants were granted as part of a financing agreement:

<u>Range of exercise Prices</u>	<u>Number of warrants Outstanding</u>	<u>Weighted average remaining contractual life (years)</u>	<u>Weighted average exercise price of outstanding Warrants</u>	<u>Number of warrants Exercisable</u>	<u>Weighted average exercise price of exercisable Warrants</u>
\$ 0.010	700,000	4.88	\$ 0.010	700,000	\$ 0.010
\$ 0.250	94,783	0.59	\$ 0.250	94,783	\$ 0.250
\$ 0.550	448,011	1.59	\$ 0.550	448,011	\$ 0.550
\$ 0.575	2,828,405	1.59	\$ 0.575	2,828,405	\$ 0.575
	<u>4,071,199</u>	<u>2.14</u>	<u>\$ 0.468</u>	<u>4,071,199</u>	<u>\$ 0.468</u>

Transactions involving warrants are summarized as follows:

	<u>Number of Warrants</u>	<u>Weighted Average Exercise Price</u>
Warrants outstanding at December 31, 2014	4,798,469	\$ 0.480
Granted	-	-
Exercised	(727,270)	0.550
Cancelled / Expired	-	-
Warrants outstanding at June 30, 2015	<u>4,071,199</u>	<u>\$ 0.468</u>

During the six months ended June 30, 2015, warrants to purchase a total of 727,270 shares of common stock at a price of \$0.55 were exercised for a total of \$400,000. During the six months ended June 30, 2014, warrants to purchase a total of 18,841 shares of common stock at a price of \$0.25 were exercised in cashless conversion transactions; this resulted in the net issuance of 16,203 shares of common stock.

Options

The following table summarizes the changes outstanding and the related prices for the options to purchase shares of the Company's common stock issued by the Company:

Range of exercise Prices	Number of options Outstanding	Weighted average Remaining contractual life (years)	Weighted average exercise price of outstanding Options	Number of options Exercisable	Weighted average exercise price of exercisable Options
\$ 0.350	1,170,000	2.17	\$ 0.350	1,170,000	\$ 0.350
\$ 0.380	92,500	0.50	\$ 0.380	92,500	\$ 0.380
\$ 0.400	275,000	1.51	\$ 0.400	150,000	\$ 0.400
\$ 0.450	92,500	0.50	\$ 0.450	92,500	\$ 0.450
\$ 0.474	92,500	0.50	\$ 0.474	92,500	\$ 0.474
\$ 0.480	92,500	0.50	\$ 0.480	92,500	\$ 0.480
\$ 0.570	225,000	2.51	\$ 0.570	225,000	\$ 0.570
\$ 1.310	75,000	3.18	\$ 1.310	12,500	\$ 1.310
\$ 1.440	15,000	1.34	\$ 1.440	15,000	\$ 1.440
\$ 1.460	100,000	3.00	\$ 1.460	100,000	\$ 1.460
\$ 1.600	310,000	2.51	\$ 1.600	310,000	\$ 1.600
\$ 1.900	15,000	2.34	\$ 1.900	15,000	\$ 1.900
\$ 2.000	500,000	1.67	\$ 2.000	500,000	\$ 2.000
\$ 2.400	20,000	2.92	\$ 2.400	20,000	\$ 2.400
\$ 3.400	30,000	2.92	\$ 3.400	30,000	\$ 3.400
	<u>3,120,000</u>	<u>1.95</u>	<u>\$ 0.890</u>	<u>2,932,500</u>	<u>\$ 0.902</u>

Transactions involving stock options are summarized as follows:

	Number of Shares	Weighted Average Exercise Price
Options outstanding at December 31, 2014	3,245,000	\$ 0.822
Granted	65,000	\$ 2.654
Exercised	(190,000)	0.431
Cancelled / Expired	-	\$ -
Options outstanding at June 30, 2015	<u>3,120,000</u>	<u>\$ 0.890</u>

Aggregate intrinsic value of options outstanding and exercisable at June 30, 2015 and 2014 was \$1,553,630 and \$1,473,620, respectively. Aggregate intrinsic value represents the difference between the Company's closing stock price on the last trading day of the fiscal period, which was \$1.16 and \$1.20 as of June 30, 2015 and 2014, respectively, and the exercise price multiplied by the number of options outstanding.

During the six months ended June 30, 2015, the Company extended the expiration date of certain options to purchase a total of 277,500 shares of the Company's common stock which were held by board members and key employees. The expiration dates of options to purchase 92,500 shares of common stock at a price of \$0.38 per share were extended from March 31, 2015 to December 31, 2015; the expiration dates of options to purchase 92,500 shares of common stock at a price of \$0.45 per share were extended from June 30, 2015 to December 31, 2015; and the expiration dates of options to purchase 92,500 shares of common stock at a price of \$0.474 per share were extended from September 30, 2015 to December 31, 2015. The Company valued the options at the extended due dates using the Black-Scholes valuation model, and charged the amount of \$146 to operations during the period ended March 31, 2015.

During the three and six months ended June 30, 2015, the Company charged a total of \$16,854 and \$85,914, respectively, to operations related to recognized stock-based compensation expense for employee stock options; during the three and six months ended June 30, 2014, the Company charged a total of \$39,245 and \$47,958, respectively, to operations related to recognized stock-based compensation expense for employee stock options.

Accounting for warrants and stock options

The Company valued warrants and options using the Black-Scholes valuation model utilizing the following variables:

	June 30, 2015	June 30, 2014
Volatility	47.35%	187.68%
Dividends	\$ -	\$ -
Risk-free interest rates	0.99%	0.37%
Term (years)	3.00	4.00

Restricted Stock Units ("RSUs")

The Company has issued restricted stock units ("RSUs") for the potential issuance of shares of the Company's common stock for the purpose of aligning executives and employees of the Company and for the purpose of compensation for serving as members of the Board of Directors of the Company and for the purposes of retaining qualified personnel at compensation levels that otherwise would not be available should the company have been required to pay certain salaries in cash only. Certain of the RSUs were issued to employees of The Fresh Diet ("Employee RSUs") and certain RSUs were issued to the executive officers of the Company ("Executive RSUs") and certain RSUs were issued to members of the board of directors of the Company ("Board RSUs"). With respect to the Executive RSUs, the Company's executive officers were awarded an aggregate number of RSUs which vest according the following schedule, provided the performance conditions are met: 322,466 RSU's vest on January 1, 2015, 390,000 RSUs vest on July 1, 2015 and 300,000 RSU's vest on December 31, 2015; 75,000 RSU's vest on May 1, 2016, 90,000 RSU's vest on July 1, 2016 and 600,000 RSUs vest on December 31, 2016 and 890,000 RSUs vest on July 1, 2017 and 300,000 RSU's vest solely upon the achievement of performance goals and the continued employment with the Company. The members of the Company's Board of Directors were awarded an aggregate number of RSU's which vest according to the following schedule: 270,000 RSU's vest on July 1, 2015; 270,000 RSU's vest on July 1, 2016; and 270,000 RSU's vest on July 1, 2017.

The Employee RSUs issued to certain nonexecutive employees of the Company were issued either partially in lieu of salary, future bonuses or a combination of both bonus and salary. The Employee RSUs vest according to the following schedule: On July 1, 2015 600,000 shares will vest and on December 31, 2015 an additional 600,000 shares will vest. On December 31, 2016 an additional 1.2 million shares will vest and an additional 1.6 million shares will vest on July 1, 2017. Vesting is contingent on being an employee of the Company at the time of vesting. In addition, there are restrictions on the sale of such vested stock including aggregate volume restrictions and no Employee RSU shares can be sold below \$2.50 per share. In addition, up to an additional 25,000 shares will vest on a monthly basis. Vesting is contingent on continued employment at the time of vesting and the Company stock price closing above \$2.50 per share for 20 straight days. In addition there are restrictions on the sale of such vested stock including aggregate volume restrictions and no shares can be sold below \$2.50 per share.

The Company estimated that the stock-price goals of the Company's stock price closing above \$2.50 per share for 20 straight days have a 90% likelihood of achievement, and these RSUs were valued at 90% of their face value. The Company estimated that the revenue targets had a 100% likelihood of achievement, and these RSUs were valued at 100% of their face value. We recognized stock-based compensation expense of in a straight-line manner over the vesting period of the RSUs. This resulted in stock-based compensation expense of \$690,397 and \$2,159,050, respectively, related to recognition of RSUs during the three and six months ended June 30, 2015.

17. NONCONTROLLING INTEREST

The carrying value and ending balance of the noncontrolling interest at June 30, 2015 was calculated as follows:

Balance of noncontrolling interest at December 31, 2014	\$	1,184
Loss attributable to noncontrolling interest for the six months ended June 30, 2015		(1,544)
Ending balance of noncontrolling interest at June 30, 2015	\$	(360)

18. SUBSEQUENT EVENT

On August 7, 2015, the Company entered into a Second Amendment to Restated Loan Agreement with Fifth Third Bank which had the effect of, among other things, (i) increasing the revolving loan facility by \$500,000 to \$1.5 million and extending its Maturity Date from November 26, 2015 to August 1, 2016 and (ii) establishing a new credit facility in the amount of \$1 million due December 1, 2015 accruing interest at the LIBOR Rate plus 4%.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD LOOKING STATEMENTS

The following discussion should be read in conjunction with the consolidated financial statements and the related notes thereto, as well as all other related notes, and financial and operational references, appearing elsewhere in this document.

Certain information contained in this discussion and elsewhere in this report may include "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, and is subject to the safe harbor created by that act. The safe harbor created by the Private Securities Litigation Reform Act will not apply to certain "forward looking statements" because we issued "penny stock" (as defined in Section 3(a)(51) of the Securities Exchange Act of 1934 and Rule 3(a)(51-1) under the Exchange Act) during the three year period preceding the date(s) on which those forward looking statements were first made, except to the extent otherwise specifically provided by rule, regulation or order of the Securities and Exchange Commission. We caution readers that certain important factors may affect our actual results and could cause such results to differ materially from any forward-looking statements which may be deemed to have been made in this Report or which are otherwise made by or on our behalf. For this purpose, any statements contained in this report that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the generality of the foregoing, words such as "may", "will", "expect", "believe", "explore", "consider", "anticipate", "intend", "could", "estimate", "plan", "propose" or "continue" or the negative variations of those words or comparable terminology are intended to identify forward-looking statements. Factors that may affect our results include, but are not limited to, the risks and uncertainties associated with:

- Our ability to raise capital necessary to sustain our anticipated operations and implement our business plan,
- Our ability to implement our business plan,
- Our ability to generate sufficient cash to pay our lenders and other creditors,
- Our ability to integrate the operations of our acquired businesses,
- Our dependence on one major customer,
- Our ability to employ and retain qualified management and employees,
- Our dependence on the efforts and abilities of our current employees and executive officers,
- Changes in government regulations that are applicable to our current or anticipated business,
- Changes in the demand for our services,
- The degree and nature of our competition,
- The lack of diversification of our business plan,
- The general volatility of the capital markets and the establishment of a market for our shares, and
- Disruption in the economic and financial conditions primarily from the impact of past terrorist attacks in the United States, threats of future attacks, police and military activities overseas and other disruptive worldwide political and economic events and environmental weather conditions.

We are also subject to other risks detailed from time to time in our other filings with Securities and Exchange Commission and elsewhere in this report. Any one or more of these uncertainties, risks and other influences could materially affect our results of operations and whether forward-looking statements made by us ultimately prove to be accurate. Our actual results, performance and achievements could differ materially from those expressed or implied in these forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether from new information, future events or otherwise.

Critical Accounting Policy and Estimates

Use of Estimates in the Preparation of Financial Statements

The preparation of these financial statements included in this report requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. These estimates include certain assumptions related to doubtful accounts receivable, stock-based services, valuation of financial instruments, and income taxes. On an on-going basis, we evaluate these estimates, including those related to revenue recognition and concentration of credit risk. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe our estimates have not been materially inaccurate in past years, and our assumptions are not likely to change in the foreseeable future.

Doubtful Accounts Receivable

The Company maintained an allowance in the amount of \$36,440 for doubtful accounts receivable at June 30, 2015, and \$46,145 at June 30, 2014. The Company has an operational relationship of several years with our major customers, and we believe this experience provides us with a solid foundation from which to estimate our expected losses on accounts receivable. Should our sales mix change or if we develop new lines of business or new customers, these estimates and our estimation process will change accordingly. These estimates have been accurate in the past.

Fair Value of Financial Instruments

The Company measures its financial assets and liabilities in accordance with accounting principles generally accepted in the United States of America. The estimated fair values approximate their carrying value because of the short-term maturity of these instruments or the stated interest rates are indicative of market interest rates. These fair values have historically varied due to the market price of the Company's stock at the date of valuation. Generally, these liabilities increased as the price of the Company's stock increased (with resultant gain), and decreased as the Company's stock decreased (yielding a loss). In December 2012, the Company removed these liabilities from its balance sheet by reclassifying them as equity.

Income Taxes

The Company has a history of losses, and as such has recorded no liability for income taxes. Until such time as the Company begins to provide evidence that a continued profit is a reasonable expectation, management will not determine that there is a basis for accruing an income tax liability. These estimates have been accurate in the past.

Background

We were initially formed in June 1979 as Alpha Solarco Inc., a Colorado corporation. From June 1979 through February 2003, we were either inactive or involved in discontinued business ventures. We changed our name to Fiber Application Systems Technology, Ltd in February 2003. In January 2004, we changed our state of incorporation by merging into Innovative Food Holdings, Inc. (IVFH), a Florida corporation formed for that purpose. As a result of the merger, we changed our name to Innovative Food Holdings, Inc. In January 2004, we also acquired Food Innovations, Inc. ("FII" or "Food Innovations"), a Delaware corporation, for 500,000 shares of our common stock.

On May 18, 2012, the Company executed a Stock Purchase Agreement to acquire all of the issued and outstanding shares of Artisan Specialty Foods, Inc. from its owner, Mr. David Vohaska. The purchase price was \$1.2 million, with up to another \$300,000 (with a fair value of \$131,000) payable in the event certain financial milestones are met over the next one or two years. Those milestones have been met. The purchase price was primarily financed via a loan from Alpha Capital in the principal amount of \$1,200,000. The loan was repaid in November 2013 via the issuance of a loan from Fifth Third Bank. Prior to the acquisition, Artisan was a supplier and had sold products to the Company.

Pursuant to an asset purchase agreement, effective November 2, 2012, the Company purchased assets of The Haley Group, LLC. Pursuant to a stock purchase agreement, effective June 30, 2014, the Company purchased 100% of the membership interests of Organic Food Brokers, LLC.

On August 15, 2014, pursuant to a merger agreement, the Company acquired The Fresh Diet, Inc. ("FD") through a reverse triangular merger as the registrant created a subsidiary corporation that merged with and into FD with FD being the surviving corporation and becoming a wholly-owned subsidiary of the Company. The purchase price consisted of 10,000,000 shares of the Company's common stock valued at \$14,000,000. During the three months ended March 31, 2015, the company cancelled 3,110,063 of these shares with a value of \$4,354,088 in exchange for a cash payment of \$3,000,000 to former Fresh Diet shareholders. At the time of acquisition, the majority of FD's current liabilities consisted of approximately \$3.8 million of deferred revenues and approximately \$2.1 million in short term commercial loans and there were additional ordinary course of business expenses such as trade payables, payroll and sales taxes which vary from month to month. In addition, it had some long term obligations the bulk of which consist of interest free loans from FD's former shareholders in the amount of approximately \$2.2 million which are not due for three years. Prior to the merger FD had purchased an immaterial amount of product from the Company. FD operates as an independent subsidiary subject to oversight of its board of directors and the Company's President and CEO.

Transactions With a Major Customer

Transactions with a major customer and related economic dependence information is set forth immediately below and above in Note 2 to the Condensed Consolidated Financial Statements and also in our Annual Report on Form 10-K for the year ended December 31, 2014 (1) following our discussion of Liquidity and Capital Resources, (2) Concentrations of Credit Risk in Note 2 to the Condensed Consolidated Financial Statements, and (3) as the fourth item under Risk Factors.

Relationship with U.S. Foods

The Company's largest customer, US Foods, Inc. and its affiliates, accounted for approximately 43% and 72% of total sales in the three months ended June 30, 2015 and 2014, respectively. During the six months ended June 30, 2015 and 2014, sales to USF accounted for 43% and 74% of total sales, respectively. A contract between our subsidiary, Food Innovations, Inc. and USF entered an optional renewal period in December 2012 but was automatically extended for an additional 12 months in each of January 1, 2013 and 2014. On January 26, 2015 we executed a Vendor Program Agreement between Food Innovations, Inc., our wholly-owned subsidiary, and U.S. Foods, Inc. The term of the Agreement is from January 1, 2015 through December 31, 2016 and provides for up to three (3) automatic annual renewals thereafter if no party gives the other 30 days' notice of its intent not to renew.

RESULTS OF OPERATIONS

The following is a discussion of our financial condition and results of operations for the three and six months ended June 30, 2015 and 2014.

This discussion may contain forward looking-statements that involve risks and uncertainties. Our future results could differ materially from the forward looking-statements discussed in this report. This discussion should be read in conjunction with our unaudited condensed consolidated financial statements, the notes thereto and other financial information included elsewhere in the report.

Three Months Ended June 30, 2015 Compared to Three Months Ended June 30, 2014

Revenue

Revenue increased by \$6,083,474 or approximately 94% to \$12,532,501 for the three months ended June 30, 2015 from \$6,449,027 in the prior year. Approximately \$4,898,851 (or 80%) of the increase was attributable to revenue associated with The Fresh Diet, Inc. which the Company acquired effective August 15, 2014, and approximately \$1,184,623 of the increase was due to organic growth of the Company.

We continue to assess the potential of new revenue sources from the manufacture and sale of proprietary food products and additional sales channel opportunities in both the foodservice and consumer space and will implement that strategy if, based on our analysis, we deem it beneficial to us.

Any changes in the food distribution, specialty foods and direct to consumer delivered meals operating landscape that materially hinders our current ability and/or cost to deliver our products to our customers could potentially cause a material impact on our net revenue and gross margin and, therefore, our profitability and cash flows could be adversely affected.

Currently, a small portion of our revenues comes from imported products or international sales. Our current sales from such segments may be hampered and negatively impacted by any economic tariffs that may be imposed in the United States or in foreign countries.

See "Transactions with Major Customers" and the Securities and Exchange Commission's ("SEC") mandated FR-60 disclosures following the "Liquidity and Capital Resources" section for a further discussion of the significant customer concentrations, loss of significant customer, critical accounting policies and estimates, and other factors that could affect future results.

Cost of goods sold

Our cost of goods sold for the three months ended June 30, 2015 was \$8,770,802, an increase of \$4,306,526 or approximately 96% compared to cost of goods sold of \$4,464,276 for the three months ended June 30, 2014. The increase was primarily attributable to costs associated with The Fresh Diet, which the Company acquired effective August 15, 2014 and to an increase in organic revenues. Cost of goods sold is made up of the following expenses for the three months ended June 30, 2015: cost of goods of specialty, meat, game, cheese, seafood, poultry and other sales categories in the amount of \$3,863,547; and kitchen operating expenses including payroll, rents, depreciation, and preparation; shipping and delivery expenses including payroll and handling; and purchase allowance expenses in the amount of \$4,907,255. Total gross margin was approximately 30.0% of sales in 2015, compared to approximately 30.8% of sales in 2014. The decrease in gross margins for 2015 are primarily attributable to the operations of The Fresh Diet which we acquired on August 15, 2014. The operations of The Fresh Diet also included a non-cash operational charge associated with the valuation of deferred revenues which had the effect of lowering Fresh Diet's gross margin.

In 2015, we continued to price our products in order to gain market share and increase the number of our end users. We were successful in both increasing sales and increasing market share. We currently expect, if market conditions and our product revenue mix remain constant, that our cost of goods sold will either remain stable or possibly improve slightly.

Selling, general and administrative expenses

Selling, general, and administrative expenses increased by \$4,277,784 or approximately 328% to \$5,580,890 during the three months ended June 30, 2015 compared to \$1,303,106 for the three months ended June 30, 2014. The increase in selling, general, and administrative expenses was primarily due to costs associated with The Fresh Diet, which the Company acquired effective August 15, 2014.

Interest expense

Interest expense, net of interest income, decreased by \$122,342 or approximately 48% to \$132,162 during the three months ended June 30, 2015, compared to \$254,504 during the three months ended June 30, 2014. Approximately 25% or \$33,005 of the interest expense was accrued or paid interest on the company's notes payable; approximately 75% or \$99,157 of the interest was a non-cash GAAP accounting charge associated with the amortization of the discounts on the Company's notes payable.

Net (Loss) Income attributable to Innovative Food Holdings, Inc.

For the reasons above, the Company had a net loss for the three months ended June 30, 2015 of (\$1,951,353) which is an increase in loss of (\$2,378,494) or approximately 557% compared to a net income of \$427,141 during the three months ended June 30, 2014, although approximately \$1,623,664 or 83%, of such loss was due to non-cash GAAP accounting charges including the amortization of the discount on deferred revenues acquired, non-cash compensation expense and amortization of discounted notes.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014

Revenue

Revenue increased by \$11,711,825 or approximately 98% to \$23,714,318 for the six months ended June 30, 2015 from \$12,002,493 in the prior year. Approximately \$9,503,820 (or 81%) of the increase was attributable to revenue associated with The Fresh Diet, Inc. which the Company acquired effective August 15, 2014, and approximately \$2,208,005 of the increase was due to organic growth of the Company. In addition, as a result of the acquisition, pursuant to GAAP accounting rules governing the fair value of deferred revenue in an acquisition, the Company's gross sales were reduced in the amount of \$361,227 due to the amortization of the discount on acquired deferred revenue.

We continue to assess the potential of new revenue sources from the manufacture and sale of proprietary food products and additional sales channel opportunities in both the foodservice and consumer space and will implement that strategy if, based on our analysis, we deem it beneficial to us.

Any changes in the food distribution, specialty foods and direct to consumer delivered meals operating landscape that materially hinders our current ability and/or cost to deliver our products to our customers could potentially cause a material impact on our net revenue and gross margin and, therefore, our profitability and cash flows could be adversely affected.

Currently, a small portion of our revenues comes from imported products or international sales. Our current sales from such segments may be hampered and negatively impacted by any economic tariffs that may be imposed in the United States or in foreign countries.

See "Transactions with Major Customers" and the Securities and Exchange Commission's ("SEC") mandated FR-60 disclosures following the "Liquidity and Capital Resources" section for a further discussion of the significant customer concentrations, loss of significant customer, critical accounting policies and estimates, and other factors that could affect future results.

Cost of goods sold

Our cost of goods sold for the six months ended June 30, 2015 was \$16,956,107, an increase of \$8,761,976 or approximately 107% compared to cost of goods sold of \$8,194,131 for the six months ended June 30, 2014. The increase was primarily attributable to costs associated with The Fresh Diet, which the Company acquired effective August 15, 2014 and to an increase in organic revenues. Cost of goods sold is made up of the following expenses for the six months ended June 30, 2015: cost of goods of specialty, meat, game, cheese, seafood, poultry and other sales categories in the amount of \$7,297,450; and kitchen operating expenses including payroll, rents, depreciation, and preparation; shipping and delivery expenses including payroll and handling; and purchase allowance expenses in the amount of \$9,658,657. Total gross margin was approximately 28.5% of sales in 2015, compared to approximately 31.7% of sales in 2014. The decrease in gross margins for 2015 are primarily attributable to the operations of The Fresh Diet which we acquired on August 15, 2014. The operations of The Fresh Diet also included a non-cash operational charge associated with the valuation of deferred revenues which had the effect of lowering Fresh Diet's gross margin.

In 2015, we continued to price our products in order to gain market share and increase the number of our end users. We were successful in both increasing sales and increasing market share. We currently expect, if market conditions and our product revenue mix remain constant, that our cost of goods sold will either remain stable or possibly improve slightly.

Selling, general and administrative expenses

Selling, general, and administrative expenses increased by \$7,791,069 or approximately 292% to \$10,462,286 during the six months ended June 30, 2015 compared to \$2,671,217 for the six months ended June 30, 2014. The increase in selling, general, and administrative expenses was primarily due to costs associated with The Fresh Diet, which the Company acquired effective August 15, 2014.

Other Income

Other income was \$0 during the six months ended June 30, 2015 compared to \$20,000 for the six months ended June 30, 2014, which was due to the adjustment of the contingent liability due to The Haley Group, LLC pursuant to the terms of the Haley acquisition.

Interest expense

Interest expense, net of interest income, decreased by \$277,366 or approximately 51% to \$263,932 during the six months ended June 30, 2015, compared to \$541,298 during the six months ended June 30, 2014. Approximately 25% or \$65,618 of the interest expense was accrued or paid interest on the company's notes payable; approximately 75% or \$198,314 of the interest was a non-cash GAAP accounting charge associated with the amortization of the discounts on the Company's notes payable.

Net Income attributable to variable interest entities

During the six months ended June 30, 2015, the Company recognized income of \$1,544 from a variable interest entity acquired as part of the acquisition of The Fresh Diet during the current period. There was no such income or loss in the comparable period of the prior year.

Net (Loss) Income attributable to Innovative Food Holdings, Inc.

For the reasons above, the Company had a net loss for the six months ended June 30, 2015 of \$3,966,463 which is an increase in loss of (\$4,583,854) or approximately 744% compared to a net income of \$615,847 during the six months ended June 30, 2014, although approximately \$2,482,424 or 63%, of such loss was due to non-cash GAAP accounting charges including the amortization of the discount on deferred revenues acquired, non-cash compensation expense and amortization of discounted notes.

Liquidity and Capital Resources

As of June 30, 2015, the Company had current assets of \$5,547,701 consisting of cash and cash equivalents of \$1,797,506; trade accounts receivable of \$1,466,690; inventory of \$1,204,922; other current assets of \$617,342; and amount due from related parties of \$461,241. Also at June 30, 2015, the Company had current liabilities of \$12,113,710, consisting of deferred revenue of \$4,153,797; accounts payable and accrued liabilities of \$4,261,065 (of which \$343,891 was payable to related parties); amount due under revolving credit facilities of \$132,704; accrued interest of \$703,226 (of which \$343,891 was payable to related parties); current portion of notes payable, net of discounts, of \$1,113,218; contingent liabilities of \$570,000; and current portion of notes payable – related parties of \$110,500. In addition, current liabilities included a deferred tax liability of \$1,069,200, which is related to intangible assets acquired in The Fresh Diet transaction. The deferred tax liability may be adjusted based on the value of assets but does not affect the Company's current profitability or current cash obligations.

During the six months ended June 30, 2015, the Company had cash used in operating activities in the amount of \$2,245,502. This consisted of the Company's net loss of \$(3,968,007), offset by non-cash charges for the amortization of discount on notes payable of \$198,314; depreciation and amortization of \$608,839; and stock based compensation in the amount of \$2,284,110. The Company's cash position also decreased by \$1,368,758 as a result of changes in the components of current assets and current liabilities.

The Company had cash used in investing activities of \$4,094,054 for the six months ended June 30, 2015, which consisted of \$3,000,000 cash paid to re-acquire shares originally issued in The Fresh Diet acquisition; and \$1,094,054 for the purchase of property and equipment.

The Company had cash generated by financing activities of \$5,024,536 for the six months ended June 30, 2015, which consisted of \$4,288,596 from the sale of common stock and \$481,060 from the exercise of options and warrants, and \$980,000 from the issuance of notes payable, offset by \$228,167 of payments (net of borrowings) on revolving credit facilities; and principal payments on notes payable and capital leases of \$497,753 (including \$111,111 on the Fifth Third Bank Term Loan).

The Company had net working capital deficit of \$6,566,009 as of June 30, 2015. We have generated positive cash flow from operations during the years ended December 31, 2014 and 2013. In addition, the Company's auditors previously removed the going concern qualification to the audit opinion on the Company's financial statements for the year ended December 31, 2012. The Company intends to continue to focus on increasing market share and cash flow from operations by focusing its sales activities on specific market segments and new product lines. Currently, we do not have any material long-term obligations other than those described in Note 13 to the financial statements included in this report. As we seek to increase our sales of new items and enter new markets, acquire new businesses as well as identify new and other consumer and food service oriented products and services, we may use existing cash reserves, long-term financing, or other means to finance such diversification.

On March 6, 2015 we completed a round of financing of \$3,078,998 through the sale of 3,178,420 restricted shares of our common stock at a price per share of \$0.9646, primarily for the purpose of acquiring, in a block sale, the shares of Monolith Ventures Ltd, a former shareholder of The Fresh Diet, who agreed to sell its position of approximately 3 million shares at a price of \$0.9646 per share. Concurrently, Monolith Ventures Ltd. dismissed its previously reported litigation against the Company and exchanged mutual releases with the Company. Simultaneously, the Company also raised an additional \$1,209,596 through the sale of 943,829 restricted shares of the Company's common stock at a price per share of \$1.30. Approximately 2.1 Million shares are subject to a one year lock up. No warrants or other convertible securities were involved in the financing and the financing was completed by officers of the Company without requiring the services of a placement agent. The financing was an exempt private placement under Regulation D with offers and sales made only to "accredited investors" without the use of public advertising.

In March 2015, warrants to purchase 727,272 shares of the Company's common stock were exercised for cash of \$400,000.

In June 2015, options to purchase 150,000 shares of the Company's common stock were exercised for cash of \$66,600.

2015 Plans

During 2015, in addition to our efforts to increase sales in our existing foodservice operations we plan to attempt to expand our business by expanding our focus to additional specialty foods markets in both the consumer and foodservice sector, exploring potential acquisition opportunities and continuing to extend our focus from a mainly wholesale foodservice business directed towards chefs to expanding sales and market opportunities in the direct to consumer specialty food market through the growth of The Fresh Diet's existing sales channels and through a variety of direct to consumer sales channel relationships which are currently being explored. In addition we are currently exploring the introduction of a variety of new product categories and new product lines, to leverage our existing foodservice and consumer customer base.

No assurances can be given that any of these plans will come to fruition or that if implemented that they will necessarily yield positive results.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues, or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Inflation

In the opinion of management, inflation has not had a material effect on the Company's financial condition or results of its operations.

Subsequent Event

On August 7, 2015, the Company entered into a Second Amendment to Restated Loan Agreement with Fifth Third Bank which had the effect of, among other things, (i) increasing the revolving loan facility by \$500,000 to \$1.5 million and extending its Maturity Date from November 26, 2015 to August 1, 2016 and (ii) establishing a new credit facility in the amount of \$1 million due December 1, 2015 accruing interest at the LIBOR Rate plus 4%.

RISK FACTORS

The Company's business and success is subject to numerous risk factors as detailed in its Annual Report on Form 10-K for the year ended December 31, 2014 which is available at no cost at www.sec.gov.

ITEM 4 - CONTROLS AND PROCEDURES

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit pursuant to the requirements of the Securities Exchange Act of 1934 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, among other things, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive and financial officers, as appropriate, to allow timely decisions regarding required disclosure.

(a) Evaluation of disclosure controls and procedures

Our Principal Executive Officer and Principal Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Quarterly Report, have concluded that as of that date, our disclosure controls and procedures were adequate and effective to ensure that information required to be disclosed by us in the reports we file or submit with the Securities and Exchange Commission is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. The conclusions notwithstanding, you are advised that no system is foolproof.

(b) Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Exchange Act Rules 13a-15(d) and 15d-15 that occurred during the period covered by this Quarterly Report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, the Company may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business.

On June 1, 2012, nine persons, on behalf of themselves and others similarly situated, filed a Collective and Class Action Complaint in the New York Federal District Court, Southern District, against Late Night Express Courier Services, Inc. (FL) (“LNE”) and The Fresh Diet Inc. (“The Fresh Diet”) and certain individuals entitled Hernandez, et al. v. The Fresh Diet Inc., et al., Case No. 12 CV 4339. On or about October 26, 2012, Plaintiffs filed an Amended Complaint (“Complaint”) adding additional individual Defendants. The Complaint seeks to recover alleged unpaid overtime wages on behalf of drivers for LNE who delivered meals to The Fresh Diet customers in the tri-state area. In an opinion dated September 29, 2014 (“Opinion”), the District Court Judge denied the Plaintiffs’ motion for Summary Judgment which sought a holding that all the Plaintiffs were employees of Defendants, as was Defendants’ cross-motion for Summary Judgment seeking a holding that Plaintiffs were independent contractors, the Court finding that there were questions of fact that could not be resolved on motions. In addition, the Plaintiffs’ motion to certify a class of 109 drivers was denied. In the same Opinion, Defendants’ motion to decertify the case from 29 potential opt-in Plaintiffs down to the 9 named Plaintiffs was granted, and the possible claims of the remaining 20 were dismissed without prejudice. On or about February 24, 2015, a second action was filed in the New York Federal District Court, Southern District, on behalf of 6 (of the 20) additional driver-Plaintiffs entitled Hernandez, et al. v. The Fresh Diet Inc., et al. 15 CV 1338, containing essentially the same allegations, and adding the Company as a party defendant because of its acquisition of LNE. In addition, two of the Plaintiffs from the Complaint also joined the second lawsuit asserting claims for retaliation. The two cases were assigned to the same Federal Judge (since they are related), but were not consolidated for discovery or trial. Prior to the second action and on January 21, 2015, the parties appeared before Federal Magistrate Judge Cott for mediation. The Magistrate Judge did not succeed in settling the case. On March 17, 2015, the Federal Judge stayed both cases, and referred both of them to the Court’s mediation program for further mediation within 60 days. The mediator did not succeed and the Company is considering moving for summary judgment in the first action and dismissal on the pleadings in the second action. With respect to the second instituted litigation, inasmuch as the litigation is in its early phase and discovery has not commenced it is too speculative to predict an outcome. However, we believe we will have available to us many of the same defenses as in the first litigation. Accordingly, given the uncertainty of both of these cases and given the additional Plaintiffs in the second action, the Company has recorded a contingent liability of \$450,000 representing the estimated potential amounts payable in the litigations, even though it is possible that the amount of liability or settlement may actually be less than the reserved amount.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

[10.1 First Amendment to Restated Loan Agreement dated May 29, 2015 between the Company, certain of its subsidiaries and Fifth Third Bank.](#)

[10.2 Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated May 29, 2015 between the Company and Fifth Third Bank.](#)

[10.3 Note 4 dated May 29, 2015 between the Company and certain of its subsidiaries in favor of Fifth Third Bank.](#)

[10.4 Reaffirmation of Security Agreement dated May 29, 2015 between the Company, certain of its subsidiaries and Fifth Third Bank.](#)

[10.5 Second Amendment to Restated Loan Agreement dated August 7, 2015 between the Company, certain of its subsidiaries and Fifth Third Bank.](#)

[10.6 Note 2 \(Renewal and Increase\) dated August 7, 2015 between the Company and certain of its subsidiaries in favor of Fifth Third Bank.](#)

[31.1 Section 302 Certification](#)

[31.2 Section 302 Certification](#)

[32.1 Section 906 Certification](#)

[32.2 Section 906 Certification](#)

101.INS XBRL Instance Document

101.SCH XBRL Taxonomy Extension Schema

101.CAL XBRL Taxonomy Extension Calculation Linkbase

101.DEF XBRL Taxonomy Extension Definition Linkbase

101.LAB XBRL Taxonomy Extension Label Linkbase

101.PRE XBRL Taxonomy Extension Presentation Linkbase

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.

SIGNATURE	TITLE	DATE
<u>/s/ Sam Klepfish</u> Sam Klepfish	Chief Executive Officer	August 11, 2015
<u>/s/ John McDonald</u> John McDonald	Principal Financial Officer	August 11, 2015

FIRST AMENDMENT TO RESTATED LOAN AGREEMENT

THIS FIRST AMENDMENT (“Amendment”) to Restated Loan Agreement dated November 26, 2013, as modified by joinder dated December 12, 2014 (the “Agreement”) is made by and between Fifth Third Bank, an Ohio banking corporation (“Lender”), and Innovative Food Holdings, Inc., a Florida corporation, Food Innovations, Inc., a Florida corporation, Gourmet Foodservice Group, Inc., a Florida corporation, Artisan Specialty Foods, Inc., a Delaware corporation, 4 The Gourmet, Inc., a Florida corporation, Haley Food Group, Inc., a Florida corporation, Gourmet Foodservice Group Warehouse, Inc., a Florida corporation, and Food New Media Group, Inc., a New York corporation (“Borrowers”) and Organic Food Brokers, LLC, a Colorado limited liability company (“Organic” with Organic and 2013 Borrowers herein collectively called “Obligors” in this Amendment) on this May 29, 2015 (“Amendment Date”).

RECITALS:

WHEREAS, the Agreement governs three credit facilities established by Lender, consisting of a term loan in the original principal sum of Five Hundred Forty Six Thousand and 00/100 Dollars (\$546,000.00) (“Loan 1”), a term loan in the original principal sum One Million and 00/100 Dollars (\$1,000,000.00) (“Loan 2”), and a revolving loan in the maximum principal sum of One Million and 00/100 Dollars (\$1,000,000.00) (“Loan 3”); and

WHEREAS, Obligors and Lender have agreed to amend the Agreement to establish a fourth credit facility for Obligors in the principal sum of Nine Hundred Eighty Thousand and 00/100 Dollars (\$980,000.00) secured by certain real estate located in the state of Illinois and the personalty associated therewith; and

WHEREAS, Obligors and Lender desire to set forth the mutually agreed upon amended terms and conditions to the Agreement for the additional credit facility.

NOW, THEREFORE, in consideration of the above Recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. The following Definitions are hereby amended to add or be redefined:
 - a. “Commitment Letter” shall include the letter executed May 8, 2015.
 - b. “Illinois Real Estate Security” shall mean the real property and improvements described on Exhibit 1 to this Amendment.
 - c. “Illinois Mortgage” shall mean real estate mortgage dated the Amendment Date encumbering the Illinois Real Estate Security.

d. The definition of "LIBOR Rate" shall remain the same as set forth in the Agreement for Note 1, Note 2 and Note 3, but as to Note 4 only, "LIBOR Rate" shall mean the rate of interest (rounded upwards, if necessary, to the next 1/8 of 1% and adjusted for reserves if Lender is required to maintain reserves with respect to relevant advances) fixed by the ICE Benchmark Administration Limited (or any successor thereto, or replacement thereof, as approved by Lender, each an "Alternate LIBOR Source"), at approximately 11 :00 AM London time (or at the relevant time established by an Alternate LIBOR Source or by Lender), relating to quotations for the one month London InterBank Offered Rates on U.S. Dollar deposits as published on Bloomberg LP (or any successor thereto, or replacement thereof, as approved by Lender, each an "Approved Bloomberg Successor"), or, if no longer provided by Bloomberg LP, such rate as shall be determined in good faith by the Lender from such sources as it shall determine to be comparable to Bloomberg LP (or any Approved Bloomberg Successor) as determined by Lender at approximately 10:00 a.m. Cincinnati, Ohio time on the relevant date of determination.

e. "Loan 4" shall mean the term loan established for Borrowers pursuant to Section 2.1. D.

f. "Loans" shall mean Loan 1, Loan 2, Loan 3, Loan 4 and each other loan governed by this Agreement. The term "Loan" may refer to any of the Loans, individually.

g. "Loan Documents" shall mean this Agreement, the Notes, any and all Rate Management Agreements, the Guaranty of Organic dated December 12, 2014, the Security Instruments, the Financing Statements, the Loan Commitment Letter, Subordination Agreement, Environmental Agreement dated the Closing Date and all the other documents, agreements, certificates, schedules, statements and opinions, however described, referenced herein or executed or delivered pursuant hereto or in connection with or arising with the Loans or the transactions contemplated by this Agreement

h. "Maturity Date" as to Loan 1, shall mean February 28, 2018, as to Loan 2, shall mean November 26, 2015, as to Loan 3, shall mean May 26, 2015 and as to Loan 4 shall mean May 29, 2020.

i. "Note 4" shall mean the term note dated the Amendment Date in the original principal sum of Nine Hundred Eighty Thousand and 00/100 Dollars (\$980,000.00) and all renewals, modifications, substitutions and consolidations thereto.

j. "Notes" shall mean Note 1, Note 2, Note 3, Note 4 and each other note executed and delivered pursuant to this Agreement. The term "Note" may refer to any of the Notes, individually.

k. "Security Agreements" shall mean the security agreements dated February 26, 2013 and November 26, 2013 and the Hypothecation Agreement dated December 12, 2014.

l. "Security Instruments" shall mean the Mortgage, the Illinois Mortgage, each Collateral Assignment of Rents, each Security Agreement, all Uniform Commercial Code filing statements associated therewith (each hereinafter called a "Filing Statement"), and any and all other documents evidencing a pledge of assets to secure the Indebtedness.

m. "Indebtedness" shall mean any and all debts, obligations, any and all Rate Management Obligations, excluding all Excluded Swap Obligations, and liabilities of Borrower to Lender, arising out of or related to the Loan Documents or otherwise, whether principal, interest, fees, or otherwise, whether now existing or hereafter arising, whether voluntary or involuntary, whether jointly owed with others, whether direct or indirect, absolute or contingent, contractual or tortious, liquidated or unliquidated, arising by operation of law or otherwise, whether or not from time to time decreased or extinguished and later increased, created or incurred and whether or not renewed, extended, modified, rearranged, restructured, refinanced, or replaced, including without limitation, modifications to interest rates or other payment terms of such debts, obligations or liabilities.

n. "Commodity Exchange Act" shall mean the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

o. "Excluded Swap Obligation" shall mean, with respect to any guarantor of a Swap Obligation, including the grant of a security interest to secure the guaranty of such Swap Obligation, any Swap Obligation if, and to the extent that, such Swap Obligation is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the guaranty or grant of such security interest becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Swap Obligation or security interest is or becomes illegal.

p. "Swap Obligation" shall mean any Rate Management Obligation that constitutes a "swap" within the meaning of section 1a(47) of the Commodity Exchange Act, as amended from time to time.

2. Paragraph A of Section 1.5 is hereby amended to read:

A. Interest on Loan 1 shall, until an Event of Default or maturity, accrue interest at the LIBOR Rate plus 3.0%. Interest on Loan 2 shall, until an Event of Default or maturity, accrue interest at the LIBOR Rate plus 3.250%. Interest on Loan 3 shall, until an Event of Default or maturity, accrue interest at the LIBOR Rate plus 4.750%. Interest on Loan 4 shall, until an Event of Default or maturity, accrue interest at the LIBOR Rate plus 2.750%.

3. Paragraph D of Section 2.1 is hereby added to read:

D. Loan 4. Lender agrees, upon the terms and conditions set forth in this Agreement, and in reliance upon the representations and warranties made under the Agreement and this Amendment to loan to Obligors, the amount of Nine Hundred Eighty Thousand and 00/100 Dollars (\$980,000.00). At Closing, Lender shall disburse the entire Loan 4 proceeds for the following purposes and no other:

1. Reduction of the line of credit balance of Loan 3 by the amount of Nine Hundred Thousand and 00/100 Dollars (\$900,000.00);
2. The balance thereof to be used for working capital of Innovative to pay for refrigeration and other up-fit expenses to the Illinois Real Estate Security.
3. In consideration of Lender making Loan 4 to Obligors, Obligors shall pay to Lender a loan fee of \$4,900.00. Obligors shall further pay all expenses, taxes and fees incurred in connection with the documentation, underwriting and Closing of Loan 4 and this Amendment, including, but not limited to, Lender's attorney's fees, recording fees, lien search fees, appraisal fees, and other reasonable fees and expenses as may be required.

4. **SECTION 2.4 Collateral** is hereby amended to add sub paragraph 3 to Paragraph A to read:

3. As Collateral for Loan 4, a first priority perfected lien on the Illinois Real Estate Security and improvements thereon. In connection with the execution and delivery of the Illinois Mortgage, Obligors shall deliver a commitment for an ALTA mortgagee title insurance policy insuring that the Illinois Real Estate Security is owned by Innovative free and clear of all liens and encumbrances other than the Permitted Encumbrances and insuring the lien of the Illinois Mortgage as a first mortgage lien in the amount of Nine Hundred Eighty Thousand and 00/100 Dollars (\$980,000.00). Obligors shall further reaffirm such Security Agreements as necessary to grant Lender a security interest in the Personal Property located on the Illinois Real Estate Security.

5. Section 5.14 is hereby amended to read:

SECTION 5.14 Financial Covenants. On a consolidated basis, Borrowers shall maintain a Fixed Charge Coverage Ratio of no less than 1:20 to 1.00 which shall be tested annually at calendar year end based on Obligors' consolidated certified public accountant prepared audited financial statements.

6. Additional Representations, and Warranties of the Obligors. Obligors hereby make the following additional representations and warranties under Article IV, to the Lender:

a. *No Change.* Since the Statement Date there has been no material adverse change in the good standing, business, operations, assets, or financial or other condition of Obligors except as specifically disclosed to Lender in writing or in financial statements delivered by Obligors to Lender since the Statement Date. Since the Statement Date, no Obligor has entered into, incurred, or assumed any long-term debt, mortgages, material leases or oral or written commitments, nor commenced any significant project, nor made any purchase or acquisition of any significant property other than the Illinois Real Estate Security and other assets disclosed to Lender in writing.

b. *No Legal Bar.* The execution, delivery, and performance of the Loan Documents and specifically this Amendment and the documents associated with Loan 4 and the borrowing hereunder and the use of the proceeds thereof, will not violate any Requirement of Law or any Contractual Obligation of any Obligor.

c. *No Material Litigation.* That there is no litigation, investigation, or proceeding (including, without limitation, claims arising out of violation of any Environmental Laws or improper use or disposal of any Hazardous Substances) of or before any arbitrator or Governmental Authority is pending or, to the knowledge of any Obligor threatened by or against any Obligor, or against any of such parties' properties or revenues which is likely to be adversely determined and which, if adversely determined, is likely to have a material adverse effect on the business, operations, property, or financial or other condition of such Obligor.

d. *Taxes.*

(i) Each Obligor has filed or caused to be filed all tax returns that are required to be filed and have paid all taxes shown to be due and payable on said returns or on any assessments made against them or any of their property other than taxes that are being contested in good faith by appropriate proceedings and as to which such Obligor has established adequate reserves.

(ii) Lender and Obligors believe that since Note 4 is not secured by Florida real estate, the documentary stamp tax due under Florida law in connection with Note 4 is limited to the amount of \$2,450.00 pursuant to §201.08 (1) of the Florida Statutes (2015) ("Maximum Tax"). Obligors, jointly and severally, warrant that they will pay to the Lender, its successors and assigns, all sums of money, with interest at the rate equal to the Default Rate, which the Lender shall or may advance, pay or cause to be paid, or become liable to pay, on account of or in connection with the failure to pay any documentary stamp taxes on Note 4 in excess of the Maximum Tax (herein "Taxes") and any interest and penalties associated with such Taxes. Obligors will make such payment to the Lender within ten (10) days of Lender's demand therefore, whether Lender shall have paid out such sum, or any part thereof or not. Upon receipt of such payment by the Lender, the Lender agrees to remit such payments to the appropriate Governmental Authority, if not previously paid. In any accounting which may be had between the Lender and Obligors, Lender shall be entitled to charge for any and all disbursements in and about the matters herein contemplated made by it in good faith, under the belief that it is or was liable for the Taxes so assessed. Obligors waive any defense to an action by Lender to enforce payment of Loan 4 and collection of any Indebtedness based upon nonpayment of any documentary stamp tax on Loan 4.

e. *Assets.* Each Obligor has good and marketable title to all property and assets reflected in the most current Financial Statements, except property and assets sold or otherwise disposed of in the ordinary course of business subsequent to the respective dates thereof. No Obligor has any outstanding liens on any of their properties or assets nor are there any security agreements to which either of them is a party, or title retention agreements, whether in the form of leases or otherwise, of any personal property except as reflected in the most current Financial Statements.

7. Each Obligor acknowledges that they have no claims of offset or defenses to the Indebtedness and hereby confirm that there has been no Event of Default under the Agreement or any other Loan Document. Each Obligor waives any and all claims of offset or defenses to the Loan Documents and the Indebtedness as a condition to the extension of the additional credit represented by Loan 4 by Lender hereunder.

8. These covenants shall be deemed supplemental to the covenants contained within the Agreement unless they expressly conflict with such covenants in which event these provisions shall prevail.

9. This Amendment may be executed in counterparts and by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

10. In all other respects, Obligors and Lender hereby ratify and confirm the terms and conditions of the Agreement.

IN WITNESS WHEREOF, the parties have executed or caused these presents to be executed this May 29, 2015.

Signed Sealed and Delivered in the Presence of:

Witness as to Borrower

Innovative Food Holdings, Inc.,
a Florida corporation

By: _____
Justin Wiernasz, its President

Witness as to Borrower

Food Innovations, Inc.,
a Florida corporation

By: _____
Justin Wiernasz, its President

Witness as to Borrower

Witness as to Borrower

Gourmet Foodservice Group, Inc.,
a Florida corporation

By: _____
Justin Wiernasz, its President

Witness as to Borrower

Witness as to Borrower

Artisan Specialty Foods, Inc.,
a Delaware corporation

By: _____
Justin Wiernasz, its President

Witness as to Borrower

Witness as to Borrower

Signatures continue on next succeeding page

Witness as to Borrower

4 The Gourmet, Inc.,
a Florida corporation

By: _____
Justin Wiernasz, its President

Witness as to Borrower

Haley Food Group, Inc.,
a Florida corporation

By: _____
Justin Wiernasz, its President

Witness as to Borrower

Gourmet Foodservice Group Warehouse, Inc., a Florida corporation.

By: _____
Justin Wiernasz, its President

Witness as to Borrower

Food New Media Group, Inc.,
a New York corporation

By: _____
Justin Wiernasz, its President

Witness as to Borrower

Witness as to Borrower

Witness as to Borrower

Witness as to Borrower

Organic Food Brokers, LLC,
a Colorado limited liability company

By: _____
Justin Wiernasz, its President

Witness as to Organic

Witness as to Organic

Signatures continue on next succeeding page

Witness as to Lender

Lender:
Fifth Third Bank,
an Ohio banking corporation,

Witness as to Lender

By: _____
Timothy J. Reiter, Vice President

Exhibit "1"

PARCEL 1

THE NORTH 194.0 FEET OF THE SOUTH 630 FEET OF THE WEST 300 FEET OF THAT PART OF THE EAST 1/2 OF THE NORTHEAST 1/4 OF SECTION 21, TOWNSHIP 39 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING EAST OF AND ADJOINING THE EASTERLY RIGHT OF WAY LINE OF THE INDIANA HARBOR BELT RAILROAD COMPANY, IN COOK COUNTY, ILLINOIS.
Together with Easement 13.5 feet in width over Grantor's legal description as Exhibit 1-A as depicted on Exhibit 1-B attached.

P.I.N.: 15-21-202-066-0000

Common Address: 2528 South 27th Avenue, Broadview, Illinois

*FIRST AMENDMENT TO RESTATED LOAN AGREEMENT
IN FAVOR OF FIFTH THIRD BANK, AN OHIO BANKING CORPORATION
PAGE 9*

EXHIBIT 1-A

LEGAL DESCRIPTION OF THE GRANTOR PROPERTY

THE NORTH 150 FEET OF THE SOUTH 780 FEET OF THE WEST 300 FEET OF THAT PART OF THE EAST ½ OF THE NORTHEAST ¼ OF SECTION 21, TOWNSHIP 39 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS WHICH LIES EAST OF THE EAST RIGHT OF WAY LINE OF THE INDIANA HARBOR RAILROAD COMPANY, IN COOK COUNTY, ILLINOIS.

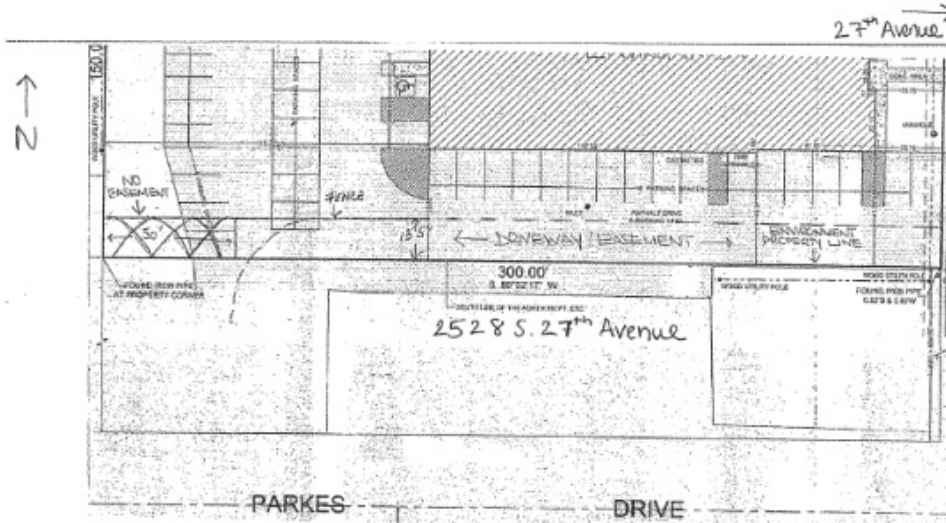
Commonly known as : 2500 South 27th Avenue, Broadview, Illinois 60155

PIN: 15-21-202-072-0000

*FIRST AMENDMENT TO RESTATED LOAN AGREEMENT
IN FAVOR OF FIFTH THIRD BANK, AN OHIO BANKING CORPORATION
PAGE 10*

EXHIBIT 1-B

DRAWING OF EASEMENT PREMISES



FIRST AMENDMENT TO RESTATED LOAN AGREEMENT
IN FAVOR OF FIFTH THIRD BANK, AN OHIO BANKING CORPORATION
PAGE 11

This Instrument was prepared by
and after recording return to:

Lane R. Moyer, Esq. (PAZ)
Vedder Price P.C.
222 North LaSalle Street
Suite 2600
Chicago, Illinois 60601

**MORTGAGE, ASSIGNMENT OF LEASES
AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING**

THIS MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING (“Mortgage”) is granted as of May ___, 2015, by INNOVATIVE FOOD HOLDINGS, INC., a Florida corporation, 28411 Race Track Road, Bonita Springs, Florida 34135 (“**Mortgagor**”), to FIFTH THIRD BANK, an Ohio banking corporation, having a mailing address at 999 Vanderbilt Beach Road, 7th Floor, Naples, Florida 34108 (the “**Lender**”).

I. RECITALS.

WHEREAS, Mortgagor is the owner and holder of fee simple title in and to all of the real estate located in the County of Cook, State of Illinois, more fully described in Exhibit A attached hereto and commonly known as 2528 South 27th Avenue, Broadview, Illinois (collectively, the “**Premises**”) and the owner of the Personal Property located thereon (as hereinafter defined), which Premises forms a portion of the Property described below;

WHEREAS, Mortgagor together with the other Borrowers named therein have entered into that certain Restated Loan Agreement dated as of November 26, 2013, and that certain Joinder and Consent dated December 12, 2014, as amended by that certain Amendment No. 1 to Restated Loan Agreement dated of even date herewith (the “**Amendment**” and together with the Restated Loan Agreement and the Joinder and Consent, as the same may be amended, restated, modified or otherwise supplemented and in effect from time to time, hereinafter the “**Loan Agreement**”) pursuant to which the Lender has agreed to make Loan 4 to the Borrowers in the principal amount of NINE HUNDRED EIGHTY THOUSAND AND NO/100 DOLLARS (\$980,000.00) (the “**Loans**”);

WHEREAS, certain repayment obligations with respect to Loan 4 are evidenced by Note 4 made by Borrowers in favor of the Lender in the original principal amount of \$980,000.00 (as the same may be amended, increased, restated, modified or otherwise supplemented and in effect from time to time, hereinafter collectively referred to as the “**Note**”);

WHEREAS, the terms and provisions of the Note and Loan Agreement are hereby incorporated by reference in this Mortgage, and capitalized terms used herein, but not otherwise defined, shall have the meanings given to such terms in the Loan Agreement;

WHEREAS, Mortgagor wishes to provide further assurance and security to the Lender, and as a condition to the Lender executing the Amendment and funding Note 4, the Lender is requiring that Mortgagor grant to the Lender a security interest in and a first mortgage lien upon the Property (as hereinafter defined) to secure the payment of Loan 4 and the other obligations of Mortgagor and Borrowers under this Mortgage and Note 4 (collectively, the “**Secured Indebtedness**”) and the performance of all terms, covenants, conditions, provisions, agreements and liabilities contained in the Loan Agreement, the Note, this Mortgage and other Loan Documents; and

WHEREAS, this Mortgage also secures the payment of and includes all amounts owing with respect to all future or further advances of the Loans made pursuant to the Loan Agreement as shall be made at all times, regardless of whether proceeds of the Loans have or shall be disbursed by the Lender herein or its successors or assigns to and for the benefit of Mortgagor, its successors or assigns, to the same extent as if such future advances were made on the date of the execution of this Mortgage. The total amount of Secured Indebtedness secured by this Mortgage may decrease or increase from time to time but the total unpaid principal balance so secured at any one time shall not exceed \$1,960,000.00 together with interest thereon and any and all disbursements made by the Lender for the payment of taxes or insurance premiums on the Property covered by the lien of this Mortgage and for reasonable attorneys’ fees, loan commissions, service charges, liquidated damages, expenses and court costs incurred in the collection of any or all of such sums of money. Such further or future advances shall be considered obligatory advances, and the same shall bear interest at the same rate as specified in the Loan Agreement. The parties hereby acknowledge and intend that all advances, including future advances whenever hereafter made, shall be a lien from the time this Mortgage is recorded.

II. THE GRANT.

NOW, THEREFORE, in order to secure the payment of the Obligations and the performance of all terms, covenants, conditions, provisions, agreements and liabilities contained in the Loan Agreement, the Note, this Mortgage and in the other Loan Documents and also to secure the payment of any and all Secured Indebtedness, direct or contingent, that may now or hereafter become owing from Borrowers to the Lender and the performance of all other obligations under the Loan Documents, and in consideration of Ten and No/100 Dollars (\$10.00) in hand paid by Lender to Mortgagor, the Recitals above stated, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Mortgagor GRANTS, BARGAINS, SELLS, ASSIGNS, RELEASES, ALIENS, TRANSFERS, WARRANTS, DEMISES, CONVEYS and MORTGAGES to the Lender and its successors and assigns forever, and grants to the Lender and its successors and assigns forever a continuing security interest in and to, the Premises situate, lying and being in the Village of Broadview, County of Cook, State of Illinois, which is legally described in Exhibit A attached hereto and hereby made a part hereof, and all of its estate, right, claim and interest therein, together with the following described property, all of which other property is pledged primarily on a parity with the Premises and not secondarily (the Premises and the following described rights, interests, claims and property collectively referred to as the “**Property**”):

(a) all buildings, structures and other improvements of every kind and description now or hereafter erected, situated, or placed upon the Premises (the “**Improvements**”), together with any and all Personal Property (as defined in Paragraph (i) below) and all attachments now or hereafter owned by Mortgagor and located in or on, forming part of, attached to, used or intended to be used in connection with, or incorporated in any such Improvements, including all extensions of, additions to, betterments, renewals of, substitutions for and replacements for any of the foregoing;

(b) all claims, demands, right, title and interest of Mortgagor now owned or hereafter acquired, including without limitation, any after-acquired title, franchise, license, remainder or reversion, in and to any and all (i) land or vaults lying within the right-of-way of any street, avenue, way, passage, highway, or alley, open or proposed, vacated or otherwise, adjoining the Premises; (ii) alleys, sidewalks, streets, avenues, strips and gores of land belonging, adjacent or pertaining to the Premises or the Improvements; (iii) storm and sanitary sewer, water, gas, electric, railway and telephone services relating to the Premises and the Improvements; (iv) development rights, air rights, water, water rights, water stock, gas, oil, minerals, coal and other substances of any kind or character underlying or relating to the Premises or any part thereof; and (v) tenements, hereditaments, easements, appurtenances, other rights, liberties, reservations, allowances and privileges relating to the Premises or the Improvements or in any way now or hereafter appertaining thereto, including homestead and any other claims at law or in equity;

(c) all leasehold estates and right, title and interest of Mortgagor in any and all leases, subleases, management agreements, arrangements, concessions or agreements, written or oral, relating to the use and occupancy of the Premises or the Improvements or any portion thereof, now or hereafter existing or entered into (collectively “**Leases**”);

(d) all rents, issues, profits, royalties, revenue, advantages, income, avails, claims against guarantors, all cash or security deposits, advance rentals, deposits or payments given and other benefits now or hereafter derived directly or indirectly from the Premises and Improvements under the Leases or otherwise (collectively “**Rents**”);

(e) all right, title and interest of Mortgagor in and to all options to purchase or lease the Premises or the Improvements or any portion thereof or interest therein, or any other rights, interests or greater estates in the rights and properties comprising the Property now owned or hereafter acquired by Mortgagor;

(f) any interests, estates or other claims of every name, kind or nature, both in law and in equity, which Mortgagor now has or may acquire in the Premises and Improvements or other rights, interests or properties comprising the Property now owned or hereafter acquired;

(g) all rights of Mortgagor to any and all plans and specifications, designs, drawings and other matters prepared for any construction on the Premises or regarding the Improvements;

(h) all rights of Mortgagor under any contracts executed by Mortgagor with any provider of goods or services for or in connection with any construction undertaken on or services performed or to be performed in connection with the Premises or the Improvements;

(i) all right, title and interest of Mortgagor in and to all the following tangible personal property (“**Personal Property**”) owned by Mortgagor and now or at any time hereafter located in, on or at the Premises or the Improvements and used or useful in connection therewith:

(i) all building materials and equipment located upon the Premises and intended for construction, reconstruction, alteration, repair or incorporation in or to the Improvements now or hereafter to be constructed thereon, whether or not yet incorporated in such Improvements, (all of which shall be deemed to be included in the Property upon delivery thereto);

(ii) all machines, machinery, fixtures, apparatus, equipment or articles used in supplying heating, gas, electricity, air-conditioning, water, light, power, plumbing, sprinkler, waste removal, refrigeration, ventilation, and all fire sprinklers, alarm systems, protection, electronic monitoring equipment and devices;

(iii) all window, structural, maintenance and cleaning equipment and rigs; and

(iv) all fixtures now or hereafter owned by Mortgagor and attached to or contained in and used or useful in connection with the Premises or the Improvements. All such property owned by Mortgagor and placed by it on the Premises or used in connection with the operation or maintenance shall, so far as permitted by law, be deemed for the purposes of this Mortgage to be part of the real estate constituting and located on the Premises and covered by this Mortgage. As to any of the property that is not part of such real estate or does not constitute a “fixture,” as such term is defined in the Uniform Commercial Code as in effect on the date hereof in the State of Illinois (the “**Code**”), this Mortgage shall be deemed to be a security agreement under the Code for the purpose of creating hereby a security interest in property, which Mortgagor hereby grants to the Lender, as “secured party” as defined in the Code. The enumeration of any specific items of Personal Property set forth herein shall in no way exclude or be held to exclude any items of property not specifically enumerated;

(j) all the estate, interest, right, title or other claim or demand which the Mortgagor now has or may hereafter have or acquire with respect to (i) proceeds of insurance in effect with respect to the Property and (ii) any and all awards, claims for damages, judgments, settlements and other compensation made for or consequent upon the taking by condemnation, eminent domain or any like proceeding, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Property, including, without limitation, any awards and compensation resulting from a change of grade of streets and awards and compensation for severance damages (collectively “**Awards**”).

TO HAVE AND TO HOLD the Property hereby mortgaged and conveyed or so intended, together with its rents, issues and profits, unto the Lender and its successors and assigns, forever, for the uses and purposes herein set forth, subject, however, only to the Permitted Encumbrances (hereinafter defined).

The Mortgagor hereby covenants with the Lender and with the purchaser at any foreclosure sale: that at the execution and delivery hereof, Mortgagor owns the Property and has good, indefeasible estate therein, in fee simple; that the Property is free from all encumbrances and exceptions to title (and any claim of any other person) other than those identified as Permitted Encumbrances (as such term is defined in the Loan Agreement); that it has good and lawful right to sell, mortgage and convey the Property; and that Mortgagor and its successors and assigns shall forever warrant and defend the Property against all claims and demands whatsoever.

If and when Borrowers have paid all of the Secured Indebtedness, and have performed and observed all of the agreements, terms, conditions, provisions and warranties contained herein and in the Loan Agreement and in all of the other Loan Documents, and there exist no commitments of the Lender under the Loan Documents which could give rise to Secured Indebtedness, then this Mortgage and the estate, right and interest of the Lender shall cease and shall be released at the cost of Mortgagor, but otherwise shall remain in full force and effect.

III. GENERAL AGREEMENTS.

3.1 Payment of Indebtedness. Mortgagor shall pay promptly and when due all amounts owing in respect of the principal and interest on the indebtedness evidenced by the Note and all other Secured Indebtedness at the times and in the manner provided in the Loan Agreement, the Note, this Mortgage, or any of the other Loan Documents.

3.2 Taxes. The Mortgagor shall pay, before the same become delinquent or subject to interest or penalties (except to the extent escrowed or contested in good faith in accordance with the Note or the Loan Agreement), all charges, liens and encumbrances which now are or may hereafter become a lien upon the mortgaged premises or any part thereof including, but not limited to, all ground or other rents, taxes, assessments, insurance premiums and utility rates.

3.3 Impositions.

(a) Mortgagor shall pay prior to the date any penalty for late payment shall be incurred, all special taxes, special assessments, water charges, sewer charges, and any other charges, fees, taxes, claims, levies, expenses, liens and assessments, ordinary or extraordinary, governmental or nongovernmental, statutory or otherwise (all of the foregoing being herein collectively referred to as "**Impositions**"), that may be asserted against the Property or any part thereof or interest therein.

(b) Mortgagor may, in good faith and with reasonable diligence, contest the validity or amount of any Impositions in accordance with the provisions of the Loan Agreement.

(c) If Mortgagor fails to pay any such Impositions and in the absence of any such contest by it, Lender may (but shall be under no obligation to) advance and pay any sums required to pay any such Impositions and/or to secure the release of any Lien therefor, and any sums so advanced by Lender shall constitute Secured Indebtedness hereunder, shall be payable by Borrowers to the Lender, on demand and, until paid, shall bear interest at the highest rate then applicable under the Loan Agreement. The Lender may do so according to any bill, statement, or estimate procured from the appropriate public office without inquiry into the accuracy or the validity of any Impositions, lien, sale, forfeiture, or related title or claim.

3.4 Insurance.

(a) The Mortgagor shall insure the Property in accordance with the terms of Section 5.7 of the Loan Agreement.

(b) If the Property or any portion thereof shall be damaged or destroyed by any casualty whatsoever, which damage or destruction is reasonably likely to cost more than \$25,000.00 to repair, Mortgagor shall promptly notify Lender in writing of such fact. In Mortgagor's said written notice, Mortgagor shall indicate: (i) whether the damage or destruction is covered by insurance; and (ii) Mortgagor's best estimate of the cost of restoring, repairing, replacing or rebuilding (herein collectively called "**Restoring**") the Property or part thereof damaged or destroyed.

(c) In case of loss covered by insurance ("**Insured Casualty**"), the Lender (or, after entry of decree of foreclosure, the purchaser at the foreclosure sale or decree creditor, as the case may be) is hereby authorized at its option either (i) to settle and adjust any claim under such policies with Mortgagor, or (ii) to allow Mortgagor to agree with the insurance company or companies on the amount to be paid upon the loss pursuant to the Loan Agreement.

(d) In the event of the occurrence of any Insured Casualty, the proceeds of insurance shall, after deducting all costs and expenses (including attorneys' fees) of collection, be applied, at Lender's option, either toward replacing or restoring the Premises, in a manner and on terms satisfactory to Lender, or toward payment of the Secured Indebtedness. Any proceeds applied to the payment of Secured Indebtedness shall be applied in accordance with the Loan Agreement. In no event shall such application relieve Borrowers from payment in full of all installments of principal and interest which thereafter become due in the order of maturity thereof.

3.5 Condemnation and Eminent Domain. Mortgagor shall give the Lender prompt notice of all proceedings, instituted or threatened, seeking condemnation or a taking by eminent domain or like process (herein collectively called "**Taking**"), of all or any part of the Property or affecting any related easement or appurtenance (including severance of, consequential damage to, or change in grade of streets), and shall deliver to the Lender copies of any and all papers served in connection with any such proceeding.

(a) Mortgagor hereby assigns, transfers and sets over unto the Lender the entire proceeds of any and all Awards resulting from any Taking. The Lender is hereby authorized to collect and receive from the condemnation authorities all Awards and is further authorized to give appropriate receipts and acquittances.

(b) Lender shall apply any Award upon the Secured Indebtedness in accordance with the terms of the Loan Agreement.

(c) No interest shall be payable by Lender on account of any Award at any time held by the Lender.

3.6 Maintenance of Property. Mortgagor shall:

(a) promptly repair, restore, replace or rebuild any portion of the Property which may become damaged, destroyed, altered, removed, severed, or demolished, whether or not proceeds of insurance are available or sufficient for the purpose, with replacements at least equal in quality and condition as previously existed, free from any security interest in, encumbrances on or reservation of title thereto.

(b) keep the Property in good condition and repair, without waste, and free from mechanics', materialmen's or like liens or claims except for the Permitted Encumbrances (defined in the Loan Agreement), subject to Mortgagor's rights to contest such Liens in accordance with the Loan Agreement.

(c) not make any material alterations in the Property, except as required by law or municipal ordinance or in the ordinary course of business.

3.7 Prohibited Liens and Transfers.

(a) Mortgagor shall not create, suffer, or permit to be created or filed against the Property any mortgage lien or other lien superior or inferior, other than Permitted Encumbrances, to the lien created by this Mortgage. Mortgagor may contest any lien claim arising from any work performed, material furnished, or obligation incurred by Mortgagor upon furnishing the Lender, security and indemnification reasonably satisfactory to the Lender for the final payment and discharge of the lien.

(b) Mortgagor may not sell, lease or convey all or any part of the Property or any interest therein.

3.8 Stamp Taxes. If at any time the United States government, or any federal, state, or municipal governmental subdivision, requires Internal Revenue or other documentary stamps or levies any tax on this Mortgage or on the Note, or requires payment of any tax in the nature of or comparable to the United States Interest Equalization Tax on the Secured Indebtedness, then Mortgagor shall pay such tax, including interest and penalties, in the required manner.

3.9 Change in Tax Laws. In the event of the enactment, after the date of this Mortgage, of any law of the United States of America, or any state or political subdivision thereof, (i) deducting from the value of the Premises, for the purpose of taxation, the amount of any lien thereon; (ii) imposing upon the Lender the payment of all or any part of the taxes, assessments, charges or liens hereby required to be paid by Mortgagor, or (iii) changing in any way the laws relating to the taxation of mortgages or debts secured by mortgages or Mortgagor's interest in the Property, or the manner of collection of taxes, so as to affect this Mortgage or the Secured Indebtedness; then Mortgagor, upon demand by the Lender, shall pay such taxes, assessments, charges, or liens or reimburse the Lender, therefor. Nothing contained in this Section 3.9 shall be construed as obligating Mortgagor to pay any portion of the Lender's federal or state income or corporate franchise tax.

3.10 Assignment of Leases and Rents. All right, title, and interest of Mortgagor in and to all present leases affecting the Property and including and together with any and all future leases, written or oral, upon all or any part of the Property and together with all of the rents, income, receipts, revenues, issues, avails and profits from or due or arising out of the Property are hereby transferred and assigned simultaneously herewith to the Lender as further security for the payment of the Secured Indebtedness. All future leases affecting the Property shall be submitted by Mortgagor to Lender for its approval prior to execution. Each lease shall be subordinate to this Mortgage. It is the intention of Mortgagor that this assignment contained in this paragraph shall be a present assignment; however, it is expressly understood and agreed, anything to the contrary notwithstanding, that Lender shall not exercise any of the rights or powers conferred upon it by this paragraph until an Event of Default shall exist under this Mortgage. From time to time, Mortgagor shall furnish the Lender with executed copies of each of the leases and with estoppel letters from each tenant under each of the leases, which estoppel letters shall be in a form reasonably satisfactory to the Lender and shall be delivered within ten (10) days after the Lender's written demand, or as otherwise provided in such leases.

Following the occurrence of an Event of Default under this Mortgage, (a) the Lender shall have the rights and powers as are provided herein and (b) this Mortgage shall constitute a direction to each lessee under the leases and each guarantor thereof, if any, to pay all rents directly to the Lender without proof of the Event of Default under this Mortgage.

If Mortgagor, as lessor under any Lease, shall neglect or refuse to perform, observe and keep all of the covenants, provisions and agreements contained in such lease, then the Lender may perform and comply with any such lease covenants, agreements and provisions. All verifiable costs and expenses incurred by the Lender in complying with such covenants, agreements, and provisions shall constitute indebtedness secured hereby and shall be payable upon demand with interest at the Default Rate.

The Lender shall not be obligated to perform or discharge any obligation, duty or liability under any lease, and Mortgagor shall and does hereby agree, except to the extent of Lender's gross negligence or willful misconduct, to indemnify and hold the Lender harmless of and from any and all liability, loss or damage which it may or might incur under any lease or under or by reason of its assignments and of and from any and all claims and demands whatsoever which may be asserted against it by reason of all alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in such lease. Should the Lender incur any such liability, loss or damage under any lease or under or by reason of its assignment, or in the defense of any claims or demands, the amount thereof, including costs, expenses and reasonable attorneys' fees, shall be secured hereby. Mortgagor shall reimburse the Lender therefor immediately upon demand with interest payable at the Default Rate. Mortgagor covenants and agrees that upon the date hereof it shall execute and deliver to the Lender a certified rent roll listing all tenants and occupants currently leasing, using or occupying any part or portion of the Premises, and to the best of Mortgagor's knowledge, such rent roll contains true, complete and accurate information as to all matters described therein.

3.11 Fixture Filing. With respect to all fixtures located on the Property, the filing hereof in the real estate records of the county in which such Property is located shall operate from the time of filing as a fixture filing with respect to such Property, and the following information is applicable for the purpose of such fixture filing:

Name and Address of the Debtor:

The Mortgagor having the address described in the Preamble hereof.

The Mortgagor is a corporation organized under the laws of the State of Florida whose Organization Number is _____.

Name and Address of the Secured Party:

The Lender having the address described in the Preamble hereof, from which address information concerning the security interest may be obtained.

This Financing Statement covers the following types or items of property:

The Property.

This instrument covers goods or items of personal property which are or are to become Fixtures upon the Property. The name of the record owner of the Property on which such Fixtures are or are to be located is the Mortgagor.

3.12 Uniform Commercial Code. This Mortgage constitutes a Security Agreement as that term is used in the Code with respect to: (i) all sums at any time on deposit for the benefit of the Lender pursuant to any of the provisions of this Mortgage; and (ii) any part of the Property which may or might now or hereafter be or be deemed to be personal property, fixtures or property (including all replacements, additions and substitutions) other than real estate (collectively "Collateral"). All of Mortgagor's right, title and interest in the Collateral is hereby assigned to the Lender to secure the payment of the Secured Indebtedness and the performance of all of Mortgagor's obligations. All of the terms, provisions, conditions and agreements contained in this Mortgage apply to the Collateral as fully and to the same extent as to any other property comprising the Property.

At any time after an Event of Default under this Mortgage has occurred and is continuing, the Lender shall have the remedies of a Secured Party under the Code, including without limitation the right to take immediate and exclusive possession of the Collateral or any part thereof.

The remedies of the Lender hereunder are cumulative and the exercise of any one or more of the remedies provided for herein or under the Code shall not be construed as a waiver of any of the other remedies of the Lender, including having the Collateral deemed part of the realty upon any foreclosure so long as any part of the Secured Indebtedness remains unsatisfied. To the extent permitted by applicable law, the security interest created hereby is specifically intended to cover and include all leases between the Mortgagor, as lessor, and various tenants, as lessee, including all extensions and renewals of the lease terms, as well as any amendments to or replacements of the leases, together with all of the right, title and interest of the Mortgagor as lessor, including, without limiting the generality of the foregoing, following the occurrence and during the continuance of an Event of Default under this Mortgage, the present and continuing right to: (i) make claim for, collect, receive and receipt for any and all of the rents, and moneys payable as damages or in lieu of the rents and moneys payable as the purchase price of the Property or any part thereof or claims for money and other sums of money payable or receivable thereunder howsoever payable; and (ii) bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which Mortgagor or any lessor is or may become entitled to do under the leases.

3.13 Releases. Without notice and without regard to the consideration therefor, and to the existence at that time of any inferior liens, the Lender may release from the lien created hereby all or any part of the Property, or release from liability any person obligated to repay any Secured Indebtedness, without affecting the liability of any party to any of the Note, this Mortgage, or any of the other Loan Documents (including without limitation any guaranty given as additional security) and without in any way affecting the priority of the lien created hereby. The Lender may agree with any liable party to extend the time for payment of any part or all of the Secured Indebtedness. Such agreement shall not in any way release or impair the lien created by this Mortgage or reduce or modify the liability of any person or entity obligated personally to repay the Secured Indebtedness, but shall extend the lien created by this mortgage as against the title of all parties having any interest, subject to the Secured Indebtedness in the Property.

3.14 Further Assurances. Mortgagor agrees that, upon request of the Lender, from time to time, it will, at Mortgagor's sole cost and expense, execute, acknowledge and deliver all such additional instruments and further assurances of title and will do or cause to be done all such further acts and things as may reasonably be necessary to fully effectuate the intent of this Mortgage, including without limitation, reimbursing the Lender for the costs of appraisals of the Property, to the extent that the Lender reasonably determines in good faith that such appraisals are required by any law or any governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any interpretation thereof, and any rules promulgated to implement such provisions. In the event that Mortgagor shall fail to do any of the foregoing, the Lender may, after ten (10) days' written notice to the Mortgagor, in its sole discretion, do so in the name of Mortgagor.

IV. EVENT OF DEFAULT AND REMEDIES.

4.1 Event of Default. The occurrence of any one or more of the following events (regardless of the reason therefor) shall constitute an "**Event of Default**" under this Mortgage:

(a) The occurrence of an "**Event of Default**," as such term is defined in Article VII of the Loan Agreement;

(b) Failure of Mortgagor to perform, keep or observe any covenant, agreement, representation, warranty or other provision contained in this Mortgage; or

(c) Failure of Borrowers to pay when due any amounts payable to Lender under Note 4.

4.2 Acceleration of Maturity. Following the occurrence of an Event of Default, the Secured Indebtedness shall become due and payable in accordance with the terms of the Loan Agreement. Upon acceleration, the Lender may immediately proceed to foreclose this Mortgage and/or exercise any right, power or remedy provided by this Mortgage or any of the other Loan Documents or by law or in equity conferred and pursue all remedies afforded to a mortgagee under and pursuant to applicable law.

4.3 Remedies Cumulative and Non-Waiver. No remedy or right of the Lender hereunder or under the Note, or any of the Loan Documents or otherwise, or available under applicable law, shall be exclusive of any other right or remedy. Each such remedy or right shall be in addition to every other remedy or right now or hereafter existing under any such document or under applicable law. No delay in the exercise of, or omission to exercise, any remedy or right accruing on the occurrence of any Event of Default shall impair any such remedy or right or be construed to be a waiver of any such Event of Default or an acquiescence therein, nor shall it affect any subsequent Event of Default of the same or a different nature, nor shall it extend or affect any grace period. Every remedy or right may be exercised concurrently or independently, when and as often as may be deemed expedient by the Lender. All obligations of the Mortgagor, and all rights, powers and remedies of the Lender shall be in addition to, and not in limitation of, those provided by law or in the Note or contained in any of the Loan Documents or any other written agreement or instrument relating to any of the Secured Indebtedness or any security therefor.

4.4 Litigation Expenses. In any proceeding to foreclose the lien of this Mortgage or enforce any other remedy of the Lender under the Loan Agreement, the Note, this Mortgage, or the other Loan Documents, or in any other proceeding in connection with any of the Loan Documents or any of the Property in which the Lender is named as a party, there shall be allowed and included, as additional indebtedness in the judgment or decree resulting all related expenses paid or incurred by or on behalf of the Lender. Such expenses shall include: reasonable attorney's fees, appraiser's fees, outlays for documentary and expert evidence, stenographer's charges, publication costs, survey costs, environmental inspection and report costs, and costs of procuring all abstracts of title, title searches and examinations, title insurance policies, and any similar data and assurances with respect to title to the Property as the Lender may deem reasonably necessary either to prosecute or defend in such proceeding or to evidence to bidders at any sale pursuant to such decree the true condition of the title to or value of the Premises or the Property. All foregoing expenses, and such expenses as may be incurred in the protection of any of the Property and the maintenance of the lien of this Mortgage, including the reasonable fees of any attorney employed by the Lender in any litigation affecting the Loan Agreement, the Note, this Mortgage, or the Property, or in preparation for the commencement or defense of any proceeding or threatened suit or proceeding (which may be estimated as to items to be expended after entry of such judgment or decree), shall be due and payable by Mortgagor upon demand with interest thereon at the Default Rate.

4.5 Lender's Performance of Mortgagor's Obligations. Following the occurrence of an Event of Default and subject to the provisions of the Loan Agreement, the Lender either before or after acceleration of the Secured Indebtedness or the foreclosure of the lien hereof and during the period of redemption, if any, may, but shall not be required to, make any payment or perform any act herein, in the Note, any of the Loan Documents or any document or instrument related thereto which is required of Mortgagor (whether or not Mortgagor is personally liable therefor) in any form and manner deemed expedient to the Lender. Lender may, but shall not be required to, make full or partial payments of principal or interest on any permitted prior mortgage or encumbrances and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem from any tax sale or forfeiture affecting the Premises, or contest any Impositions and may, but shall not be required to, complete construction, furnishing and equipping of the Improvements upon the Premises and rent, operate and manage the premises and such Improvements and pay operating costs and expenses, including management fees, of every kind and nature in connection therewith, so that the Premises and Improvements shall be operational and usable for their intended purposes. All monies paid for any of the purposes herein authorized, and all expenses paid or incurred in connection therewith, including reasonable attorneys' fees and any other monies advanced by the Lender to protect the Premises and the lien hereof, or to complete construction, furnishing and equipping or to rent, operate and manage the Premises and such Improvements or to pay any such operating costs and expenses thereof or to keep the Premises and Improvements operational and usable for their intended purposes, shall constitute Secured Indebtedness, whether or not they exceed the amount of the Note, and shall become due and payable upon demand and with interest thereon at the Default Rate. The Lender in making any payment hereby authorized: (a) for the payment of Impositions, may do so according to any bill, statement or estimate, without inquiry into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof; (b) for the purchase, discharge, compromise or settlement of any other prior lien, may do so without inquiry as to the validity or amount of any claim or lien which may be asserted; or (c) for the completion of construction, furnishing or equipping of the Improvements on the Premises or the rental, operation or management of the Premises or the payment of operating cost and expenses thereof, may do so in such amounts and to such persons as the Lender may deem appropriate and may enter into such contracts therefor as the Lender may deem appropriate to the extent necessary to keep the Premises and Improvements operational and usable for their intended purposes or may perform the same itself.

All advances, disbursements and expenditures (collectively "**Advances**") made by the Lender after an Event of Default, before and during foreclosure, prior to sale, and where applicable, after sale, for the following purposes, including interest thereon at the rate of default as set forth in the Loan Agreement, are hereinafter referred to as "**Protective Advances**" and shall have the benefit of all applicable provisions of the Illinois Mortgage Foreclosure Act, 735 ILCS 5/15 1101 et. seq. (the "**Act**");

(1) Advances pursuant to this Section 4.5.

(2) Any amount expended by the Lender in Restoring the Property to the extent necessary to keep the Premises and Improvements operational and usable for their intended purposes in excess of the actual or estimated proceeds of insurance or condemnation, which excess shall constitute additional Secured Indebtedness;

(3) Advances in accordance with the terms of this mortgage to: (a) protect, preserve or restore the mortgaged real estate; (b) preserve the lien of this Mortgage or the priority thereof; or (c) enforce this Mortgage;

(4) When due installments of real estate taxes and other impositions; other obligations authorized by this Mortgage; or with court approval, any other amounts in connection with other liens, encumbrances or interests reasonably necessary to preserve the status of title, all as referred to in this Section 4.5 of this Mortgage;

(5) Reasonable attorneys' fees and other costs incurred in connection with: (a) the exercise of the Lender's rights to make Protective Advances; (b) the foreclosure of this Mortgage; (c) any other litigation or administrative proceeding relating to the Property to which Lender may be or become or be threatened or contemplated to be a party, without fault on its part, including probate and bankruptcy proceedings; or (d) in the preparation for the commencement or defense of any such suit or proceeding; including filing fees, appraisers' fees, outlays for documents and expert evidence, witness fees, stenographer's charges, publication costs, survey costs, environmental inspection and report costs, and costs (which may be estimated as to items to be expended after entry of judgment) of procuring all such abstracts of title, title charges and examinations, foreclosure minutes, title insurance policies, appraisals, and similar data and assurances with respect to title and value as the Lender may deem reasonably necessary either to prosecute or defend such suit or, in case of foreclosure, to evidence to bidders at any sale which may be had pursuant to the foreclosure judgment the true condition of the title to or the value of the Property;

(6) Payment by the Lender of any Impositions as may be required by this Mortgage;

(7) The Lender's Advances of any amount required to make up a deficiency in deposits for installments of Impositions as may be required by this Mortgage;

(8) Expenses incurred and expenditures made by the Lender for any one or more of the following: (a) premiums upon casualty and liability insurance made by Lender whether or not Lender or a receiver is in possession, if reasonably required without regard to the limitation to maintaining insurance in effect at the time any receiver or mortgagee takes possession of the Property; (b) expenditures in connection with Restoring the Property to the extent necessary to keep the Premises and Improvements operational and usable for their intended purposes in excess of available insurance proceeds or condemnation awards; (c) payments required or deemed by Lender to be for the benefit of the Property or required to be made by the owner of the Property under any grant or declaration of easement, easement agreement, agreement with any adjoining land owners or instruments creating covenants or restrictions for the benefit of or affecting the Property; (d) operating deficits incurred by Lender in possession or reimbursed by Lender to any receiver; and (e) all amounts paid to any public authority for the use or occupancy of any street, alley, or public way relative to the Property.

All Protective Advances shall constitute Secured Indebtedness and shall become immediately due and payable without notice and with interest thereon until paid at the Default Rate. This Mortgage shall be a lien for all Protective Advances as to subsequent purchasers and judgment creditors from the time the Mortgage is recorded.

4.6 Right of Possession. In any case in which the Lender has a right to institute foreclosure proceedings (whether or not the entire principal sum secured hereby becomes immediately due and payable or whether before or after the institution of foreclosure proceedings or whether before or after judgment thereunder and at all times until the confirmation of sale) and upon the Lender's request to the court, Mortgagor shall, immediately upon the Lender's demand, surrender to the Lender, and the Lender shall be entitled to take, actual possession of the Property or any part thereof, personally or by its Lender or attorneys. The Lender may enter upon and take and maintain possession or may apply to the court in which a foreclosure is pending to be placed in possession of all or any part of the Property, together with all documents, books, records, papers, and accounts of Mortgagor or the then owner of the Property relating thereto. The Lender may exclude Mortgagor, such owner, and any agents and servants from the Property. As attorney-in-fact or agent of Mortgagor or such owner, or in its own name, the Lender may hold, operate, manage, and control all or any part of the Property and conduct the business thereof, either personally or by its agents. The Lender shall have full power to use such measures, legal or equitable, as it may deem proper or necessary to enforce the payment or security of the rents, issues, deposits, profits, and avails of the Property, including actions for recovery of rent, actions in forcible detainer, and actions in distress for rent, all without notice to Mortgagor.

4.7 Priority of Rent Payments. Any rents, issues, deposits, profits, and avails of the Property received by the Lender after taking possession of the Property, or pursuant to any assignment to the Lender under the provisions of this Mortgage or any of the other Loan Documents, shall be applied as provided under the Act or, in the case of a receivership, as the court may determine.

4.8 Appointment of Receiver. Upon, or at any time after, the filing of a complaint to foreclose this Mortgage, the court in which such complaint is filed shall appoint a receiver of the Property whenever the Lender when entitled to possession so requests. Such receiver shall have all powers and duties prescribed by applicable law, including the power to make leases to be binding upon all parties, including the Mortgagor after redemption, the purchaser at a sale pursuant to a judgment of foreclosure and any person acquiring an interest in the mortgaged real estate after entry of a judgment of foreclosure. In addition, such receiver shall also have the following powers: (a) to extend or modify any then existing leases, which extensions and modifications may provide for terms to expire, or for options to lessees to extend or renew terms to expire, beyond the maturity date of the Secured Indebtedness and beyond the date of the issuance of a deed or deeds to a purchaser or purchasers at a foreclosure sale, it being understood and agreed that any such leases, and the options or other such provisions to be contained therein, shall be binding upon Mortgagor and all persons whose interests in the Property are subject to the lien hereof and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption, discharge of the mortgage indebtedness, satisfaction of any foreclosure judgment, or issuance of any certificate of sale or deed to any purchaser; and (b) all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Property during the whole of the period of receivership. The court from time to time, either before or after entry of judgment of foreclosure, may authorize the receiver to apply the net income in his hands in payment in whole or in part of: (a) the Secured Indebtedness, or any amounts included in any judgment of foreclosure or supplemental judgment or other item for which the Lender is authorized to make a Protective Advance, and (b) the deficiency in case of a sale and deficiency.

4.9 Foreclosure Sale. In the event of any foreclosure sale, the Property may be sold in one or more parcels. The Lender may be the purchaser at any foreclosure sale.

4.10 Application of Proceeds. The proceeds of any foreclosure sale of the Property shall be distributed and applied in accordance with the Loan Documents, subject to applicable law.

4.11 Insurance Upon Foreclosure. In case of an insured loss after foreclosure proceedings have been instituted, the proceeds of any insurance policy or policies, if not applied in restoring the Property shall be used to pay the amount due in accordance with any decree of foreclosure that may be entered in any such proceedings, and the balance, if any, shall be paid as the court may direct. In case of the foreclosure of this Mortgage, the court in its judgment may provide that the judgment creditor may cause a new or additional loss clause to be attached to each of said policies making the loss thereunder payable to said judgment creditor; and any such foreclosure judgment may further provide, unless the right of redemption has been waived, that in case of redemption under said judgment, pursuant to the Act, then, and in every such case, the redemptory may cause the preceding loss clause attached to each insurance policy to be canceled and a new loss clause to be attached thereto, making the loss thereunder payable to such redemptory. In the event of foreclosure sale, the Lender is hereby authorized, but not required, without the consent of Mortgagor, to assign or cause a receiver to assign any and all insurance policies to the purchaser at the sale, or to take such other action as the Lender may deem advisable, to cause the interest of such purchaser to be protected by any of the said insurance policies.

4.12 WAIVER OF STATUTORY RIGHTS. MORTGAGOR SHALL NOT APPLY FOR OR AVAIL ITSELF OF ANY APPRAISEMENT, VALUATION, REDEMPTION, STAY, EXTENSION, OR EXEMPTION LAWS, OR ANY SO-CALLED "MORATORIUM LAWS," NOW EXISTING OR HEREAFTER ENACTED, IN ORDER TO PREVENT OR HINDER THE ENFORCEMENT OR FORECLOSURE OF THIS MORTGAGE, AND MORTGAGOR HEREBY WAIVES THE BENEFIT OF SUCH LAWS. MORTGAGOR, FOR ITSELF AND ALL WHO MAY CLAIM THROUGH OR UNDER IT, WAIVES ANY AND ALL RIGHTS TO HAVE THE PROPERTY AND ESTATES COMPRISING THE PROPERTY MARSHALED UPON ANY FORECLOSURE OF THE LIEN OF THIS MORTGAGE, AND AGREES THAT ANY COURT HAVING JURISDICTION TO FORECLOSE SUCH LIEN MAY ORDER THE PROPERTY SOLD IN ITS ENTIRETY. MORTGAGOR FURTHER WAIVES ANY AND ALL RIGHTS OF REDEMPTION FROM FORECLOSURE AND FROM SALE UNDER ANY ORDER OR DECREE OF FORECLOSURE OF THE LIEN CREATED BY THIS MORTGAGE, FOR ITSELF AND ON BEHALF OF: (i) ANY TRUST ESTATE OF WHICH THE PREMISES ARE A PART, ALL BENEFICIALLY INTERESTED PERSONS; (ii) EACH AND EVERY PERSON ACQUIRING ANY INTEREST IN THE PROPERTY OR TITLE TO THE PREMISES SUBSEQUENT TO THE DATE OF THIS MORTGAGE; AND (iii) ALL OTHER PERSONS TO THE EXTENT PERMITTED BY ILLINOIS LAW.

V. MISCELLANEOUS.

5.1 Notices. Any notice that the Lender or Mortgagor may desire or be required to give to the other shall be in writing and shall be mailed or delivered in the manner set forth in the Loan Agreement. Except as otherwise specifically required, notice of the exercise of any right or option granted to the Lender by this Mortgage is not required to be given.

5.2 Time of Essence. Time is of the essence of this Mortgage.

5.3 Covenants Run with Land. All of the covenants of this Mortgage shall run with the land constituting the Premises.

5.4 GOVERNING LAW. THIS MORTGAGE SHALL BE CONSTRUED AND ENFORCED ACCORDING TO THE INTERNAL LAWS OF THE STATE OF ILLINOIS (WITHOUT REFERENCE TO CONFLICTS OF LAWS PROVISIONS THEREOF).

5.5 Rights and Remedies Cumulative. All rights and remedies in this Mortgage are cumulative. The holder of the Note and of every other obligation secured hereby may recover judgment, issue execution therefor, and resort to every other right or remedy available at law or in equity, without first exhausting and without affecting or impairing the security of any right or remedy.

5.6 Severability. If any provision of this Mortgage, or any paragraph, sentence, clause, phrase, or word, or their application, in any circumstance, is held invalid, the validity of the remainder of this Mortgage shall be construed as if such invalid part were never included.

5.7 Non-Waiver. Unless expressly provided in this Mortgage to the contrary, no consent or waiver, express or implied, by any party, to or of any breach or default by any other party shall be deemed a consent to or waiver of the performance by such defaulting party of any other obligations or the performance by any other party of the same, or of any other, obligations.

5.8 Headings. The headings of sections and paragraphs in this Mortgage are for convenience or reference only and shall not be construed in any way to limit or define the content, scope, or intent of the provisions.

5.9 Grammar. As used in this Mortgage, the singular shall include the plural, and masculine, feminine, and neuter pronouns shall be fully interchangeable, where the context so requires.

5.10 Trust. If title to the Property or any part thereof is now or hereafter becomes vested in a trustee, any prohibition or restriction against the creation of any lien on the Property shall be construed as a similar prohibition or restriction against the creation of any lien on or security interest in the beneficial interest of such trust.

5.11 Successors and Assigns. This Mortgage shall be binding upon Mortgagor, its successors, assigns, legal representatives, and all other persons or entities claiming under or through Mortgagor. "Mortgagor," when used herein, shall include all such persons and entities and any others liable for the payment of the Secured Indebtedness, or any part thereof, whether or not they have executed the Note or this Mortgage.

5.12 Mortgagee in Possession. Nothing contained in this Mortgage shall be construed as constituting Lender as a mortgagee in possession in the absence of the actual taking of possession of the Property.

5.13 Business Loan Recital/Statutory Exemptions. Mortgagor acknowledges and agrees that (a) the proceeds of Loan 4 will be used in conformance with subparagraph (1)(1) of Section 4 of the Interest Act (815 ILCS 205/0.01 *et seq.*); (b) that the Obligations secured hereby constitute a business loan which comes within the purview of said Section 4; and (c) that Loan 4 is an exempted transaction under the Truth-in-Lending Act, 15 U.S.C. Sec. 1601 *et seq.*

5.14 No Agricultural or Residential Real Estate. Mortgagor acknowledges and agrees that the transaction of which this Mortgage is a part is a transaction which does not include either agricultural real estate (as defined in Section 5/15-1201 of the Act) or residential real estate (as defined in Section 5/15-1219 of the Act).

5.15 Illinois Collateral Protection Act. Unless Mortgagor provides the Lender with evidence of the insurance coverage required by Mortgagor's agreement with the Lender, Lender may purchase insurance at Mortgagor's expense to protect Lender's interests in the collateral. This insurance may, but need not, protect Mortgagor's interests. The coverage that Lender purchases may not pay any claim that Mortgagor makes or any claim that is made against Mortgagor in connection with the collateral. Mortgagor may later cancel any insurance purchased by Lender, but only after providing the Lender with evidence that Mortgagor has obtained insurance as required by their agreement. If the Lender purchases insurance for the collateral, Mortgagor will be responsible for the costs of that insurance, including interest and any other charges Lender may impose in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added to Mortgagor's total outstanding balance or obligation. The costs of the insurance may be more than the cost of insurance Mortgagor may be able to obtain on Mortgagor's own. In the event the Lender, in its reasonable discretion, determines that any insurance provided by Mortgagor does not comply with the insurance requirements set forth herein, then the Lender may, at any time and at its own discretion, procure and substitute for any and all of the policies of insurance deposited as aforesaid such other policy or policies of insurance, in such amount and carried with such company as it may determine, and the cost therefor shall be repaid to the Lender by Mortgagor upon demand. Mortgagor shall furnish to the Lender, upon request, estimates or appraisals of insurable value, without cost to the Lender, such as are regularly and ordinarily made by insurance companies to determine the then replacement cost of the building or buildings and improvements on the Real Estate. Mortgagor shall not carry separate insurance concurrent in kind or form, and contributing in the event of any loss, with any insurance required hereunder.

5.16 Incorporation of Loan Agreement. The terms of the Loan Agreement are incorporated by reference herein as though set forth in full detail. In the event of any conflict between the terms and provisions of this Mortgage and the Loan Agreement, the terms and provisions of the Loan Agreement shall control.

(Signature page follows)

*Signature Page to Mortgage, Assignment of Leases and Rents,
Security Agreement and Fixture Filing*

IN WITNESS WHEREOF, Mortgagor has duly signed and delivered this Mortgage as of the date first above written.

MORTGAGOR:

INNOVATIVE FOOD INNOVATIONS, INC.,
a Florida corporation

By: _____
Justin Wiernasz, its President

**Notary Page to Mortgage, Assignment of Leases and Rents,
Security Agreement and Fixture Filing**

STATE OF _____)
) SS.
COUNTY OF _____)

I, _____, a Notary Public, in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Justin Wiernasz is the President of **INNOVATIVE FOOD HOLDINGS, INC.**, a Florida corporation, is personally known to me to be the same person whose name is subscribed to the foregoing instrument and as such, he appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal, this ____ day of _____, 2015.

[SEAL]

_____)
Notary Public

My commission expires: _____

EXHIBIT A

Legal Description

PARCEL 1

THE NORTH 194.0 FEET OF THE SOUTH 630 FEET OF THE WEST 300 FEET OF THAT PART OF THE EAST 1/2 OF THE NORTHEAST 1/4 OF SECTION 21, TOWNSHIP 39 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING EAST OF AND ADJOINING THE EASTERLY RIGHT OF WAY LINE OF THE INDIANA HARBOR BELT RAILROAD COMPANY, IN COOK COUNTY, ILLINOIS.

EASEMENT PARCEL

A NON-EXCLUSIVE EASEMENT FOR THE BENEFIT OF PARCEL 1 OVER THE APPROXIMATELY 13.5 FOOT EASEMENT PARCEL AS CREATED BY AND MORE SPECIFICALLY DESCRIBED IN THAT CERTAIN EASEMENT AGREEMENT DATED MAY ____, 2015, MADE BY 27TH AVENUE CORPORATION, AN ILLINOIS CORPORATION, AS GRANTOR, AND INNOVATIVE FOOD HOLDINGS, INC., A FLORIDA CORPORATION, AS GRANTEE, RECORDED ON MAY ____, 2015 AS DOCUMENT NO. _____.

P.I.N.: 15-21-202-066-0000

Common Address: 2528 South 27th Avenue, Broadview, Illinois

NOTE 4

\$980,000.00

Payable at Naples, Florida

Effective May 29, 2015

FOR VALUE RECEIVED, the undersigned, Innovative Food Holdings, Inc., a Florida corporation, Food Innovations, Inc., a Florida corporation, Gourmet Foodservice Group, Inc., a Florida corporation, Artisan Specialty Foods, Inc., a Delaware corporation, 4 The Gourmet, Inc., a Florida corporation, Haley Food Group, Inc., a Florida corporation, Gourmet Foodservice Group Warehouse, Inc., a Florida corporation, Food New Media Group, Inc., a New York corporation and Organic Food Brokers, LLC, a Colorado limited liability company (herein "Borrowers"), jointly and severally, promise to pay in lawful money of the United States of America to Fifth Third Bank, an Ohio banking corporation (herein "Lender") or other holder of this Note, at 999 Vanderbilt Beach Road, 7th Floor, Naples, FL 34108, or such other place as the holder hereof may direct in writing, the principal sum of Nine Hundred Eighty Thousand and 00/100 Dollars (\$980,000.00), or such lesser amount as may be outstanding pursuant to the Loan Agreement dated November 26, 2013, as amended on even date herewith (herein "Loan Agreement" (capitalized terms not otherwise defined in this Note shall have the definitions ascribed to them under the Loan Agreement)) together with all accrued and unpaid interest thereon.

A. The principal sum outstanding shall bear interest at a floating rate per annum equal to 2.75% in excess of the "LIBOR Rate", (the "Interest Rate"). The LIBOR Rate is the rate of interest (rounded upwards, if necessary, to the next 1/8 of 1% and adjusted for reserves if Lender is required to maintain reserves with respect to relevant advances) fixed by the ICE Benchmark Administration Limited (or any successor thereto, or replacement thereof, as approved by Lender, each an "Alternate LIBOR Source"), at approximately 11 :00 AM London time (or at the relevant time established by an Alternate LIBOR Source or by Lender), relating to quotations for the one month London InterBank Offered Rates on U.S. Dollar deposits as published on Bloomberg LP (or any successor thereto, or replacement thereof, as approved by Lender, each an "Approved Bloomberg Successor"), or, if no longer provided by Bloomberg LP, such rate as shall be determined in good faith by the Lender from such sources as it shall determine to be comparable to Bloomberg LP (or any Approved Bloomberg Successor) as determined by Lender at approximately 10:00 a.m. Cincinnati, Ohio time on the relevant date of determination.

B. The Interest Rate shall initially be determined as of the date of this Note and shall be effective until the first (1st) business day of the month following the period after the date of this Note. The Interest Rate shall be adjusted automatically on the first (1st) business day of each one month period thereafter, commencing on the first (1st) business day of the month following the expiration of the initial Interest Rate determination under this Note.

C. Interest at the RATE set forth above, unless otherwise indicated, will be calculated on the basis of the 360 day per year method, which computes a daily amount of interest for a hypothetical year of 360 days, then multiplies such amount by the actual number of days elapsed in an interest calculation period.

D. Notwithstanding any other provision contained in this Note, the Lender does not intend to charge and Borrowers shall not be required to pay any amount of interest or other fees or charges in excess of the maximum amount permitted by applicable law. Any payment in excess of such maximum shall be refunded to Borrowers or credited against principal, at the option of the Lender.

Note 4 in Favor of Fifth Third Bank, an Ohio banking corporation

Page 1

E. Borrowers, jointly and severally, agree to pay said principal, and all accrued and unpaid interest thereon as follows:

1. Beginning on June 29, 2015, and continuing on the 29th day (except for February which payment date shall be the 28th day) of each succeeding month thereafter until the Maturity Date, Borrowers shall pay all accrued interest.
2. Borrowers shall make monthly payments of principal in the amount of \$8,166.67 beginning on June 29, 2015, and continuing on the 29th day (except for February which payment date shall be the 28th day) of each succeeding month thereafter until the Maturity Date.
3. The entire principal balance and all accrued and unpaid interest thereon shall be due and payable on the Maturity Date of May 29, 2020, unless sooner accelerated following a Default (as defined herein).

F. Borrowers shall be in default under this Note (herein "Default") upon the happening of any of the following events, circumstances or conditions; namely:

1. Default in the payment when due of any principal or interest under this Note.
2. Any other Event of Default under the Loan Agreement or other Loan Document, including the Illinois mortgage securing this Note, which continues beyond any applicable notice and cure period.

In the event of such Default, the entire amount of this Note shall become due and payable at the election of the holder and all such sums shall bear interest at the Default Rate as defined in the Loan Agreement. Failure to precipitate for Default shall not estop the right to assert for subsequent Defaults.

G. The use of the masculine pronoun herein shall include the feminine and neuter and also the plural. If any provision of this instrument shall be prohibited or invalid under applicable law, such provision shall be ineffective but only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note.

H. If any payment is not paid within ten (10) days of the Due Date, undersigned agrees to pay to Lender a late payment fee as provided for in the Loan Agreement.

I. Interest not paid when due shall bear interest.

J. Should it become necessary to collect this Note through an attorney, all parties hereto, whether maker, endorser, surety or guarantor each severally agree to pay all costs of collecting this Note, including a reasonable attorney's fee, whether at trial, at any appellate level, or in any bankruptcy proceeding, whether collected by suit or otherwise. As used herein, attorney's fees shall include a separate award for paralegal or legal assistants' fees.

K. Each Borrower waives presentment for payment, protest and notice of protest and non-payment of this Note, and consents that this Note or any part hereof may be extended without further notice.

L. Each Borrower waives its right to a jury trial of any claim or cause of action based upon or arising out of this Note, and/or the transactions contemplated by this Note, or any dealings between Borrowers and Lender. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including without limitation, contract claims, tort claims, breach of duty claims, and all other common law and statutory claims.

Borrowers acknowledge that this waiver is a material inducement to Lender to loan money to Borrowers.

M. Any judgment rendered on this Note shall bear interest at the highest rate of interest permitted pursuant to Chapter 687, Florida Statutes.

N. This Note is not secured by Florida real property but is secured by a mortgage on real estate located in Illinois and pursuant to §201.08 of Florida Statutes documentary stamp taxes in the amount of \$2,450.00 have been paid in connection with this Note.

Innovative Food Holdings, Inc.,
a Florida corporation

By: _____
Justin Wiernasz, its President
EIN: 20-1167791

Food Innovations, Inc.,
a Florida corporation

By: _____
Justin Wiernasz, its President
EIN: 100002630

Gourmet Foodservice Group, Inc.,
a Florida corporation

By: _____
Justin Wiernasz, its President
EIN: 263780857

Artisan Specialty Foods, Inc.,
a Delaware corporation

By: _____
Justin Wiernasz, its President
EIN: 455301842

4 The Gourmet, Inc.,
a Florida corporation

By: _____
Justin Wiernasz, its President
EIN: 263780922

Haley Food Group, Inc.,
a Florida corporation

By: _____
Justin Wiernasz, its President
EIN:46-1290142

Gourmet Foodservice Group Warehouse, Inc.,
a Florida corporation.

By: _____
Justin Wiernasz, its President
EIN:46-1331955

Signatures continue on the next succeeding page

Food New Media Group, Inc.,
a New York corporation

By: _____
Justin Wiernasz, its President
EIN: 26-2921339

Organic Food Brokers, LLC,
a Colorado limited liability company

By:
Justin Wiernasz, its President
EIN _____

Note 4 in Favor of Fifth Third Bank, an Ohio banking corporation
Page 4

REAFFIRMATION OF SECURITY AGREEMENT

Innovative Food Holdings, Inc., a Florida corporation, Food Innovations, Inc., a Florida corporation, Gourmet Foodservice Group, Inc., a Florida corporation, Artisan Specialty Foods, Inc., a Delaware corporation, 4 The Gourmet, Inc., a Florida corporation, Haley Food Group, Inc., a Florida corporation, Gourmet Foodservice Group Warehouse, Inc., a Florida corporation, and Food New Media Group, Inc., a New York corporation (herein "Debtors") and Fifth Third Bank, an Ohio banking corporation ("Lender"), hereby reaffirm all of the terms and conditions of that certain security agreement dated November 26, 2013, between Debtors and Lender ("Security Agreement"), and acknowledge that the Security Agreement secures the \$980,000.00 note dated effective May 29, 2015 and acknowledge that the Security Agreement is amended to add the additional place of business described on Exhibit 1.

IN WITNESS WHEREOF, the parties have executed or caused these presents to be executed effective this May 29, 2015.

Signed Sealed and Delivered in the Presence of:

Witness as to Debtor

Innovative Food Holdings, Inc.,
a Florida corporation

By: _____
Justin Wiernasz, its President

Witness as to Debtor

Food Innovations, Inc.,
a Florida corporation

By: _____
Justin Wiernasz, its President

Witness as to Debtor

Witness as to Debtor

Signatures continue on next succeeding page



Witness as to Debtor

Witness as to Debtor

Witness as to Debtor

Witness as to Debtor

Witness as to Debtor

Witness as to Debtor

Witness as to Debtor

Witness as to Debtor

Witness as to Debtor

Witness as to Debtor

Gourmet Foodservice Group, Inc.,
a Florida corporation

By: _____
Justin Wiernasz, its President

Artisan Specialty Foods, Inc.,
a Delaware corporation

By: _____
Justin Wiernasz, its President

4 The Gourmet, Inc.,
a Florida corporation

By: _____
Justin Wiernasz, its President

Haley Food Group, Inc.,
a Florida corporation

By: _____
Justin Wiernasz, its President

Gourmet Foodservice Group Warehouse, Inc., a Florida corporation.

By: _____
Justin Wiernasz, its President

Signatures continue on next succeeding page

Food New Media Group, Inc.,
a New York corporation

Witness as to Debtor

Witness as to Debtor

By: _____
Justin Wiernasz, its President

Lender:
Fifth Third Bank,
an Ohio banking corporation,

Witness as to Lender

Witness as to Lender

By: _____
Timothy J. Reiter, Vice President

Exhibit "1"

PARCEL 1

THE NORTH 194.0 FEET OF THE SOUTH 630 FEET OF THE WEST 300 FEET OF THAT PART OF THE EAST 1/2 OF THE NORTHEAST 1/4 OF SECTION 21, TOWNSHIP 39 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING EAST OF AND ADJOINING THE EASTERLY RIGHT OF WAY LINE OF THE INDIANA HARBOR BELT RAILROAD COMPANY, IN COOK COUNTY, ILLINOIS.

Together with Easement 13.5 feet in width over Grantor's legal description as Exhibit 1-A as depicted on Exhibit 1-B attached.

P.I.N.: 15-21-202-066-0000

Common Address: 2528 South 27th Avenue, Broadview, Illinois

And

Property located at 2600 9th Street #5B, Boulder, CO 80304

EXHIBIT 1 - A

LEGAL DESCRIPTION OF THE GRANTOR PROPERTY

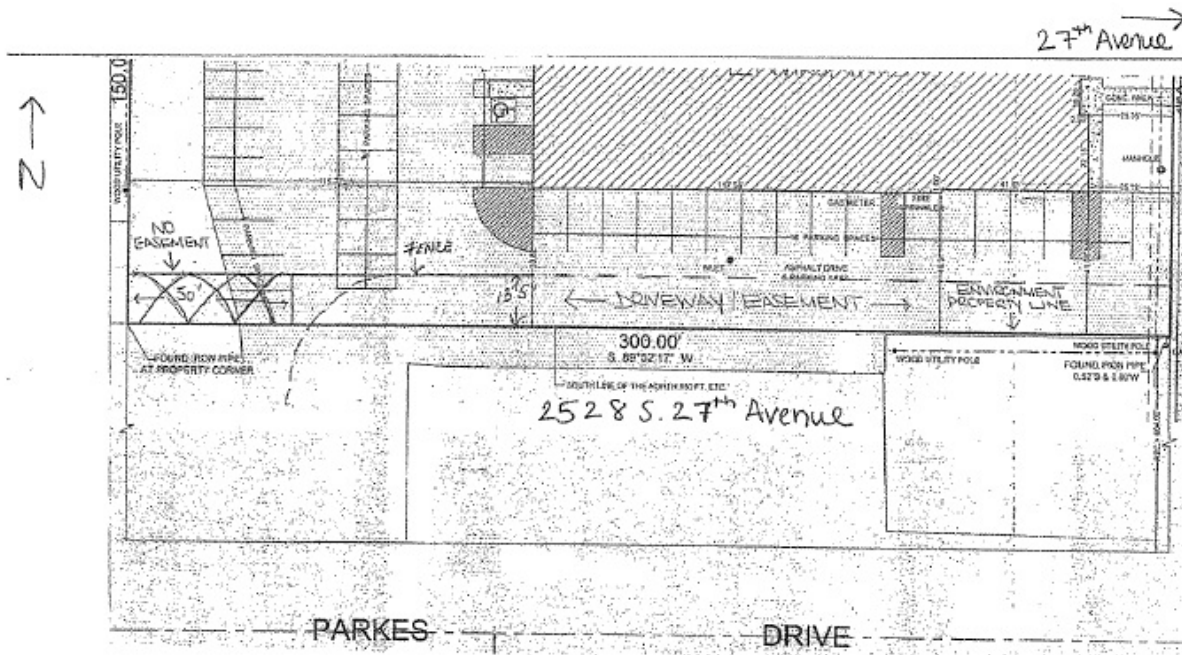
THE NORTH 150 FEET OF THE SOUTH 780 FEET OF THE WEST 300 FEET OF THAT PART OF THE EAST ½ OF THE NORTHEAST ¼ OF SECTION 21, TOWNSHIP 39 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS WHICH LIES EAST OF THE RIGHT OF WAY LINE OF THE INDIANA HARBOR RAILROAD COMPANY, IN COOK COUNTY, ILLINOIS.

Commonly known as : 2500 South 27th Avenue, Broadview, Illinois 60155

PIN: 15-202-072-0000

EXHIBIT 1 - B

DRAWING OF EASEMENT PREMISES



SECOND AMENDMENT TO RESTATED LOAN AGREEMENT

THIS SECOND AMENDMENT (“Amendment”) to Restated Loan Agreement dated November 26, 2013, as modified by joinder dated December 12, 2014 and amended on May 29, 2015 (the “Agreement”) is made by and between Fifth Third Bank, an Ohio banking corporation (“Lender”), and Innovative Food Holdings, Inc., a Florida corporation, Food Innovations, Inc., a Florida corporation, Gourmet Foodservice Group, Inc., a Florida corporation, Artisan Specialty Foods, Inc., a Delaware corporation, 4 The Gourmet, Inc., a Florida corporation, Haley Food Group, Inc., a Florida corporation, Gourmet Foodservice Group Warehouse, Inc., a Florida corporation, and Food New Media Group, Inc., a New York corporation (“Borrowers”) and Organic Food Brokers, LLC, a Colorado limited liability company (“Organic” with Organic and 2013 Borrowers herein collectively called “Obligors” in this Amendment) on this August 7, 2015 (“Amendment Date”).

RECITALS:

WHEREAS, the Agreement governs four credit facilities established by Lender, consisting of a term loan in the original principal sum of Five Hundred Forty Six Thousand and 00/100 Dollars (\$546,000.00) (“Loan 1”), a revolving loan in the maximum principal sum One Million and 00/100 Dollars (\$1,000,000.00) (“Original Loan 2”), a term loan in the original principal sum of One Million and 00/100 Dollars (\$1,000,000.00) (“Loan 3”); and a term loan in the original principal sum of Nine Hundred Eighty Thousand and 00/100 Dollars (\$980,000.00) (“Loan 4”); and

WHEREAS, Obligors and Lender have agreed to amend the Agreement to renew and increase Original Loan 2 to a maximum sum of One Million Five Hundred Thousand and 00/100 Dollars (\$1,500,000.00) and establish a fifth credit facility for Obligors in the principal sum of One Million and 00/100 Dollars (\$1,000,000.00), all secured by Obligors’ tangible and intangible personal property; and

WHEREAS, Obligors and Lender desire to set forth the mutually agreed upon amended terms and conditions to the Agreement for the renewal and increase of Original Loan 2 and the additional credit facility.

NOW, THEREFORE, in consideration of the above Recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. The following Definitions are hereby amended to add or be redefined:
 - a. The definition of “LIBOR Rate” shall remain the same as set forth in the Agreement for Note 1, and Note 3 only, but as to Note 2, Note 4 and Note 5, “LIBOR Rate” shall mean the rate of interest (rounded upwards, if necessary, to the next 1/8 of 1% and adjusted for reserves if Lender is required to maintain reserves with respect to relevant advances) fixed by the ICE Benchmark Administration Limited (or any successor thereto, or replacement thereof, as approved by Lender, each an “Alternate LIBOR Source”), at approximately 11 :00 AM London time (or at the relevant time established by an Alternate LIBOR Source or by Lender), relating to quotations for the one month London InterBank Offered Rates on U.S. Dollar deposits as published on Bloomberg LP (or any successor thereto, or replacement thereof, as approved by Lender, each an “Approved Bloomberg Successor”), or, if no longer provided by Bloomberg LP, such rate as shall be determined in good faith by the Lender from such sources as it shall determine to be comparable to Bloomberg LP (or any Approved Bloomberg Successor) as determined by Lender at approximately 10:00 a.m. Cincinnati, Ohio time on the relevant date of determination.

- a. "Loan 5" shall mean the term loan established for Borrowers pursuant to Section 2.1. E.
- b. "Loan 2 Commitment" shall mean the sum of One Million Five Hundred Thousand and 00/100 Dollars (\$1,500,000.00).
- c. "Loans" shall mean Loan 1, Loan 2, Loan 3, Loan 4, Loan 5 and each other loan governed by this Agreement. The term "Loan" may refer to any of the Loans, individually.
- d. "Loan Documents" shall mean this Agreement, the Notes, any and all Rate Management Agreements, the Guaranty of Organic dated December 12, 2014, the Security Instruments, the Financing Statements, the Loan Commitment Letter, Subordination Agreement, Environmental Agreement dated the Closing Date and all the other documents, agreements, certificates, schedules, statements and opinions, however described, referenced herein or executed or delivered pursuant hereto or in connection with or arising with the Loans or the transactions contemplated by this Agreement
- e. "Maturity Date" as to Loan 1, shall mean February 28, 2018, as to Loan 2, shall mean August 1, 2016, as to Loan 3, shall mean May 26, 2015, as to Loan 4 shall mean May 29, 2020 and as to Loan 5 shall mean December 1, 2015.
- f. "Note 2" shall mean the increase and renewal revolving credit note dated the Amendment Date in the original principal sum of One Million Five Hundred Thousand and 00/100 Dollars (\$1,500,000.00) and all renewals, modifications, substitutions and consolidations thereto.
- g. "Note 5" shall mean the term note dated the Amendment Date in the original principal sum of One Million and 00/100 Dollars (\$1,000,000.00) and all renewals, modifications, substitutions and consolidations thereto.
- h. "Notes" shall mean Note 1, Note 2, Note 3, Note 4, Note 5 and each other note executed and delivered pursuant to this Agreement. The term "Note" may refer to any of the Notes, individually.

2. Paragraph A of Section 1.5 is hereby amended to read:

A. Interest on Loan 1 shall, until an Event of Default or maturity, accrue interest at the LIBOR Rate plus 3.0%. Interest on Loan 2 shall, until an Event of Default or maturity, accrue interest at the LIBOR Rate plus 3.250%. Interest on Loan 3 shall, until an Event of Default or maturity, accrue interest at the LIBOR Rate plus 4.750%. Interest on Loan 4 shall, until an Event of Default or maturity, accrue interest at the LIBOR Rate plus 2.750%. Interest on Loan 5 shall, until an Event of Default or maturity, accrue interest at the LIBOR Rate plus 4.0%.

3. The introductory paragraph section of Paragraph B of Section 2.1 is hereby amended to read:

B. Loan 2. Lender agrees, upon the terms and conditions set forth in this Agreement, and in reliance upon the representations and warranties made under this Agreement, to renew and increase the Original Loan 2 and continue to make Loan 2 available to Obligors and allow Obligors during the Advance Term to borrow, repay and re-borrow from Lender in an amount up to, but not exceeding, the Loan 2 Credit Ceiling. In consideration of Lender renewing and increasing the Original Loan 2, Obligors shall pay Lender a loan fee of \$7,500.00. In addition, Obligors shall pay a fee each month on the unfunded principal amount of Loan 2 in the annualized amount of 25 basis points (0.25%) calculated as of the last Business Day of the preceding month, with the first such fee due as of September 1, 2015 and on each 1st of the month thereafter and on the last day of the Advance Term. For purposes of this Agreement, the unfunded principal amount of Loan 2 shall be One Million Five Hundred Thousand and 00/100 Dollars (\$1,500,000.00), less the average amount of Advances for the month during the period of calculation. Undrawn Letters of Credit shall not be considered Advances for purposes of this calculation.

4. Paragraph E is hereby added to Section 2.1 to read:

E. Loan 5. Lender agrees, upon the terms and conditions set forth in this Agreement, and in reliance upon the representations and warranties made under the Agreement and this Amendment to loan to Obligors, the amount of One Million and 00/100 Dollars (\$1,000,000.00). At Closing, Lender shall disburse the entire Loan 5 proceeds for working capital purposes. In consideration of Lender making Loan 5, Obligors shall pay Lender a loan fee of \$2,500.00. Obligors shall further pay all expenses, taxes and fees incurred in connection with the documentation, underwriting and Closing of Loan 5 and this Agreement, including, but not limited to, Lender's attorney's fees, recording fees, lien search fees, appraisal fees, and other reasonable fees and expenses as may be required.

5. **SECTION 2.4 Collateral** is hereby amended to add sub paragraph 4 to Paragraph A to read:

4. As Collateral for Loan 5, a perfected security interest in all Personal Property of Obligors. In connection with this security interest pledged in the Personal Property, Obligors shall execute and deliver to Lender such reaffirmations of the Security Agreements and authorize the filing of such Financing Statements, as required by Lender, to be recorded with the Secured Transaction Registry for the State of Florida, as Lender deems appropriate to grant Lender a security interest in the Personal Property of Obligors.

6. Additional Representations, and Warranties of the Obligors. Obligors hereby make the following additional representations and warranties under Article IV, to the Lender:

a. *No Change.* Since the Statement Date there has been no material adverse change in the good standing, business, operations, assets, or financial or other condition of Obligors except as specifically disclosed to Lender in writing or in financial statements delivered by Obligors to Lender since the Statement Date. Since the Statement Date, no Obligor has entered into, incurred, or assumed any long-term debt, mortgages, material leases or oral or written commitments, nor commenced any significant project, nor made any purchase or acquisition of any significant property other than the Illinois Real Estate Security and other assets disclosed to Lender in writing.

b. *No Legal Bar.* The execution, delivery, and performance of the Loan Documents and specifically this Amendment and the documents associated with Loan 2 and Loan 5 and the borrowing hereunder and the use of the proceeds thereof, will not violate any Requirement of Law or any Contractual Obligation of any Obligor.

c. *No Material Litigation.* That there is no litigation, investigation, or proceeding (including, without limitation, claims arising out of violation of any Environmental Laws or improper use or disposal of any Hazardous Substances) of or before any arbitrator or Governmental Authority is pending or, to the knowledge of any Obligor threatened by or against any Obligor, or against any of such parties' properties or revenues which is likely to be adversely determined and which, if adversely determined, is likely to have a material adverse effect on the business, operations, property, or financial or other condition of such Obligor.

d. *Taxes.*

(i) Each Obligor has filed or caused to be filed all tax returns that are required to be filed and have paid all taxes shown to be due and payable on said returns or on any assessments made against them or any of their property other than taxes that are being contested in good faith by appropriate proceedings and as to which such Obligor has established adequate reserves.

(ii) Lender and Obligors believe that since Note 2 and Note 5 are not secured by Florida real estate, the documentary stamp tax due under Florida law in connection with Note 2 and Note 5 are limited to the amount of \$2,450.00 each, pursuant to §201.08 (1) of the Florida Statutes (2015) ("Maximum Tax"). Obligors, jointly and severally, warrant that they will pay to the Lender, its successors and assigns, all sums of money, with interest at the rate equal to the Default Rate, which the Lender shall or may advance, pay or cause to be paid, or become liable to pay, on account of or in connection with the failure to pay any documentary stamp taxes on Note 2 or Note 5 in excess of the Maximum Tax (herein "Taxes") and any interest and penalties associated with such Taxes. Obligors will make such payment to the Lender within ten (10) days of Lender's demand therefore, whether Lender shall have paid out such sum, or any part thereof or not. Upon receipt of such payment by the Lender, the Lender agrees to remit such payments to the appropriate Governmental Authority, if not previously paid. In any accounting which may be had between the Lender and Obligors, Lender shall be entitled to charge for any and all disbursements in and about the matters herein contemplated made by it in good faith, under the belief that it is or was liable for the Taxes so assessed. Obligors waive any defense to an action by Lender to enforce payment of Loan 2 and Loan 5 and collection of any Indebtedness based upon nonpayment of any documentary stamp tax on Note 2 and Note 5.

e. *Assets.* Each Obligor has good and marketable title to all property and assets reflected in the most current Financial Statements, except property and assets sold or otherwise disposed of in the ordinary course of business subsequent to the respective dates thereof. No Obligor has any outstanding liens on any of their properties or assets nor are there any security agreements to which either of them is a party, or title retention agreements, whether in the form of leases or otherwise, of any personal property except as reflected in the most current Financial Statements.

7. Each Obligor acknowledges that they have no claims of offset or defenses to the Indebtedness and hereby confirm that there has been no Event of Default under the Agreement or any other Loan Document. Each Obligor waives any and all claims of offset or defenses to the Loan Documents and the Indebtedness as a condition to the extension of the additional credit represented by Loan 2 and Loan 5 by Lender hereunder.

8. These covenants shall be deemed supplemental to the covenants contained within the Agreement unless they expressly conflict with such covenants in which event these provisions shall prevail.

9. This Amendment may be executed in counterparts and by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

10. In all other respects, Obligors and Lender hereby ratify and confirm the terms and conditions of the Agreement.

IN WITNESS WHEREOF, the parties have executed or caused these presents to be executed this August 7, 2015.

Signed Sealed and Delivered in the Presence of:

Witness as to Borrower

Innovative Food Holdings, Inc.,
a Florida corporation

By: _____
Justin Wiernasz, its President

Witness as to Borrower

Food Innovations, Inc.,
a Florida corporation

By: _____
Justin Wiernasz, its President

Witness as to Borrower

Witness as to Borrower

Gourmet Foodservice Group, Inc.,
a Florida corporation

By: _____
Justin Wiernasz, its President

Witness as to Borrower

Witness as to Borrower

Witness as to Borrower

Artisan Specialty Foods, Inc.,
a Delaware corporation

By: _____
Justin Wiernasz, its President

Witness as to Borrower

4 The Gourmet, Inc.,
a Florida corporation

By: _____
Justin Wiernasz, its President

Witness as to Borrower

Witness as to Borrower

Haley Food Group, Inc.,
a Florida corporation

By: _____
Justin Wiernasz, its President

Witness as to Borrower

Witness as to Borrower

Gourmet Foodservice Group Warehouse, Inc., a Florida corporation.

By: _____
Justin Wiernasz, its President

Witness as to Borrower

Witness as to Borrower

Food New Media Group, Inc.,
a New York corporation

By: _____
Justin Wiernasz, its President

Witness as to Borrower

Witness as to Borrower

Signatures continue on next succeeding page



Organic Food Brokers, LLC,
a Colorado limited liability company

Witness as to Organic

By: _____
Justin Wiernasz, its President

Witness as to Organic

Signatures continue on next succeeding page

Lender:
Fifth Third Bank,
an Ohio banking corporation,

Witness as to Lender

Witness as to Lender

By: _____
Timothy J. Reiter, Vice President

*SECOND AMENDMENT TO RESTATED LOAN AGREEMENT
IN FAVOR OF FIFTH THIRD BANK, AN OHIO BANKING CORPORATION
PAGE 8*

NOTE 2
(Renewal and Increase)

This Note is a renewal and increase of the obligations to Lender represented by that certain note dated November 26, 2013, in the principal amount of \$1,000,000.00 (Prior Note") and adds an additional Borrower. Borrowers hereby acknowledge that this Note shall not be construed as a novation or extinguishment of, the obligations arising under the Prior Note, and its issuance shall not affect the priority of any security interest granted in connection with the Prior Note.

\$1,500,000.00

Payable at Naples, Florida
Effective: August 7, 2015

FOR VALUE RECEIVED, the undersigned, Innovative Food Holdings, Inc., a Florida corporation, Food Innovations, Inc., a Florida corporation, Gourmet Foodservice Group, Inc., a Florida corporation, Artisan Specialty Foods, Inc., a Delaware corporation, 4 The Gourmet, Inc., a Florida corporation, Haley Food Group, Inc., a Florida corporation, Gourmet Foodservice Group Warehouse, Inc., a Florida corporation, Food New Media Group, Inc., a New York corporation and Organic Food Brokers, LLC, a Colorado limited liability company (herein "Borrowers"), jointly and severally, promise to pay in lawful money of the United States of America to Fifth Third Bank, an Ohio banking corporation (herein "Lender") or other holder of this Note, at 999 Vanderbilt Beach Road, 7th Floor, Naples, FL 34108, or such other place as the holder hereof may direct in writing, the principal sum of One Million Five Hundred Thousand and 00/100 Dollars (\$1,500,000.00), or such lesser amount as may be outstanding pursuant to the Loan Agreement dated of even date, as the same may be amended or restated from time to time (herein "Loan Agreement" (capitalized terms not otherwise defined in this Note shall have the definitions ascribed to them under the Loan Agreement)) together with all accrued and unpaid interest thereon.

Borrowers may borrow, repay and reborrow hereunder at any time, up to a maximum aggregate amount outstanding at any one time equal to the principal amount of this Note, provided that no Borrower is in default under any provision of this Note, any other Loan Documents executed in connection with this Note, or any other note or other loan documents now or hereafter executed in connection with any other obligation of any Borrower to Lender, and provided that the borrowings hereunder do not exceed any limitation on borrowings by Borrowers under the Loan Agreement. Lender shall incur no liability for its refusal to advance funds based upon its determination that any conditions of such further advances have not been met. Lender records of the amounts borrowed from time to time shall be conclusive proof thereof.

A. Interest shall accrue on the amounts actually drawn down on this Note from time to time at 3.250% above the LIBOR Rate. The LIBOR Rate is the rate of interest (rounded upwards, if necessary, to the next 1/8 of 1% and adjusted for reserves if Lender is required to maintain reserves with respect to relevant advances) fixed by the ICE Benchmark Administration Limited (or any successor thereto, or replacement thereof, as approved by Lender, each an "Alternate LIBOR Source"), at approximately 11 :00 AM London time (or at the relevant time established by an Alternate LIBOR Source or by Lender), relating to quotations for the one month London InterBank Offered Rates on U.S. Dollar deposits as published on Bloomberg LP (or any successor thereto, or replacement thereof, as approved by Lender, each an "Approved Bloomberg Successor"), or, if no longer provided by Bloomberg LP, such rate as shall be determined in good faith by the Lender from such sources as it shall determine to be comparable to Bloomberg LP (or any Approved Bloomberg Successor) as determined by Lender at approximately 10:00 a.m. Cincinnati, Ohio time on the relevant date of determination.

Note 2 in Favor of Fifth Third Bank, an Ohio banking corporation

Page 1

B. The Interest Rate shall initially be determined as of the date of this Note and shall be effective until the first (1st) business day of the month following the period after the date of this Note. The Interest Rate shall be adjusted automatically on the first (1st) business day of each one month period thereafter, commencing on the first (1st) business day of the month following the expiration of the initial Interest Rate determination under this Note.

C. Interest at the RATE set forth above, unless otherwise indicated, will be calculated on the basis of the 360 day per year method, which computes a daily amount of interest for a hypothetical year of 360 days, then multiplies such amount by the actual number of days elapsed in an interest calculation period.

D. Notwithstanding any other provision contained in this Note, the Lender does not intend to charge and Borrowers shall not be required to pay any amount of interest or other fees or charges in excess of the maximum amount permitted by applicable law. Any payment in excess of such maximum shall be refunded to Borrowers or credited against principal, at the option of the Lender.

E. Borrowers, jointly and severally, agree to pay said principal, and all accrued and unpaid interest thereon as follows:

1. Beginning on August 26, 2015, and continuing on the 26th day of each succeeding month thereafter until the Maturity Date, Borrowers shall pay all accrued interest.

2. Borrowers shall repay such portions of principal as shall be required to comply with the limitations on borrowing set forth in the Loan Agreement, including the reduction of the principal balance to (-0-) zero for thirty (30) consecutive days during each annual period of this Note.

3. The entire principal balance and all accrued and unpaid interest thereon shall be due and payable on the Maturity Date of August 1, 2016, unless sooner accelerated following a Default (as defined herein).

F. Borrowers shall be in default under this Note (herein "Default") upon the happening of any of the following events, circumstances or conditions; namely:

1. Default in the payment when due of any principal or interest under this Note.

2. Any other Event of Default under the Loan Agreement which continues beyond any applicable notice and cure period.

In the event of such Default, the entire amount of this Note shall become due and payable at the election of the holder and all such sums shall bear interest at the Default Rate as defined in the Loan Agreement. Failure to precipitate for Default shall not estop the right to assert for subsequent Defaults.

G. The use of the masculine pronoun herein shall include the feminine and neuter and also the plural. If any provision of this instrument shall be prohibited or invalid under applicable law, such provision shall be ineffective but only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note.

H. If any payment is not paid within ten (10) days of the Due Date, undersigned agrees to pay to Lender a late payment fee as provided for in the Loan Agreement.

I. Interest not paid when due shall bear interest.

J. Should it become necessary to collect this Note through an attorney, all parties hereto, whether maker, endorser, surety or guarantor each severally agree to pay all costs of collecting this Note, including a reasonable attorney's fee, whether at trial, at any appellate level, or in any bankruptcy proceeding, whether collected by suit or otherwise. As used herein, attorney's fees shall include a separate award for paralegal or legal assistants' fees.

K. Each Borrower waives presentment for payment, protest and notice of protest and non-payment of this Note, and consents that this Note or any part hereof may be extended without further notice.

L. Each Borrower waives its right to a jury trial of any claim or cause of action based upon or arising out of this Note, and/or the transactions contemplated by this Note, or any dealings between Borrowers and Lender. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including without limitation, contract claims, tort claims, breach of duty claims, and all other common law and statutory claims.

Borrowers acknowledge that this waiver is a material inducement to Lender to loan money to Borrowers.

M. Any judgment rendered on this Note shall bear interest at the highest rate of interest permitted pursuant to Chapter 687, Florida Statutes.

N. This Note is not secured by Florida real property but is secured by the Restated Security Agreement as defined in the Loan Agreement and pursuant to §201.08 of Florida Statutes documentary stamp taxes in the amount of \$2,450.00 have been paid in connection with this Note.

Innovative Food Holdings, Inc.,
a Florida corporation

By: _____
Justin Wiernasz, its President
EIN: 20-1167791

Food Innovations, Inc.,
a Florida corporation

By: _____
Justin Wiernasz, its President
EIN: 100002630

Gourmet Foodservice Group, Inc.,
a Florida corporation

By: _____
Justin Wiernasz, its President
EIN: 263780857

Signatures continue on the next succeeding page

Artisan Specialty Foods, Inc.,
a Delaware corporation

By: _____
Justin Wiernasz, its President
EIN: 455301842

Haley Food Group, Inc.,
a Florida corporation

By: _____
Justin Wiernasz, its President
EIN: 46-1290142

Food New Media Group, Inc.,
a New York corporation

By: _____
Justin Wiernasz, its President
EIN: 26-2921339

4 The Gourmet, Inc.,
a Florida corporation

By: _____
Justin Wiernasz, its President
EIN: 263780922

Gourmet Foodservice Group Warehouse, Inc.,
a Florida corporation.

By: _____
Justin Wiernasz, its President
EIN: 46-1331955

Organic Food Brokers, LLC,
a Colorado limited liability company

By:
Justin Wiernasz, its President
EIN _____

Certifications

I, Sam Klepfish, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Innovative Food Holdings, Inc. and Subsidiaries;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2015

/s/ Sam Klepfish
Sam Klepfish, Chief Executive Officer

Certifications

I, John McDonald, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Innovative Food Holdings, Inc. and Subsidiaries;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2015

/s/ John McDonald

John McDonald, Principle Accounting Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES OXLEY ACT OF 2002
CERTIFICATION**

In connection with the Quarterly Report of Innovative Food Holdings, Inc. and Subsidiaries (the "Company") on Form 10-Q for the period ended June 30, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sam Klepfish, Chief Executive of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Sam Klepfish
Sam Klepfish
Chief Executive Officer and Director

August 11, 2015

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES OXLEY ACT OF 2002
CERTIFICATION**

In connection with the Quarterly Report of Innovative Food Holdings, Inc. and Subsidiaries (the "Company") on Form 10-Q for the period ended June 30, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John McDonald, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ John McDonald
John McDonald
Principal Accounting Officer

August 11, 2015