UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D. C. 20549

FORM 10-Q

x Quarterly report pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934
For the quarterly period ended September 30, 2012

o 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	**20-1167761**
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer I.D. No.)

3845 Beck Blvd., Suite 805
Naples, Florida 34114
(Address of Principal Executive Offices)

(239) 596-0204
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **YES 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 o	Accelerated filer o
Non-accelerated filer o	Smaller reporting company x
(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: 6,023,801 shares of common stock outstanding (post reverse-split) as of November 20, 2012.

INNOVATIVE FOOD HOLDINGS, INC.
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Pursuant to an Order issued by the Securities and Exchange Commission on November 14, 2012 in Securities Exchange Release No. 68224, the registrant is filing its Quarterly Report on 10-Q for the quarter ended September 30, 2012 on or before November 21, 2012 due to delays in filing caused by the after-effects of Hurricane Sandy which kept the registrant's legal counsel and registered accounting firm, which are both based in New York City, from accessing their respective offices for the following week. Accordingly, pursuant to such Order, this filing shall be deemed timely.

PART I. FINANCIAL INFORMATION

ITEM 1 - CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Innovative Food Holdings, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

	September 30, 2012	December 31, 2011
	(unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 716,200	$ 862,464
Accounts receivable, net	865,018	493,700
Inventory	503,033	42,312
Other current assets	13,753	5,420
Total current assets	2,098,004	1,403,896
Property and equipment, net	163,850	18,222
Trade name	217,000	-
Non-compete	228,750	-
Customer relationships	394,250	-
Goodwill	151,000	-
Total assets	$ 3,252,854	$ 1,422,118
LIABILITIES AND (DEFICIENCY IN) STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 1,098,790	$ 925,790
Accrued liabilities - related parties	75,280	157,080
Accrued interest, net	696,947	663,691
Accrued interest - related parties, net	37,234	29,396
Notes payable, current portion, net of discount	283,698	978,982
Notes payable - related parties, current portion	130,500	130,500
Warrant liability	1,532,424	500,825
Options liability	308,544	161,884
Conversion option liability	1,284,577	1,245,761
Contingent purchase price liability	131,000	-
Total current liabilities	5,578,994	4,793,909
Note payable - long term portion, net of discount	938,552	-
Total liabilities	6,517,546	4,793,909
(Deficiency in) stockholder's equity		
Common stock, $0.0001 par value; 500,000,000 shares authorized; 5,873,801 shares issued (post reverse-split) and 5,659,130 shares outstanding (post reverse-split) at September 30, 2012 and December 31, 2011, respectively	587	587
Additional paid-in capital	3,867,440	3,774,287
Common stock subscribed	68,336	61,034
Treasury stock, 304 and 304 shares outstanding (post reverse-split)	(99)	(99)
Accumulated deficit	(7,200,956)	(7,207,600)
Total (deficiency in) stockholder's equity	(3,264,692)	(3,371,791)
Total liabilities and (deficiency in) stockholders' equity	$ 3,252,854	$ 1,422,118

See notes to these unaudited condensed consolidated financial statements.

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

	For the Three Months Ended September 30, 2012	For the Three Months Ended September 30, 2011	For the Nine Months Ended September 30, 2012	For the Nine Months Ended September 30, 2011
Revenue	$ 5,130,418	$ 2,892,204	$ 12,768,596	$ 8,140,010
Cost of goods sold	3,872,444	2,404,888	9,645,040	6,335,738
Gross profit	1,257,974	487,316	3,123,556	1,804,272
Selling, general and administrative expenses	908,235	573,798	2,690,044	1,502,517
Total operating expenses	908,235	573,798	2,690,044	1,502,517
Operating income	349,739	(86,482)	433,512	301,755
Other (income) expense:				
Interest expense	67,282	117,427	166,033	503,526
(Gain) from the extinguishment of debt	-	-	-	(165,325)
Cost of warrant extension	-	-	842,100	-
(Gain) loss from change in fair value of warrant liability	(652,644)	(64,032)	(383,467)	(363,500)
(Gain) loss from change in fair value of conversion option liability	(665,802)	1,769	(197,798)	(264,032)
Total other (income) expense	(1,251,164)	55,164	426,868	(289,331)
Income (Loss) before income taxes	1,600,903	(141,646)	6,644	591,086
Income tax expense	-	-	-	-
Net income (loss)	$ 1,600,903	$ (141,646)	$ 6,644	$ 591,086
Net income (loss) per share - basic	$ 0.282	$ (0.032)	$ 0.001	$ 0.141
Net income (loss) per share - diluted	$ 0.097	$ (0.032)	$ (0.012)	$ 0.040
Weighted average shares outstanding - basic	5,673,844	4,421,192	5,673,844	4,193,478
Weighted average shares outstanding - diluted	10,391,635	4,421,192	10,391,635	14,934,775

See notes to these unaudited condensed consolidated financial statements.

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

	For the Nine Months Ended September 30, 2012	For the Nine Months Ended September 30, 2011
Cash flows from operating activities:		
Net income	$ 6,644	$ 591,086
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	69,313	10,938
Amortization of discount on notes payable	6,408	292,546
Amortization of discount on accrued interest	62,085	118,764
Interest capitalized to note payable	13,551	
Value of shares issued in settlement	7,302	-
Value of options issued to officer and directors	186,299	-
Value of extension of term of warrants	842,100	-
Gain on the extinguishment of debt and accrued interest	-	(165,325)
Allowance for bad debt	-	136,550
Change in fair value of warrant liability	(383,467)	(363,500)
Change in fair value of option liability	(39,937)	(77,660)
Change in fair value of conversion option liability	(197,798)	(264,032)
Changes in assets and liabilities:		
Accounts receivable, net	90,923	27,235
Inventory and other current assets, net	(174,369)	20,734
Accounts payable and accrued expenses - related party	(73,962)	(128,522)
Accounts payable and accrued expenses	(366,393)	71,356
Net cash provided by operating activities	48,699	270,170
Cash flows from investing activities:		
Payment to acquire Artisan Specialty Foods, net of cash received	(1,176,605)	-
Proceeds received on loan	-	1,500
Purchase of treasury stock	-	(99)
Acquisition of property and equipment	(40,747)	(8,468)
Net cash used in investing activities	(1,217,352)	(7,067)
Cash flows from financing activities:		
Proceeds from issuance of notes payable	1,080,000	-
Principal payments on debt	(57,611)	(177,112)
Principal payments on notes payable - related parties	-	(50,000)
Net cash provided by (used in) financing activities	1,022,389	(227,112)
(Decrease) increase in cash and cash equivalents	(146,264)	35,991
Cash and cash equivalents at beginning of period	862,464	518,082
Cash and cash equivalents at end of period	$ 716,200	$ 554,073

See notes to these unaudited condensed consolidated financial statements.

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

	For the Nine Months Ended September 30, 2012	For the Nine Months Ended September 30, 2011
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	$ 34,652	$ 31,501
Taxes	$ -	$ -
Conversion of notes payable and accrued interest to common stock	$ -	$ 32,355
Conversion of notes payable and accrued interest to common stock subscribed	$ -	$ 210,494
Commitment to issue shares charged to common stock subscribed	$ 7,302	$ 114,377

See notes to these unaudited condensed consolidated financial statements.

INNOVATIVE FOOD HOLDINGS, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2012
(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, Artisan Specialty Foods, Inc. ("Artisan"), Food Innovations, Inc. ("FII"), Food New Media Group, Inc. ("FNM"), Gourmet Foodservice Group, Inc. ("GFG"), and 4 The Gourmet, Inc (d/b/a For The Gourmet, Inc.) ("Gourmet") (collectively, the "Company, or "IVFH"), have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. FNM currently holds the Company's intellectual property rights related to its private label brand. 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 financial statements and related notes as contained in Form 10-K for the year ended December 31, 2011. 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 nine months ended September 30, 2012 are not necessarily indicative of the results of operations to be expected for the full year.

2. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Business Activity

FII is in the business of providing premium white tablecloth restaurants with the freshest origin-specific perishables and specialty food products direct from its network of vendors to the end users (restaurants, hotels, country clubs, national chain accounts, casinos, and catering houses) within 24 - 72 hours. For The Gourmet Inc., through its website www.forthegourmet.com, and through additional sales channels, provides the highest quality gourmet food products to the retail consumer market under the For The Gourmet line.

We currently sell the majority of our products through a distributor relationship between FII and Next Day Gourmet, L.P., a subsidiary of U.S. Foods ("USF"), a $20 Billion broad line distributor. 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., an Illinois corporation ("Artisan"), Artisan was previously a supplier to the Company. Artisan Specialty Foods is a supplier of over 1,500 niche gourmet products to over 500 customers in the Chicago area.

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. 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.

On August 25, 2005, the Company entered into contracts which obligated the company under certain circumstances to issue shares of common stock in excess of the number of shares of common stock authorized. Under accounting guidance provided by FASB ASC 815-40-05, effective August 25, 2005 the Company began to account for all derivative financial instruments, including warrants, conversion features embedded in notes payable, and stock options, via the liability method of accounting. Accordingly, all these instruments are valued at issuance utilizing the Black-Scholes valuation method, and are re-valued at each period ending date, also using the Black-Scholes valuation method. Any gain or loss from revaluation is charged to operations during the period.

INNOVATIVE FOOD HOLDINGS, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2012
(Unaudited)

Going Concern

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. The Company's current liabilities exceeded its current assets by $3,480,990 as of September 30, 2012.

The Company is working to manage its current liabilities while it continues to make changes in operations to further improve its cash flow and liquidity position. Management believes the Company will generate sufficient capital from operations and from debt and equity financing in order to satisfy current liabilities in the succeeding twelve months. Management's belief is based on the Company's operating plans, which in turn is based on assumptions that may prove to be incorrect.

If the Company's cash flow from operations is insufficient, the Company may require additional financing in order to execute its operating plan and continue as a going concern. The Company cannot predict whether this additional financing will be in the form of equity or debt, or be in another form. The Company may not be able to obtain the necessary additional capital on a timely basis, on acceptable terms, or at all. In any of these events, the Company may be unable to implement its current plans for expansion, repay its debt obligations as they become due or respond to competitive pressures, any of which circumstances would have a material adverse effect on its business, prospects, financial condition and results of operations. The Company has not made any adjustments to the unaudited condensed consolidated financial statements which would be necessary should the Company not be able to continue as a going concern.

Significant Recent Accounting Pronouncements

Management does not believe that any 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. ACQUISITION OF ARTISAN SPECIALTY FOODS, INC.

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., an Illinois corporation ("Artisan"), 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. The purchase price was primarily financed via a loan from Alpha Capital Aktiengesselschaft (see note 10) in the principal amount of $1,200,000. Prior to the acquisition, Artisan was a vendor and had sold products to the Company.

The total purchase price was allocated to Artisan's net tangible assets, with the residual allocated to intangible assets:

Closing cash payment	$	1,200,000
Contingent purchase price		131,000
Total purchase price	$	1,331,000
Tangible assets acquired	$	918,515
Liabilities assumed		614,515(*)
Net tangible assets		304,000
Trade name		217,000
Non-compete agreement		244,000
Customer relationships		415,000
Goodwill		151,000
Total purchase price	$	1,331,000

(*) excluding the Line of Credit paid off with closing cash payment

INNOVATIVE FOOD HOLDINGS, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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Pro forma results

The following tables set forth the unaudited pro forma results of the Company as if the acquisition of Artisan had taken place on the first day of the periods 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 September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Total revenues	$ 5,130,418	$ 3,787,512	$ 15,325,509	$ 7,852,082
Net income attributable to Innovative Food Holdings, Inc.	1,600,903	(175,045)	141,587	879,787
Basic net income (loss) per common share	$ 0.279	$ (0.04)	$ 0.025	$ 0.210
Diluted net income (loss) per common share	$ 0.147	$ (0.040)	$ 0.013	$ 0.059
Weighted average shares - basic	5,673,844	4,421,192	5,673,844	4,193,478
Weighted average shares - diluted	10,768,969	4,421,192	10,768,969	14,934,775

4. ACCOUNTS RECEIVABLE

At September 30, 2012 and December 31, 2011, accounts receivable consists of:

	September 30, 2012	December 31, 2011
Accounts receivable from customers	$ 899,731	$ 504,744
Allowance for doubtful accounts	(34,713)	(11,044)
Accounts receivable, net	$ 865,018	$ 493,700

5. INVENTORY

Inventory consists of specialty products which are warehoused in Naples, Florida and Lyons, Illinois, and other products held by Company's vendors. At September 30, 2012 and December 31, 2011, finished goods inventory is as follows:

	September 30, 2012	December 31, 2011
Finished goods inventory	$ 503,033	$ 42,312

6. PROPERTY AND EQUIPMENT

A summary of property and equipment at September 30, 2012 and December 31, 2011, is as follows:

	September 30, 2012	December 31, 2011
Computer Equipment	$ 425,352	$ 321,716
Warehouse Equipment	7,733	-
Furniture and Fixtures	109,184	74,850
Vehicles	33,238	-
	575,507	396,566
Less accumulated depreciation and amortization	(411,657)	(378,344)
Total	$ 163,850	$ 18,222

INNOVATIVE FOOD HOLDINGS, INC.
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Depreciation and amortization expense for property and equipment amounted to $18,627 and $3,086 for the three months ended September 30, 2012 and, 2011, respectively. Depreciation and amortization expense amounted to $33,313 and $10,938 for the nine months ended September 30, 2012 and, 2011, respectively.

7. INTANGIBLE ASSETS

The Company acquired certain intangible assets pursuant to the acquisition of Artisan Specialty Foods (see note 3). The following is the net book value of these assets:

	September 30, 2012		
	Gross	Accumulated Amortization	Net
Trade Name	$ 217,000	$ -	$ 217,000
Non-Compete Agreement	244,000	(15,250)	228,750
Customer Relationships	415,000	(20,750)	394,250
Goodwill	151,000	-	151,000
	$ 1,027,000	$ (36,000)	$ 991,000

The trade name is not considered a finite-lived asset, and is not being amortized. The non-compete agreement is being amortized over a period of 48 months; during the three and nine months ended September 30, 2012, the Company recognized amortization expense in the amount of $15,250 on the non-compete agreement. The customer relationships acquired in the Artisan acquisition –are being amortized over a period of 60 months; during the three and nine months ended September 30, 2012, the Company recognized amortization expense in the amount of $20,750 on the customer relationships. The Company periodically evaluates the amount of goodwill acquired in the Artisan acquisition, and will charge to operations any impairment in this value should an impairment exist. At September 30, 2012, the Company did not recognize an impairment in the value of its goodwill..

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at September 30, 2012 and December 31, 2011 are as follows:

	September 30, 2012	December 31, 2011
Trade payables	$ 1,095,644	$ 891,785
Accrued payroll and commissions	3,146	34,005
Total accounts payable and accrued liabilities - non-related parties	$ 1,098,790	$ 925,790

At September 30, 2012 and December 31, 2011, accrued liabilities to related parties consisted of accrued payroll and payroll related benefits.

9. 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 at $0.25 (post reverse-split). There is a beneficial conversion feature embedded in the convertible accrued interest, which can be exercised at any time by the note holders. The Company is amortizing this beneficial conversion feature over the life of the related notes payable. Certain of the notes payable have exceeded their stated terms, and are still outstanding; in those instances, the Company expenses the value of the beneficial conversion feature on the accrued interest immediately.

Certain of the accrued interest are convertible in to shares of the Company's common stock at $0.25 per share (post reverse-split). At September 30, 2012, convertible accrued interest was $734,181 (including $37,234 to a related party), which is convertible into 2,918,673 shares (post reverse-split) of common stock; at December 31, 2011, convertible accrued interest was $693,087 (including $29,396 to a related party) which was convertible into 2,772,348 shares (post reverse-split) of common stock.

INNOVATIVE FOOD HOLDINGS, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2012
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10. NOTES PAYABLE AND NOTES PAYABLE TO RELATED PARTIES

	September 30, 2012	December 31, 2011
Convertible secured note payable in the original amount of $350,000 originally payable to Alpha Capital Anstalt (f/k/a/ Alpha Capital Aktiengesselschaft) ("Alpha Capital"), dated February 25, 2005. This note consists of $100,000 outstanding under a previous note payable which was cancelled on February 25, 2005, and $250,000 of new borrowings. We did not meet certain of our obligations under the loan documents relating to this issuance. These lapses include not reserving the requisite number of treasury shares, selling subsequent securities without offering a right of first refusal, not complying with reporting obligations, not having our common shares quoted on the OTC:BB and not timely registering certain securities. This note entered technical default status on May 16, 2005. The note originally carried interest at the rate of 8% per annum, and was due in full on February 24, 2007. Upon default, the note's interest rate increased to 15% per annum, and the note became immediately due. This note contains a cross default provision. The note is convertible into common stock of the Company at a conversion price of $0.25 (post reverse-split) per share. A beneficial conversion feature in the amount of $250,000 was recorded as a discount to the note, and was amortized to interest expense during the twelve months ended December 31, 2005. Accrued interest is convertible into common stock of the Company at a conversion price of $.25 (post reverse-split) per share. Interest in the amount of $5,313 and $6,532 was accrued on this note during the three months ended September 30, 2012 and 2011, respectively. Interest in the amount of $15,284 and $19,996 was accrued on this note during the nine months ended September 30, 2012 and 2011, respectively. During the twelve months ended December 31, 2006 the note holder converted $5,000 into shares of common stock. During the twelve months ended December 31, 2006 the holder of the note converted $27,865 of accrued interest into common stock. In April 2009, the noteholder agreed to waive the default interest rate of 15%, and the note resumed accruing interest at the rate of 8% per annum. During the year ended December 31, 2011, the note holder converted $81,500 of principal and $46,793 of accrued interest into 513,172 (post reverse-split) shares of common stock. This note was initially past due at December 31, 2008. This note was previously extended until January 1, 2010. During the three months ended June 30, 2010, the note holder agreed to further extend the maturity date of this note until April 15, 2011. During the three months ended June 30, 2012, the note holder agreed to further extend the maturity date of this note until October 3, 2013.	$ 263,500	$ 263,500
Reference is made to the convertible note in the amount of $38,000 originally payable to Whalehaven Capital Fund, Ltd. ("Whalehaven"), dated December 21, 2006, disclosed in prior reports. On September 21, 2011, a portion of that note was sold to Alpha Capital in the amount of $21,478 of principal and accrued interest in the amount of $13,938. Interest in the amount of $433 and $42 was accrued on this note during the three months ended September 30, 2012 and 2011, respectively. Interest in the amount of $1,290 and $42 was accrued on this note during the nine months ended September 30, 2012 and 2011, respectively. During the three months ended June 30, 2012, the note holder agreed to further extend the maturity date of this note until October 3, 2013.	21,478	21,478
Reference is made to the convertible note in the amount of $38,000 originally payable to Whalehaven, dated December 21, 2006, disclosed in prior reports. On September 21, 2011, a portion of that note was sold to Osher Capital Partners LLC in the amount of $9,638 of principal and accrued interest in the amount of $6,254. Interest in the amount of $193 and $19 was accrued on this note during the three months ended September 30, 2012 and 2011, respectively. Interest in the amount of $575 and $19 was accrued on this note during the nine months ended September 30, 2012 and 2011, respectively. During the three months ended June 30, 2012, the note holder agreed to further extend the maturity date of this note until October 3, 2013.	9,638	9,638
Reference is made to the convertible note in the amount of $38,000 originally payable to Whalehaven, dated December 21, 2006, disclosed in prior reports. On September 21, 2011, a portion of that note was sold to Assameka Capital Inc. in the amount of $6,884 of principal and accrued interest in the amount of $4,467. Interest in the amount of $139 and $14 was accrued on this note during the three months ended September 30, 2012 and 2011, respectively. Interest in the amount of $414 and $14 was accrued on this note during the nine months ended September 30, 2012 and 2011, respectively. During the three months ended June 30, 2012, the note holder agreed to further extend the maturity date of this note until October 3, 2013.	6,884	6,884

INNOVATIVE FOOD HOLDINGS, INC.
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	September 30, 2012	December 31, 2011
Reference is made to the convertible note payable in the amount of $50,000 to Whalehaven dated February 25, 2005, disclosed in prior reports. On September 21, 2011, a portion of that note was sold to Alpha Capital in the amount of $22,609 of principal and accrued interest in the amount of $7,778. Interest in the amount of $457 and $45 was accrued on this note during the three months ended September 30, 2012 and 2011, respectively. Interest in the amount of $1,361 and $45 was accrued on this note during the nine months ended September 30, 2012 and 2011, respectively. During the three months ended June 30, 2012, the note holder agreed to further extend the maturity date of this note until October 3, 2013.	22,609	22,609
Reference is made to the convertible note payable in the amount of $50,000 to Whalehaven dated February 25, 2005, disclosed in prior reports. On September 21, 2011, a portion of that note was sold to Osher Capital Partners LLC in the amount of $10,145 of principal and accrued interest in the amount of $3,490. Interest in the amount of $205 and $20 was accrued on this note during the three months ended September 30, 2012 and 2011, respectively. Interest in the amount of $610 and $20 was accrued on this note during the nine months ended September 30, 2012 and 2011, respectively. During the three months ended June 30, 2012, the note holder agreed to further extend the maturity date of this note until October 3, 2013.	10,145	10,145
Reference is made to the convertible note payable in the amount of $50,000 to Whalehaven dated February 25, 2005, disclosed in prior reports. On September 21, 2011, a portion of that note was sold to Assameka Capital, Inc. in the amount of $7,246 of principal and accrued interest in the amount of $2,493. Interest in the amount of $146 and $14 was accrued on this note during the three months ended September 30, 2012 and 2011, respectively. Interest in the amount of $435 and $14 was accrued on this note during the nine months ended September 30, 2012 and 2011, respectively. During the three months ended June 30, 2012, the note holder agreed to further extend the maturity date of this note until October 3, 2013.	7,246	7,246
Convertible note payable in the original amount of $30,000 to Huo Hua dated May 9, 2005. The note bears interest at the rate of 8% per annum, has no provisions for a default or past due rate and was due in full on October 12, 2006. The note is convertible into common stock of the Company at a conversion price of $0.25 (post reverse-split) per share. A beneficial conversion feature in the amount of $30,000 was recorded as a discount to the note, and was amortized to interest expense during the twelve months ended December 31, 2005 and 2006. Accrued interest is convertible into common stock of the Company at a price of $0.25 (post reverse-split) per share. Interest in the amount of $404 and $404 was accrued on this note during the three months ended September 30, 2012 and 2011, respectively. Interest in the amount of $1,212 and $1,189 was accrued on this note during the nine months ended September 30, 2012 and 2011, respectively. During the twelve months ended December 31, 2006, the note holder converted $10,000 of principal into common stock.	20,000	20,000
Convertible secured note payable in the amount of $120,000 to Alpha Capital dated August 25, 2005. We did not meet certain of our obligations under the loan documents relating to this issuance. These lapses include not reserving the requisite number of treasury shares, selling subsequent securities without offering a right of first refusal, not complying with reporting obligations, not having our common shares quoted on the OTC:BB and not timely registering certain securities. This note was in technical default as of November 13, 2005. The note originally carried interest at the rate of 8% per annum, and was due in full on August 25, 2007. Upon default, the note's interest rate increased to 15% per annum and the note became immediately due. This note contains a cross default provision. The note is convertible into common stock of the Company at a conversion price of $0.25 (post reverse-split) per share. A beneficial conversion feature in the amount of $120,000 was recorded as a discount to the note, and was amortized to interest expense when the note entered default status in November 2005. Accrued interest is convertible into common stock of the Company at a price of $0.25 (post reverse-split) per share. Interest in the amount of $2,016 and $2,016 was accrued on this note during the three months ended September 30, 2012 and 2011, respectively. Interest in the amount of $6,005 and $5,983 was accrued on this note during the nine months ended September 30, 2012 and 2011, respectively. During the year ended December 31, 2010, the noteholder converted principal in the amount of $20,000 into common stock. During the year ended December 31, 2009, the noteholder agreed to waive the default interest rate of 15%, and the note resumed accruing interest at the rate of 8% per annum. Also during the year ended December 31, 2009, the noteholder agreed to extend the maturity date of this note until January 1, 2010. During the year ended December 31, 2010, the noteholder agreed to extend the maturity date of this note until June 15, 2010. During the three months ended June 30, 2012, the note holder agreed to further extend the maturity date of this note until October 3, 2013.	100,000	100,000

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	September 30, 2012	December 31, 2011
Reference is made to the convertible secured note payable originally in the amount of $30,000 to Whalehaven dated August 25, 2005, disclosed in prior reports. On September 21, 2011, a portion of this note was sold to Alpha Capital in the amount of $15,287 of principal and accrued interest in the amount of $1,342. Interest in the amount of $309 and $30 was accrued on this note during the three months ended September 30, 2012 and 2011, respectively. Interest in the amount of $920 and $30 was accrued on this note during the nine months ended September 30, 2012 and 2011, respectively. During the three months ended June 30, 2012, the note holder agreed to further extend the maturity date of this note until October 3, 2013.	15,287	15,287
Reference is made to the convertible secured note payable in the amount of $30,000 to Whalehaven dated August 25, 2005, disclosed in prior reports. On September 21, 2011, a portion of this note was sold to Osher Capital Partners LLC in the amount of $6,860 of principal and accrued interest in the amount of $602. Interest in the amount of $139 and $14 was accrued on this note during the three months ended September 30, 2012 and 2011, respectively. Interest in the amount of $414 and $14 was accrued on this note during the nine months ended September 30, 2012 and 2011, respectively. During the three months ended June 30, 2012, the note holder agreed to further extend the maturity date of this note until October 3, 2013.	6,860	6,860
Reference is made to the convertible secured note payable in the amount of $30,000 to Whalehaven dated August 25, 2005, disclosed in prior reports. On September 21, 2011, a portion of this note was sold to Assameka Capital, Inc. in the amount of $4,900 of principal and accrued interest in the amount of $430. Interest in the amount of $98 and $10 was accrued on this note during the three months ended September 30, 2012 and 2011, respectively. Interest in the amount of $292 and $10 was accrued on this note during the nine months ended September 30, 2012 and 2011, respectively. During the three months ended June 30, 2012, the note holder agreed to further extend the maturity date of this note until October 3, 2013.	4,900	4,900
Convertible secured note payable in the original amount of $25,000 to Asher Brand, dated August 25, 2005. We did not meet certain of our obligations under the loan documents relating to this issuance. These lapses include not reserving the requisite number of treasury shares, selling subsequent securities without offering a right of first refusal, not complying with reporting obligations, not having our common shares quoted on the OTC:BB and not timely registering certain securities. This note was in technical default as of November 13, 2005. The note originally carried interest at the rate of 8% per annum, and was due in full on August 25, 2007. Upon default, the note's interest rate increased to 15% per annum and the note became immediately due. This note contains a cross default provision. The note is convertible into common stock of the Company at a conversion price of $0.25 (post reverse-split) per share. A beneficial conversion feature in the amount of $25,000 was recorded as a discount to the note, and was amortized to interest expense when the note entered default status in November, 2005. Accrued interest is convertible into common stock of the Company at a price of $0.25 (post reverse-split) per share. Interest in the amount of $101 and $303 was accrued on this note during the three months ended September 30, 2012 and 2011, respectively. Interest in the amount of $899 and $301 was accrued on this note during the nine months ended September 30, 2012 and 2011, respectively. During the twelve months ended December 31, 2006, the holder of the note converted $2,000 of principal and $3,667 of accrued interest into common stock, and during the twelve months ended December 31, 2008, the holder of the note converted an additional $3,000 of principal into common stock. During the year ended December 31, 2009, the noteholder converted $2,000 of principal and $1,058 of accrued interest into common stock. During the year ended December 31, 2009, the noteholder agreed to waive the default interest rate of 15%, and the note resumed accruing interest at the rate of 8% per annum. Also, during the year ended December 31, 2009, the noteholder agreed to extend the maturity date of this note until January 1, 2010. During the year ended December 31, 2010 the noteholder converted $3,000 of principal and $1,043 of accrued interest into common stock. During the year ended December 31, 2011, the noteholder converted $10,000 of principal and $5,858 of accrued interest into common stock. Also, during the year ended December 31, 2010, the noteholder agreed to extend the maturity date of this note until April 15, 2011. During the three months ended June 30, 2012, the note holder agreed to further extend the maturity date of this note until October 3, 2013.	5,000	5,000

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	September 30, 2012	December 31, 2011
Convertible secured note payable in the amount of $10,000 to Lane Ventures dated August 25, 2005. We did not meet certain of our obligations under the loan documents relating to this issuance. These lapses include not reserving the requisite number of treasury shares, selling subsequent securities without offering a right of first refusal, not complying with reporting obligations, not having our common shares quoted on the OTC:BB and not timely registering certain securities. This note was in technical default at November 13, 2005. The note originally carried interest at the rate of 8% per annum, and was due in full on August 25, 2007. Upon default, the note's interest rate increased to 15% per annum and the note became immediately due. This note contains a cross default provision. The note is convertible into common stock of the Company at a conversion price of $0.25 (post reverse-split) per share. A beneficial conversion feature in the amount of $10,000 was recorded as a discount to the note, and was amortized to interest expense when the note entered default status in November, 2005. Accrued interest is convertible into common stock of the Company at a price of $0.25 (post reverse-split) per share. Interest in the amount of $121 and $121 was accrued on this note during the three months ended September 30, 2012 and 2011, respectively. Interest in the amount of $360 and $359 was accrued on this note during the nine months ended September 30, 2012 and 2011, respectively. During the twelve months ended December 31, 2006, the holder of the note converted $4,000 of principal and $1,467 of accrued interest into common stock. In April 2009, the noteholder agreed to waive the default interest rate of 15%, and the note resumed accruing interest at the rate of 8% per annum. Also in April 2009, the noteholder agreed to extend the maturity date of this note until January 1, 2010. During the year ended December 31, 2010, the noteholder agreed to extend the maturity date of this note until April 15, 2011. During the three months ended June 30, 2012, the note holder agreed to further extend the maturity date of this note until October 3, 2013.	6,000	6,000
Secured note payable in the amount of $120,000 to Alpha Capital, dated February 7, 2006. The note originally carried interest at the rate of 15% per annum, and was originally due in full on February 7, 2007. The Company was not in compliance with various terms of this note, including making timely payments of interest, and this note was in technical default at May 8, 2006. At this time, the interest rate increased to 20% and the note became immediately due and payable. During the three months ended September 30, 2007, the Company extended the due date of the note one year, to October 31, 2007; at the same time, the Company added a convertibility feature, allowing the noteholder to convert the notes and accrued interest into common stock of the Company at a rate of $0.25 (post reverse-split) per share. This note entered technical default on October 31, 2007. The Company recorded a discount to this note for the fair value of the conversion feature in the amount of $95,588 and amortized this discount to interest expense when the note entered default status in October 2007. On March 12, 2008, the Company extended this note to March 4, 2009. As consideration for the extension of this notes, the Company issued five-year warrants as follows: warrants to purchase 480,000 (post reverse-split) shares of common stock at $0.575 (post reverse-split) per share; 120,000 (post reverse-split) shares of common stock at $0.55 (post reverse-split) per share; and 48,000 (post reverse-split) shares of common stock at $0.25 (post reverse-split) per share. These warrants were valued via the Black-Scholes valuation method at an aggregate amount of $126,465. This transaction was accounted for as an extinguishment of debt, and a loss of $126,465 was charged to operations during the twelve months ended December 31, 2008. Interest in the amount of $4,537 and $4,537 was accrued on this note during each of the three months ended September 30, 2012 and 2011, respectively. Interest in the amount of $13,512 and $13,463 was accrued on this note during each of the nine months ended September 30, 2012 and 2011, respectively. In January 2009, the noteholder agreed to extend the maturity date of this note to April 16, 2009. In April 2009, the noteholder agreed to waive the default interest rate of 20%, and the note resumed accruing interest at the rate of 8% per annum. Also in April 2009, the noteholder agreed to extend the maturity date of this note until April 16, 2009. This note contains a cross default provision. During the year ended December 31, 2010, the noteholder agreed to extend the maturity date of this note until April 15, 2011. During the three months ended June 30, 2012, the note holder agreed to further extend the maturity date of this note until October 3, 2013.	120,000	120,000
Reference is made to the secured note payable in the amount of $30,000 to Whalehaven dated February 7, 2006, disclosed in prior reports. On September 21, 2011, a portion of that note was sold to Alpha Capital in the amount of $16,957 of principal and accrued interest in the amount of $15,070. Interest in the amount of $641 and $63 was accrued on this note during the three months ended September 30, 2012 and 2011, respectively. Interest in the amount of $1,909 and $63 was accrued on this note during the nine months ended September 30, 2012 and 2011, respectively. The portion sold to Alpha Capital of the note included warrants to purchase 67,826 (post reverse-split) shares of common stock at $0.575 (post reverse-split) per share; 16,957 (post reverse-split) shares of common stock at $0.55 (post reverse-split) per share; and 6,783 (post reverse-split) shares of common stock at $0.25 (post reverse-split) per share. During the three months ended June 30, 2012, the note holder agreed to further extend the maturity date of this note until October 3, 2013.	16,957	16,957

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	September 30, 2012	December 31, 2011
Reference is made the secured note payable in the amount of $30,000 to Whalehaven dated February 7, 2006, disclosed in prior reports. On September 21, 2011, a portion of that note was sold to Osher Capital Partners LLC in the amount of $7,609 of principal and accrued interest in the amount of $6,762. Interest in the amount of $288 and $28 was accrued on this note during the three months ended September 30, 2012 and 2011, respectively. Interest in the amount of $858 and $28 was accrued on this note during the nine months ended September 30, 2012 and 2011, respectively. The portion sold to Osher Capital Partners LLC of the note included warrants to purchase 30,435 (post reverse-split) shares of common stock at $0.575 (post reverse-split) per share; 7,609 shares of common stock at $0.55 (post reverse-split) per share; and 3,043 (post reverse-split) shares at $0.25 per share. During the three months ended June 30, 2012, the note holder agreed to further extend the maturity date of this note until October 3, 2013.	7,609	7,609
Reference is made to the secured note payable in the amount of $30,000 to Whalehaven dated February 7, 2006, disclosed in prior reports. On September 21, 2011, a portion of that note was sold to Assameka Capital, Inc. in the amount of $5,435 of principal and accrued interest in the amount of $4,830. Interest in the amount of $205 and $20 was accrued on this note during the three months ended September 30, 2012 and 2011, respectively. Interest in the amount of $611 and $20 was accrued on this note during the nine months ended September 30, 2012 and 2011, respectively. The portion sold to Assameka Capital, Inc. of the note included warrants to purchase 21,739 (post reverse-split) shares of common stock at $0.575 (post reverse-split) per share; 5,435 (post reverse-split) shares of common stock at $0.55 (post reverse-split) per share; and 2,174 (post reverse-split) shares of common stock at $0.25 (post reverse-split) per share. During the three months ended June 30, 2012, the note holder agreed to further extend the maturity date of this note until October 3, 2013.	5,435	5,435
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 bear interest at the rate of 8% per annum and have no due date. These notes and accrued interest are convertible into common stock of the Company at a rate of $0.25 (post reverse-split) per share. Beneficial conversion features in the aggregate amount of $9,000 for the year ended December 31, 2006, $39,190 for the year ended December 31, 2007, and $58,464 for the year ended December 31, 2008 was calculated using the Black-Scholes valuation model. Since these notes are payable on demand, the value of these discounts were charged immediately to interest expense. During the year ended December 31, 2011, the noteholder converted $12,000 of accrued interest into 48,000 (post reverse-split) shares of common stock. Interest in the aggregate amount of $2,632 and $2,632 was accrued on these notes during the three months ended September 30, 2012 and 2011, respectively. Interest in the aggregate amount of $7,838 and $7,810 was accrued on these notes during the nine months ended September 30, 2012 and 2011, respectively.	130,500	130,500
Secured note payable in the amount of $10,000 to Alpha Capital, dated May 19, 2006. The note originally carried interest at the rate of 15% per annum, and was originally due in full on November 19, 2006. The Company was not in compliance with various terms of this note, including making timely payments of interest, and this note was in technical default at February 20, 2006. At that time, the interest rate increased to 20% and the note became immediately due and payable. During the three months ended September 30, 2007, the Company extended the due date of the note one year, to October 31, 2007; at the same time, the Company added a convertibility feature, allowing the noteholder to convert the notes and accrued interest into common stock of the Company at a rate of $0.25 (post reverse-split) per share. This note entered technical default on October 31, 2007. The Company recorded a discount to this note for the fair value of the conversion feature in the amount of $7,966 and amortized this discount to interest expense when the note entered default status in October 2007. On March 12, 2008, the Company extended this note to March 4, 2009. As consideration for the extension of this note, the Company issued five-year warrants as follows: warrants to purchase 40,000 (post reverse-split) shares of common stock at $0.575 (post reverse-split) per share; 10,000 (post reverse-split) shares of common stock at $0.55 (post reverse-split) per share; and 4,000 (post reverse-split) shares of common stock at $0.25 (post reverse-split) per share. These warrants were valued via the Black-Scholes valuation method at an aggregate amount of $10,539. This transaction was accounted for as an extinguishment of debt, and a loss of $10,539 was charged to operations during the twelve months ended December 31, 2008. Interest in the amount of $377 and $377 was accrued on this note during the three months ended September 30, 2012 and 2011, respectively. Interest in the amount of $1,123 and $1,119 was accrued on this note during the nine months ended September 30, 2012 and 2011, respectively. During the year ended December 31, 2009, the noteholder agreed to waive the default interest rate of 20%, and the note resumed accruing interest at the rate of 15% per annum. Also, during the year ended December 31, 2009, the noteholder agreed to extend the maturity date until January 1, 2010. During the year ended December 31, 2010, the noteholder agreed to extend the maturity date of this note until April 15, 2011. This note contains a cross default provision. During the three months ended June 30, 2012, the note holder agreed to further extend the maturity date of this note until October 3, 2013.	10,000	10,000

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	September 30, 2012	December 31, 2011
Convertible secured note payable in the amount of $200,000 to Alpha Capital, dated December 31, 2008. This note bears interest at the rate of 8% per annum, and is due in full on July 31, 2011. Principal and accrued interest is convertible into common stock of the Company at the rate of $0.25 (post reverse-split) per share. Also issued with this note are warrants to purchase 800,000 (post reverse-split) shares of the Company's common stock at a price of $0.25 (post reverse-split) per share. The Company calculated a discount to the note in the amount of $200,000, and recorded $12,004 and $77,623 amortization for the three and nine months ended September 30, 2011. Interest in the aggregate amount of $0 and $969 was accrued on this note during the three months ended September 30, 2012 and 2011, respectively. Interest in the aggregate amount of $128 and $4,299 was accrued on this note during the nine months ended September 30, 2012 and 2011, respectively. During the years ended December 31, 2011, 2010, and 2009, the Company made principal payments on this note in the amount of $88,000, $80,000 and $16,000, respectively. During the three months ended March 31, 2012, the Company made principal payment on this note in the amount of $16,000 and a payment of $8,000 on accrued interest. During the three months ended June 30, 2012, the Company made interest payments in the amount of $25,118. This note contains a cross default provision.	-	16,000
Convertible secured note payable for the settlement of the amount owed for the penalty for the late registration of shares in the amount of $230,000 to Alpha Capital, dated January 1, 2009. This note bears interest at the rate of 8% per annum, and was due in full on July 31, 2011. Principal and accrued interest are convertible into shares of common stock of the Company at a rate of $0.25 (post reverse-split) per share. The Company calculated a discount to the note in the amount of $230,000, and recorded $32,132 and $150,367 amortization for this discount during the three and nine months ended September 30, 2011. Interest in the aggregate amount of $4,638 and $4,638 was accrued on this note during the three months ended September 30, 2012 and 2011, respectively. Interest in the aggregate amount of $13,813 and $13,763 was accrued on this note during the nine months ended September 30, 2012 and 2011, respectively. This note contains a cross default provision. During the nine months ended September 30, 2012, the note holder agreed to further extend the maturity date of this note until October 3, 2013.	230,000	230,000
Reference is made to the convertible secured note payable for the settlement of the amount owed for the penalty for the late registration of shares in the amount of $38,000 to Whalehaven, dated January 1, 2009, disclosed in prior reports. On September 21, 2011, a portion of that note was sold to Alpha Capital in the amount of $21,478 of principal and accrued interest in the amount of $7,674. Interest in the aggregate amount of $433 and $42 was accrued on this note during the three months ended September 30, 2012 and 2011, respectively. Interest in the aggregate amount of $1,290 and $42 was accrued on this note during the nine months ended September 30, 2012 and 2011, respectively. During the nine months ended September 30, 2012, the note holder agreed to further extend the maturity date of this note until October 3, 2013.	21,478	21,478
Reference is made to the convertible secured note payable for the settlement of the amount owed for the penalty for the late registration of shares in the amount of $38,000 to Whalehaven, dated January 1, 2009, disclosed in prior reports. On September 21, 2011, a portion of that note was sold to Osher Capital Partners LLC in the amount of $9,638 of principal and accrued interest in the amount of $3,443. Interest in the aggregate amount of $193 and $19 was accrued on this note during the three months ended September 30, 2012 and 2011, respectively. Interest in the aggregate amount of $575 and $19 was accrued on this note during the nine months ended September 30, 2012 and 2011, respectively. During the nine months ended September 30, 2012, the note holder agreed to further extend the maturity date of this note until October 3, 2013.	9,638	9,638

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	September 30, 2012	December 31, 2011
Reference is made to the convertible secured note payable for the settlement of the amount owed for the penalty for the late registration of shares in the amount of $38,000 to Whalehaven, dated January 1, 2009, disclosed in prior reports. On September 21, 2011, a portion of that note was sold to Assameka Capital, Inc. in the amount of $6,884 of principal and accrued interest in the amount of $2,460. Interest in the aggregate amount of $139 and $14 was accrued on this note during the three months ended September 30, 2012 and 2011, respectively. Interest in the aggregate amount of $414 and $14 was accrued on this note during the nine months ended September 30, 2012 and 2011, respectively. During the nine months ended June 30, 2012, the note holder agreed to further extend the maturity date of this note until October 3, 2013.	6,884	6,884
Convertible secured note payable for the settlement of the amount owed for the penalty for the late registration of shares in the amount of $25,310 to Momona Capital, dated January 1, 2009. This note bears interest at the rate of 8% per annum, and was due in full on July 31, 2011. Principal and accrued interest is convertible into shares of common stock of the Company at a rate of $0.25 (post reverse-split) per share. The Company calculated a discount to the note in the amount of $25,310, which was fully amortized at September 30, 2011. Interest in the aggregate amount of $510 and $510 was accrued on this note during the three months ended September 30, 2012 and 2011, respectively. Interest in the aggregate amount of $1,519 and $1,513 was accrued on this note during the nine months ended September 30, 2012 and 2011, respectively. This note contains a cross default provision. During the nine months ended September 30, 2012, the note holder agreed to further extend the maturity date of this note until October 3, 2013.	25,310	25,310
Convertible secured note payable for the settlement of the amount owed for the penalty for the late registration of shares in the amount of $10,124 to Lane Ventures, dated January 1, 2009. This note bears interest at the rate of 8% per annum, and was due in full on July 31, 2011. Principal and accrued interest is convertible into shares of common stock of the Company at a rate of $0.25 (post reverse-split) per share. The Company calculated a discount to the note in the amount of $10,124, which was fully amortized at September 30, 2011. Interest in the aggregate amount of $205 and $205 was accrued on this note during the three months ended September 30, 2012 and 2011, respectively. Interest in the aggregate amount of 610 and $608 was accrued on this note during the nine months ended September 30, 2012 and 2011, respectively. This note contains a cross default provision. During the three months ended June 30, 2012, the note holder agreed to further extend the maturity date of this note until October 3, 2013.	10,124	10,124
Secured convertible promissory note payable for the acquisition of Artisan Specialty Foods, Inc. to Alpha Capital, dated May 11, 2012 in the face amount of $1,200,000 at a purchase price of $1,080,000. The note carries simple interest at an annual rate of 4.5% and is due in full by April 2015. The note is convertible into the registrant's common stock at a fixed conversion price of $1.00 per share. Principal and interest in the aggregate amount of $39,163 are payable on a monthly basis beginning in September 2012. The note allows for prepayments at any time. The note also includes cross-default provisions; is secured by all of the registrant's and its subsidiaries' assets; and is guaranteed by each of the subsidiaries. As part of the transaction, the registrant also issued to the noteholder eight year warrants to purchase 1,500,000 shares (post reverse-split) at an exercise price of $0.01 per share. 460,000 of these warrants are exercisable immediately; 240,000 of these warrants are exercisable commencing May 11, 2013; 300,000 of these warrants are exercisable commenting January 11, 2014, and 500,000 of these warrants are exercisable commencing September 11, 2014. The note had a discount in the amount of $956,441 at inception; $5,100 and $6,408 of this amount was amortized to interest expense during the three and nine months ended September 30, 2012, respectively. Interest expense in the amount of $13,551 and $0 was also accrued on this note during the three months ended September 30, 2012 and 2011, respectively. Interest expense in the amount of $18,051 and $0 was also accrued on this note during the nine months ended September 30, 2012 and 2011, respectively.	1,178,887	-
Note payable at an effective interest rate of 9.96% for purchase of vehicle, payable in monthly installments (including principal and interest) of $614 through January 2015. During the three months ended September 30 2012, the Company paid principal and interest in the amount of $1,438 and $404, respectively, on this note. During the nine months ended September 30 2012, the Company paid principal and interest in the amount of $1,909 and $547, respectively, on this note.	15,130	-
Note payable at an effective interest rate of 8.26% for purchase of vehicle, payable in monthly installments (including principal and interest) of $519 through June 2015. During the three months ended September 30 2012, the Company paid principal and interest in the amount of $1,225 and $332, respectively, on this note. During the nine months ended September 30 2012, the Company paid principal and interest in the amount of $1,628 and $449, respectively, on this note.	15,284	-
Total	$ 2,302,783	$ 1,109,482
Less: Discount	(950,033)	
Net	$ 1,352,750	$ 1,109,482

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	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Discount on Notes Payable amortized to interest expense:	$ 5,100	$ 57,932	$ 6,408	$ 292,546

Conversion Options Embedded in Convertible Notes

The Company accounts for conversion options embedded in convertible notes in accordance with FASB ASC 815-10-05. ASC 815-10-05 generally requires companies to bifurcate conversion options embedded in convertible notes from their host instruments and to account for them as free standing derivative financial instruments in accordance with ASC 815-40-05.

At September 30, 2012 and December 31, 2011, the Company had outstanding $2,272,369 and $1,109,482 in principal, respectively, of various convertible notes with embedded conversion options accounted for as free standing derivative financial instruments in accordance with ASC 815-10-05 and ASC 815-40-05. The fair value of these embedded conversion options was $1,284,577 and $1,245,761 at September 30, 2012 and December 31, 2011, respectively. The fair value of these embedded conversion options were estimated at September 30, 2012 using the Black-Scholes option pricing model with the following assumptions: risk free interest rate of 0.14%; expected dividend yield of 0%; expected option life of 10 years; and volatility of 214.36%. The fair value of these embedded conversion options were estimated at December 31, 2011 using the Black-Scholes option pricing model with the following assumptions: risk free interest rate of 0.06%; expected dividend yield of 0%; expected option life of 10 years; and volatility114.30%. The expected term of 10 years was used for all notes in both periods which have been past due or have been in default, and accordingly the term of the note is deemed not relevant as a variable for the Black-Scholes calculation. The Company revalues the conversion options at each reporting period, and charges any change in value to operations. During the three months ended September 30, 2012 and 2011, the Company recorded a gain of $665,802 and a loss of $1,769 respectively, due to the change in value of the conversion option liability. During the nine months ended September 30, 2012 and 2011, the Company recorded a gain of $197,798 and a gain of $264,032, respectively, due to the change in value of the conversion option liability.

When convertible notes payable are satisfied by payment or by conversion to equity, the Company revalues the related conversion option liability at the time of the payment or conversion. The conversion option liability is then relieved by this amount, which is charged to additional paid-in capital. During the three months ended September 30, 2012 and 2011, conversion option liabilities in the amounts of $7,004 and $24,102, respectively, were transferred from liability to equity due to the conversion or payment of the related convertible notes payable. During the nine months ended September 30, 2012 and 2011, a conversion option in the amount of $27,050 and $452,992, respectively, was transferred from liability to equity due to the conversion or payment of the related convertible notes payable.

Discounts on notes payable

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 are considered discounts to the notes, to the extent the aggregate value of the warrants and conversion features do not exceed the face value of the notes. These discounts are amortized to interest expense via the effective interest method over the term of the notes. The fair value of these instruments is expensed to interest expense to the extent that the value of these instruments exceeds the face value of the notes. During the three months ended June 30, 2012, the Company calculated discounts on the $1,200,000 note payable to Alpha Capital as follows: (i) a discount in the amount of $263,664 related to the conversion option feature of this note; (ii) a discount in the amount of $572,777 related to the fair value of warrants issued with this note; and (iii) an original issue discount ("OID") in the amount of $120,000. During the three and nine months ended September 30, 2012, these discounts were amortized to interest expense in the aggregate amount of $5,100 and $6,708, respectively.

Extension of notes payable

The Company accounts for modifications of its notes payable according to the guidance in FASB ASC 470-50-40. Pursuant to ASC 470-50-40, changes to an existing note should be accounted for as an extinguishment of the note with resultant gain or loss if the present value of the cash flows from the new note varies by more than 10% from the present value of the cash flows from the original note. ASC 470-50-40 provides an exception to this rule for the addition of conversion options accounted for as a derivative liability.

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During the year ended December 31, 2009, the Company negotiated the extension of its notes payable in the aggregate amount of $587,000. The Company extended the maturity date of these notes until January 1, 2010. These notes, along with two additional notes payable in the aggregate amount of $150,000, contained certain provisions for a default interest rate. The Company negotiated an agreement with the noteholders and the noteholders agreed to reinstate the original interest rate of 8% per annum.

During the year ended December 31, 2009, the Company negotiated the extension of certain of its notes payable in the aggregate amount of $138,000. The Company extended the maturity date of these notes until February 15, 2010. During the year ended December 31, 2010, as described below, the Company negotiated the extension of these notes payable, and the maturity dates of these notes to either June 15, 2010 or April 15, 2011.

During the year ended December 31, 2010, the Company negotiated the extension of nine of its notes payable in the aggregate amount of $617,000, to April 15, 2011. The Company also negotiated the extension of two of its notes payable in the aggregate amount of $130,000 until June 15, 2010. During the three months ended June 30, 2012, the Company negotiated the extension of twenty-four of its notes payable in the aggregate amount of $942,982 to October 3, 2013.

Embedded conversion features of notes payable:

The Company values embedded conversion features utilizing the Black-Scholes valuation model. Conversion options are valued upon issuance, and re-valued at each financial statement reporting date. Any change in value is charged to income or expense during the period. The following table illustrates certain key information regarding our conversion option valuation assumptions at September 30, 2012 and 2011:

	September 30,	
	2012	2011
Number of conversion options outstanding	5,539,260	4,917,170
Value at September 30	$ 1,284,577	$ 1,748,541
Number of conversion options issued during the period	-	-
Value of conversion options issued during the period	$ -	$ -
Number of conversion options exercised or underlying notes paid during the period	34,664	1,574,000
Value of conversion options exercised or underlying notes paid during the period	$ 7,004	$ 452,922
Revaluation (gain) during the period	$ (197,798)	$ (264,032)
Black-Scholes model variables:		
Volatility	214.36%	92.52-110.66%
Dividends	-	-
Risk-free interest rates	0.14-0.41%	0.06-0.19%
Term (years)	10	10

11. CONTINGENT LIABILITY

Pursuant to the Artisan acquisition, the Company may be obligated to pay up to another $300,000 (with a fair value of $131,000) in the event certain financial milestones are met over the next one or two years (see note 3).

12. INCOME TAXES

Deferred income taxes result from the temporary differences arising from the use of accelerated depreciation methods for income tax purposes and the straight-line method for financial statement purposes, and an accumulation of net operating loss carryforwards for income tax purposes with a valuation allowance against the carryforwards for book purposes.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Included in deferred tax assets are Federal and State net operating loss carryforwards of approximately $3.7 million, which will expire beginning in 2025 through 2029. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Due to significant changes in the Company's ownership, the Company's future use of its existing net operating losses may be limited.

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13. EQUITY

On June 13, 2012, the Company effected a reverse split of its common stock (the "Reverse Split") in the amount of 1-for-50. The number of shares issued and outstanding immediately before the Reverse Split were 293,692,189 and 282,956,546, respectively; the number of shares issued and outstanding immediately after the Reverse Split were 5,873,801 and 5,659,130, respectively. In addition, the proposal to authorize the Board of Directors to change the Company's domicile from Florida to Delaware was approved.

Common Stock

During the three and nine months ended September 30, 2012, the Company did not have any issuances of common stock. During the three months ended June 30, 2012, the Company committed to issue 26,078 shares (post reverse-split) of common stock for settlement of a claim. The fair value of $7,302 is included in Common Stock Subscribed on the Company's balance sheet at September 30, 2012.

Treasury Stock

During the nine months ended September 30, 2012, the Company did not purchase any outstanding shares of the Company's common stock.

Warrants

The following table summarizes the significant terms of warrants outstanding at September 30, 2012. These warrants may be settled in cash or 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:

Range of exercise prices (post reverse-split)	Number of warrants outstanding (post reverse-split)	Weighted average remaining contractual life (years)	Weighted average exercise price of outstanding warrants (post reverse-split)	Number of warrants exercisable (post reverse-split)	Weighted average exercise price of exercisable warrants (post reverse-split)
$ 0.2500	3,594,000	3.01	$ 0.250	3,594,000	$ 0.250
$ 0.5500	370,000	3.01	$ 0.550	370,000	$ 0.550
$ 0.6000	20,000	1.71	$ 0.600	20,000	$ 0.600
$ 0.5750	1,480,000	3.26	$ 0.575	1,480,000	$ 0.575
$ 0.0100	1,500,000	7.88	0.010	1,500,000	$ 0.010
	6,964,000	4.11	$ 0.284	6,924,00	$ 0.284

Transactions involving warrants are summarized as follows:

	Number of Warrants (post reverse-split)	Weighted Average Exercise Price (post reverse-split)
Warrants exercisable at December 31, 2011	5,464,000	$ 0.36
Granted	1,500,000	0.010
Exercised	-	-
Cancelled / Expired	-	-
Warrants outstanding at September 30, 2012	6,964,000	$ 0.284

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During the nine months ended September 30, 2012, the Company issued warrants to purchase 1,500,000 shares (post reverse-split) of common stock; the fair value of these warrants was $572,777. The Company also extended the term of warrants to purchase 5,440,000 shares of common stock from April 3, 2012 to April 3, 2015. The fair value of this extension of $842,100 was charged to operations during the nine months ended September30, 2012.

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 (post reverse-split)	Number of options Outstanding (post reverse-split)	Weighted average Remaining contractual life (years)	Weighted average exercise price of outstanding Options (post reverse-split)	Number of options Exercisable (post reverse-split)	Weighted average exercise price of exercisable Options (post reverse-split)
$ 0.350	1,040,000	2.93	$ 0.350	1,040,000	$ 0.350
$ 0.380	132,500	2.50	$ 0.380	132,500	$ 0.380
$ 0.450	132,500	3.00	$ 0.450	132,500	$ 0.450
$ 0.474	132,500	2.75	$ 0.474	132,500	$ 0.474
$ 0.480	132,500	3.25	$ 0.480	132,500	$ 0.480
	1,570,000	2.61	$ 0.382	1,570,000	$ 0.382

Transactions involving stock options are summarized as follows:

	Number of Shares (post reverse-split)	Weighted Average Exercise Price (post reverse-split)
Options outstanding at December 31, 2011	970,000	$ 0.400
Granted	600,000	0.350
Exercised	-	-
Cancelled / Expired	-	-
Options outstanding at September 30, 2012	1,570,000	$ 0.382

Aggregate intrinsic value of options outstanding and exercisable at September 30, 2012 and 2011 was $0 and $0, 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 $0.24 and $0.40 as of September 30, 2012 and 2011, respectively, and the exercise price multiplied by the number of options outstanding. During the three months ended September 30, 2012 and 2011, the Company charged $0 and $0, respectively, to operations related to recognized stock-based compensation expense for employee stock options. During the nine months ended September 30, 2012 and 2011, the Company charged $186,299 and $0, respectively, to operations related to recognized stock-based compensation expense for employee stock options.

Accounting for warrants and stock options

The Company accounts for the issuance of common stock purchase warrants, stock options, and other freestanding derivative financial instruments in accordance with the provisions of FASB ASC 815-40-15. Based on the provisions of ASC 815-40-05, the Company classifies, as equity, any contracts that (i) require physical settlement or net-share settlement or (ii) gives the Company a choice of net-cash settlement or settlement in its own shares (physical settlement or net-share settlement). The Company classifies as assets or liabilities any contract that (i) require net-cash settlement or (ii) give the counterparty a choice of net-cash settlement in shares (physical or net-share settlement). At September 30, 2012 and 2011, the Company had no freestanding derivative financial instruments that require net cash settlement or give the counterparty a choice of net cash settlement or settlement in shares.

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The fair value of these warrants and stock options is determined utilizing the Black-Scholes valuation model. Through August 2005, these warrants were accounted for by the equity method, whereby the fair value of the warrants was charged to additional paid-in capital. During September, 2005, the number of shares of the Company's common stock issued and issuable exceeded the number of shares of common stock the Company had authorized. As the Company no longer had sufficient shares authorized to settle all of our outstanding contracts, this triggered a change in the manner in which the Company accounts for the warrants and stock options. The Company began to account for these warrants and stock options utilizing the liability method. Pursuant to ASC 815-40-15, “If a contract is reclassified from permanent or temporary equity to an asset or a liability, the change in fair value of the contract during the period the contract was classified as equity should be accounted for as an adjustment to stockholders' equity." Accordingly, during the year ended December 31, 2005, the Company charged the amount of $10,374,536 to stockholders' equity. At the same time, the Company changed the way in which it accounts for the beneficial conversion feature of convertible notes payable (see note 8).

The accounting guidance shows that the warrants and stock options which are a derivative liability should be revalued each reporting period. The recorded value of such warrants and stock options can fluctuate significantly based on fluctuations in the market value of the underlying securities of the issuer of the warrants and stock options, as well as in the volatility of the stock price during the term used for observation and the term remaining for warrants. During the three months ended September 30, 2012 and 2011, the Company recognized a gain of $652,644 and a gain of $64,032, respectively, for the change in the fair value of the warrant liability and recorded the change in operations during the three months ended September 30, 2012 and 2011. During the nine months ended September 30, 2012 and 2011, the Company recognized a gain of $383,467 and a gain of $363,500, respectively, for the change in the fair value of the warrant liability and recorded the change in operations during the nine months ended September 30, 2012 and 2011. During the three months ended September 30, 2012 and 2011, the Company recognized a gain of $111,288 and a gain of $13,087, respectively, for the change in the fair value of the stock option liability and recorded these amounts in operations during the three months ended September 30, 2012 and 2011. During the nine months ended September 30, 2012 and 2011, the Company recognized a gain of $39,937 and a gain of $77,660, respectively, for the change in the fair value of the stock option liability and recorded these amounts in operations during the nine months ended September 30, 2012 and 2011.

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

	September 30, 2012	December 31, 2011
Volatility	214.36%	92.52-114.30%
Dividends	$ -	$ -
Risk-free interest rates	0.16-1.04%	0.06-0.17%
Term (years)	0.75 – 4.59	0.01-5.00

Insufficient Authorized but Unissued Shares of Common Stock

At March 31, 2012, and December 31, 2011, the Company’s potential obligation to issue shares had exceeded its shares authorized by 9,621,782 (post reverse-split) and 11,135,994 (post reverse-split), respectively. During the three months ended June 30, 2012, the Company effected a 1-50 reverse split of its common on stock; at September 30, 2012, the Company had outstanding a total of 5,873,801 shares (post reverse-split), and obligations to issue an additional 16,336,664 shares (post reverse-split). At September 30, 2012, 478,004,206 shares (post reverse-split) were available for issuance.

14. FAIR VALUE MEASUREMENTS

Our short-term financial instruments, including cash, accounts payable and other liabilities, consist primarily of instruments without extended maturities, the fair value of which, based on management’s estimates, reasonably approximate their book value. The fair value of the Company’s stock option, convertible debt features and warrant instruments is determined using option pricing models.

As a result of the adoption of ASC 815-40, the Company is required to disclose the fair value measurements required by ASC 820, “Fair Value Measurements and Disclosures.” The other liabilities recorded at fair value in the balance sheet as of September 30, 2012 are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels, defined by ASC 820 are directly related to the amount of subjectivity associated with the inputs to fair valuations of these liabilities are as follows:

Level 1 — Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2 — Inputs other than Level 1 inputs that are either directly or indirectly observable; and

Level 3 — Unobservable inputs, for which little or no market data exist, therefore requiring an entity to develop its own assumptions.

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The following table summarizes the financial liabilities measured at fair value on a recurring basis as of September 30, 2012, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	Level 1	Level 2	Level 3	Liabilities at fair value
Warrant liability	$ -	$ -	$ 1,532,424	$ 1,532,424
Option liability	-	-	308,544	308,544
Conversion option liability	-	-	1,284,577	1,284,577
Total	$ -	$ -	$ 3,125,545	$ 3,125,545

The following is a reconciliation of the derivative liability for which Level 3 inputs were used in determining the approximate fair value:

Beginning balance as of January 1, 2012	$ 1,908,470
Reclassification of notes payable conversion option liability to equity	(27,050)
Fair value of common stock equivalents issued	1,022,728
Fair value of warrants extended	842,100
Change in fair value	(620,691)
Ending balance as of September 30, 2012	$ 3,125,545

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 behalf of us. 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 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 weather conditions.

We are also subject to other risks detailed from time to time in our other Securities and Exchange Commission filings 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 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.

On August 25, 2005, the Company entered into contracts which obligated the company under certain circumstances to issue shares of common stock in excess of the number of shares of common stock authorized. Under accounting guidance provided by FASB ASC 815-40-05, effective August 25, 2005 the Company began to account for all derivative financial instruments, including warrants, conversion features embedded in notes payable, and stock options, via the liability method of accounting. Accordingly, all these instruments are valued at issuance utilizing the Black-Scholes valuation method, and are re-valued at each period ending date, also using the Black-Scholes valuation method. Any gain or loss from revaluation is charged to operations during the period.

(a) Warrants:

The Company values warrants using the Black-Scholes valuation model. Warrants are valued upon issuance, and re-valued at each financial statement reporting date. Any change in value is charged to income or expense during the period. The following table illustrates certain key information regarding our warrants and warrant valuation assumptions at September 30, 2012 and 2011:

	September 30,			
		2012		**2011**
Number of warrants outstanding (post reverse-split)		6,964,000		5,464,000
Value at September 30,	$	1,532,424	$	819,675
Number of warrants issued during the period (post reverse-split)		-		-
Value of warrants issued during the period	$	-	$	-
Value of warrants extended during the period	$	842,100	$	-
Revaluation (gain) during the period	$	(383,467)	$	(363,500)
Black-Scholes model variables:				
Volatility		117.77 -214.36%		92.52-110.66%
Dividends	$	-	$	-
Risk-free interest rates		0.41-1.11%		0.06-0.17%
Term (years)		2.9-7.63		0.22-2.75

(b) Embedded conversion features of notes payable:

The Company accounts for conversion options embedded in convertible notes in accordance with ASC 815-10-05. ASC 815-10-05 generally requires companies to bifurcate conversion options embedded in convertible notes and preferred shares from their host instruments and to account for them as free standing derivative financial instruments in accordance with ASC 815-40-05.

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The Company values embedded conversion features utilizing the Black-Scholes valuation model. Conversion options are valued upon issuance, and re-valued at each financial statement reporting date. Any change in value is charged to income or expense during the period. The following table illustrates certain key information regarding our Conversion options and conversion option valuation assumptions at September 30, 2012 and 2011:

	September 30,			
		2012		2011
Number of conversion options outstanding		5,539,260		4,917,170
Value at September 30	$	1,284,577	$	1,748,541
Number of conversion options issued during the period		-		-
Value of conversion options issued during the period	$	-	$	-
Number of conversion options exercised or underlying notes paid during the period		34,664		1,574,000
Value of conversion options exercised or underlying notes paid during the period	$	7,004	$	452,922
Revaluation (gain) loss during the period	$	(197,798)	$	(264,032)
Black-Scholes model variables:				
Volatility		214.36%		92.52-110.66%
Dividends		-		-
Risk-free interest rates		0.14-0.41%		0.06-0.19%
Term (years)		10		10

(c) Stock options:

The Company accounts for options in accordance FASB ASC 718-40. Options are valued upon issuance, and re-valued at each financial statement reporting date, utilizing the Black-Scholes valuation model. Option expense is recognized over the requisite service period of the related option award. Any change in value is charged to income or expense during the period. The following table illustrates certain key information regarding our options and option assumptions at September 30, 2012 and 2011:

	September 30,			
		2012		2011
Number of vested options outstanding		1,570,000		1,270,000
Value at September 30	$	308,544	$	259,059
Number of options issued during the period		-		-
Value of options issued during the period	$	-		-
Number of options recognized during the period pursuant to SFAS 123(R)		-		-
Value of options recognized during the period pursuant to SFAS 123(R)	$	-	$	-
Revaluation (gain) during the period	$	(39,938)	$	(77,660)
Black-Scholes model variables:				
Volatility		214.36%		92.52-110.66 %
Dividends	$	-	$	-
Risk-free interest rates		0.14-0.41%		0.06-0.19%
Term (years)		0.75 -4.59		0.22-4.75

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. In February 2003 we changed our name to Fiber Application Systems Technology, Ltd.

In January 2004, we changed our state of incorporation by merging into Innovative Food Holdings, Inc. ("IVFH"), a Florida shell corporation. As a result of the merger we changed our name to that of Innovative Food Holdings, Inc. In February 2004 we also acquired Food Innovations, Inc. ("FII") a Delaware corporation incorporated on January 9, 2002 and through FII and our other subsidiaries we are in the business of national food distribution and sales using third-party shippers.

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., an Illinois corporation ("Artisan"), 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. The purchase price was primarily financed via a loan from Alpha Capital in the principal amount of $1,200,000. Prior to the acquisition, Artisan was a vendor and had sold products to the Company.

Transactions With a Major Customer

Transactions with a major customer and related economic dependence information is set forth (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

In February 2010, one of our subsidiaries, Food Innovations, signed a new contract with U.S. Foods ("USF"). This current contract with USF expires on December 31, 2012. The contract automatically renews for an additional 12-month term unless either party notifies the other in writing 30 days prior to the end date of its intent not to renew. We believe that although a significant portion of our sales occurs through the USF sales force, the success of the program is less contingent on a contract then on the actual performance and quality of our products. Other than our business arrangements with USF, we are not affiliated with either USF or its subsidiary, Next Day Gourmet, L.P. ("Next Day Gourmet"). During the three and nine months ended September 30, 2012, sales to USF accounted for 65.4% and 76.4% of total sales, respectively; during three and nine months ended September 30, 2011, sales to USF accounted for 94.0% and 93.5% of total sales, respectively.

RESULTS OF OPERATIONS

The following is a discussion of our financial condition and results of operations for the three and nine months ended September 30, 2012 and 2011.

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 September 30, 2012 Compared to Three Months Ended September 30, 2011

Revenue

Revenue increased by $2,238,214 or approximately 77% to $5,130,418 for the three months ended September 30, 2012 from $2,892,204 in the prior three months ended September 30, 2011. The increase was attributable both to the acquisition of Artisan $1,497,286, as well as to increases in sales in existing parts of our business $740,928. The areas of increased sales included specialty items, produce, meat and game, cheese and seafood, and with a smaller increase in poultry products. We continue to assess the potential of new revenue sources from the manufacture and sale of proprietary food products and additional sales channel opportunities and will implement that strategy if, based on our analysis, we deem it beneficial to us.

Any changes in the food distribution 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 September 30, 2012 was $3,872,444, an increase of $1,467,556 or approximately 61% compared to cost of goods sold of $2,404,888 for the three month ended September 30, 2011. The increase was due primarily to a corresponding growth in sales. Cost of goods sold is primarily made up of the following expenses for the three months ended September 30, 2012: cost of good of specialty, meat, game, cheese poultry and other sales categories in the amount of $3,063,734; and shipping expenses in the amount of $817,479. The cost of goods sold increase is mainly associated with an increase in sales.

In 2012, we continued to aggressively price our products in order to gain market share and increase the number of our end users. We were successful in doing so and increased the number of our end users for the quarter by approximately 25% to more than 12,000 end users for the third quarter compared to the third quarter of 2011. We currently expect, if market conditions remain constant, that our cost of goods sold will stabilize and likely improve compared to the first 9 months of 2012.

Selling, general and administrative expenses

Selling, general, and administrative expenses increased by $334,437 or approximately 58%, to $908,235 during the three months ended September 30, 2012 compared to $573,798 for the three months ended September 30, 2011. The increase was due primarily to the costs associated with the acquisition of Artisan and additional operational, selling, general, and administrative expenses related to the operations of Artisan**.** Selling, general and administrative expenses were primarily made up of the following for the three months ended September 30, 2012: payroll and related expenses, including employee benefits, in the amount of $590,319; consulting and professional fees in the amount of $73,350; insurance costs in the amount of $67,112; facilities and related expenses in the amount of $61,632; office expense in the amount of $43,828; travel and entertainment expenses in the amount of $30,410; computer support expenses in the amount of $27,046; vehicle expense of $19,804; amortization and depreciation expense of $54,728; commissions expense in the amount of $15,931; advertising expenses in the amount of $4,028; credit card expense of $3,064; and credit of options, including the fair value of options issued and the change in fair value of the option liability in the amount of $111,288. We expect our legal fees to slightly increase in 2012 and our accounting fees in 2012 to remain constant. We do however expect to increase our spending on advertising and marketing and web development fees in 2012.

Interest expense

Interest expense decreased by $50,145, or approximately 43%, from $117,427 during the three months ended September 30, 2011 to $67,282 for the three months ended September 30, 2012. Interest expense decreased during the three months ended September 30, 2012 as compared to the three months ended September 30, 2011 as the result of the settlement of notes payable that occurred in the year ended December 31, 2011. Interest expense is expected to increase due to an increase in notes payable, and the amortization of the discount on notes payable.

Loss from change in fair value of warrant liability

At September 30, 2012, the Company had outstanding warrants to purchase an aggregate of 6,964,000 shares of the Company's common stock. The Company revalued this warrant liability at September 30, 2012 at $1,532,424. This revaluation resulted in a gain of $652,644 which the Company credited to operations during the three months ended September 30, 2012. This is an increase of $588,612 or approximately 919% compared to a gain of $64,032 from the revaluation of the warrant liability which the Company recorded during the three months ended September 30, 2011.

Gain and loss from change in fair value of conversion option liability

At September 30, 2012, the Company had outstanding a liability to issue an aggregate of 5,539,260 shares of the Company's common stock pursuant to convertible notes payable. The Company revalued this liability at September 30, 2012 at $1,284,577. This revaluation resulted in a gain of $665,802, which the Company included in operations for the three months ended September 30, 2012. This is an increase of $667,571 or approximately 37,737% compared to a loss of $1,769 from the revaluation of the conversion option liability which the Company recorded during the three months ended September 30, 2011.

Net Income (loss)

For the reasons above, the Company had a net income for the three months ended September 30, 2012 of $1,600,903, an increase of $1,742,549 compared to a net loss of $141,646 during the three months ended September 30, 2011.

Nine Months Ended September 30, 2012 Compared to Nine Months Ended September 30, 2011

Revenue

Revenue increased by $4,628,586 or approximately 57% to $12,768,596 for the nine months ended September 30, 2012 from $8,140,010 in the prior nine months ended September 30, 2011. The increase was due both to the acquisition of Artisan and to increases in sales from our existing parts of our business. There were significant increase in sales of specialty items, produce, meat and game, cheese and seafood, and with a smaller increase in poultry products. We continue to assess the potential of new revenue sources from the manufacture and sale of proprietary food products and additional sales channel opportunities and will implement that strategy if, based on our analysis, we deem it beneficial to us.

Any changes in the food distribution 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 nine months ended September 30, 2012 was $9,645,040, an increase of $3,309,302 or approximately 52% compared to cost of goods sold of $6,335,738 for the nine month ended September 30, 2011. The increase was due primarily to a corresponding growth in sales and to a focus on gaining market share in certain of our product lines. Cost of goods sold is primarily made up of the following expenses for the nine months ended September 30, 2012: cost of good of specialty, meat, game, cheese poultry and other sales categories in the amount of $6,959,983; and shipping expenses in the amount of $2,186,124. The gross margin increased in 2012 as compared to 2011 due to the acquisition of Artisan Specialty Foods partially offset by the company's strategy of pursuing market share in certain product lines.

In 2012, we continued to aggressively price our products in order to gain market share and increase the number of our end users. We were successful in doing so and increased the number of our end users for the nine months ending September 30, 2012 by approximately 6% to more than 22,000 versus the nine months ending September 30, 2011. We currently expect if market conditions remain constant that our cost of goods sold will stabilize and likely improve compared to the first half of 2012.

Selling, general and administrative expenses

Selling, general, and administrative expenses increased by $1,187,527 or approximately 79%, to $2,690,044 during the nine months ended September 30, 2012 compared to $1,502,517 for the nine months ended September 30, 2011. The increase was due primarily to the costs associated with the acquisition of Artisan and additional operational selling, general, and administrative expenses related to the operations of Artisan Selling, general and administrative expenses were primarily made up of the following for the nine months ended September 30, 2012: payroll and related expenses, including employee benefits, in the amount of $1,395,740; consulting and professional fees in the amount of $343,374; options expense, including the fair value of options issued and the change in fair value of the option liability in the amount of $146,361; insurance costs in the amount of $135,458; facilities and related expenses in the amount of $135,458; office expense in the amount of $84,168; computer support expenses in the amount of $83,421; travel and entertainment expenses in the amount of $77,231; commissions expense in the amount of $56,349; vehicle expense of $27,947; amortization and depreciation expense of $69,313; credit card expense of $17,739; settlement expense of $7,302; and advertising expenses in the amount of $42,072. We expect our legal fees to slightly increase in 2012 and our accounting fees in 2012 to remain constant. We do however expect to increase our spending on advertising and marketing and web development fees in 2012.

Interest expense

Interest expense decreased by $337,493, or approximately 67%, from $503,526 during the nine months ended September 30, 2011 to $166,033 for the nine months ended September 30, 2012. Interest expense decreased during the nine months ended September 30, 2012 as compared to the nine months ended September 30, 2011 as the result of the settlement of notes payable that occurred in the year ended December 31, 2011. Interest expense is expected to increase due to an increase in notes payable, and the amortization of the discount on notes payable.

Loss from change in fair value of warrant liability

At September 30, 2012, the Company had outstanding warrants to purchase an aggregate of 6,964,000 shares of the Company's common stock. The Company revalued this warrant liability at September 30, 2012 at $1,532,424. This revaluation resulted in a gain of $383,467 which the Company credited to operations during the nine months ended September 30, 2012. This is an increase of $19,967 or approximately 6% compared to a gain of $363,500 from the revaluation of the warrant liability which the Company recorded during the nine months ended September 30, 2011.

Gain and loss from change in fair value of conversion option liability

At September 30, 2012 the Company had outstanding a liability to issue an aggregate of 5,539,260 shares of the Company's common stock pursuant to convertible notes payable. The Company revalued this liability at September 30, 2012 at $1,284,577. This revaluation resulted in a gain of $197,798, which the Company included in operations for the nine months ended September 30, 2012. This is a decrease of $66,234 or approximately 25% compared to a gain of $264,032 from the revaluation of the conversion option liability which the Company recorded during the nine months ended September 30, 2011.

Net Income (loss)

For the reasons above, the Company had net income for the nine months ended September 30, 2012 of $6,644, a decrease of $584,442 compared to a net income of $591,086 during the nine months ended September 30, 2011.

Liquidity and Capital Resources

As of September 30, 2012, the Company had current assets of $2,098,004 consisting of cash of $716,200, trade accounts receivable of $865,018, inventory of $503,033, and other current assets of $13,753. Also at September 30, 2012, the Company had current liabilities of $5,578,994, consisting of accounts payable and accrued liabilities of $1,174,070 (of which $75,280 is payable to a related party); accrued interest of $696,947; accrued interest – related parties of $37,234; current portion of notes payable, net of discounts of $283,698; current portion of notes payable – related parties, net of discounts of $130,500; warrant liability of $1,532,424; option liability of $308,544; conversion option liability of $1,284,577; and contingent liability of $131,000.

During the nine months ended September 30, 2012, the Company had cash provided by operating activities of $48,699. This consisted of the Company's net income of $6,644, offset by charges to operations $69,313 for depreciation and amortization, $6,408 for the amortization of the discount on notes payable, $62,085 for the amortization of the discount on accrued convertible interest, $13,551 for the interest capitalized on a note payable, $7,302 for the issuance of shares for a settlement, $186,299 for the fair value of options issued to officers and directors, $842,100 for the cost of extending the term of certain warrants outstanding, $383,467 gain for the revaluation of the warrant liability, $39,937 gain for the revaluation of the conversion option liability, and $197,798 gain for the revaluation of the option liability. The Company's results also reflect an increase in working capital deficiency of $523,801.

The Company had cash provided by financing activities of $1,022,389 in 2012, which consisted primarily of proceeds from issuance of a note payable in the amount $1,080,000, offset by principal payments on debt of $57,611.

Historically, our primary cash requirements have been used to fund the cost of operations, with additional funds having been used in promotion and advertising and in connection with the exploration of new business lines.

The Company's current liabilities exceeded its current assets by $3,480,990 as of September 30, 2012. By adjusting its operation and development to the level of available resources, management believes it has sufficient capital resources to meet projected cash flow through the next twelve months. The Company also intends to focus on increasing market share and cash flow from operations by focusing its sales activities on specific market segments and new product lines as well as the completion of the integration of IT and systems at Artisan. However, if thereafter, the Company is not successful in generating sufficient liquidity from operations or in raising sufficient capital resources, on terms acceptable to us, this could have a material adverse effect on our business, results of operations, liquidity and financial condition. Currently, we do not have any material long-term obligations other than those described in Note 10 to the financial statements included in this report. As we seek to increase our sales of perishables, as well as identify new and other consumer oriented products and services, we may use existing cash reserves, long-term financing, or other means to finance such diversification.

If the Company's cash flow from operations is insufficient, the Company may require additional financing in order to execute its operating plan and continue as a going concern. The Company cannot predict whether this additional financing will be in the form of equity or debt, or be in another form. The Company may not be able to obtain the necessary additional capital on a timely basis, on acceptable terms, or at all. The Company expects that any sale of additional equity securities or convertible debt will result in additional dilution to our stockholders.

In any of these events, the Company may be unable to implement its current plans for expansion, repay its debt obligations as they become due or respond to competitive pressures, any of which circumstances would have a material adverse effect on its business, prospects, financial condition and results of operations. The Company has not made any adjustments to the financial statements which would be necessary should the Company not be able to continue as a going concern.

The independent auditors' reports on our December 31, 2011 and 2010 financial statements included in our Annual Report on Form 10-K for the two years then ended states that our working capital deficiency raises substantial doubts about our ability to continue as a going concern.

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.

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, 2011 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

None.

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

On November 20, 2012 the Company entered into an employment agreement with each of its chief executive officer and its president with both agreements having an effective date of January 1, 2013 and terminating on December 31, 2015. The agreements provide for annual compensation ranging from $226,250 to $273,763 during the term with a portion of the compensation paid in stock. The agreements also provide for annual bonuses including bonuses based on increases in EBITDA (as defined in the agreements) of the Company's various subsidiaries; additional bonuses upon the occurrence of certain events such as: listing on specific stock exchanges, spin-offs, investments and stock trading and volume levels. The agreements also provide for stock options with exercise prices ranging from $0.40 - $1.60 and an award of restricted stock which only vest if certain volume and pricing milestones with respect to the Company's common stock are met. Each executive has the option of receiving any portion of his salary or bonus in the form of equity. The agreements also contain non-compete and non-solicitation provisions. The foregoing description of the employment agreements are qualified in their entirety by reference to each of the agreements, copies of which are filed as exhibits to this Quarterly Report on Form 10-Q and are incorporated by reference in this Item 5.

Item 6. Exhibits

10.1 CEO Employment Agreement

10.2 President Employment Agreement

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

* *Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability.*

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
/s/Sam Klepfish Sam Klepfish	Chief Executive Officer	November 21, 2012
/s/ John McDonald John McDonald	Principal Financial Officer	November 21, 2012

EXHIBIT 10.1

EMPLOYMENT AGREEMENT

AGREEMENT made as of the 1st day of January, 2013, by and between Innovative Food Holdings, Inc., a Florida corporation with its principal offices at 3845 Beck Blvd., Suite 805, Naples, FL (the "Corporation" or "IVFH"), and Sam Klepfish (the "Executive").

W I T N E S S E T H:

In consideration of the mutual covenants contained herein, the parties hereto agree as follow:

1. Employment. The Corporation hereby employs the Executive as an executive of the Corporation, and the Executive agrees to serve the Corporation as such, upon the terms and conditions set forth in this Agreement for the period commencing as of the date hereof and, unless Executive's employment under the Agreement is otherwise terminated in accordance with the provisions hereof, ending on December 31, 2015.

2. Duties. (a) The Executive shall serve as the Chief Executive Officer of the Corporation and its subsidiary companies, with such duties and authority as are generally incident to such positions, or in such other management position as the Corporation shall determine. Without limiting the generality of the foregoing, the Executive shall serve as the Chief Executive Officer, with such duties and authority as are generally incident to such position, or in such other management position as the Corporation shall determine. Without limiting the generality of the foregoing, the Executive shall manage the overall strategic direction and operations of the corporation. In performing his duties hereunder, the Executive shall be subject to the direction of the Corporation's Board of Directors, but shall not be required to relocate to any location in order to perform his duties hereunder.

(b) The Executive agrees that he will devote substantially his business time and attention to the affairs of the Corporation, (including subsidiaries) that he will use his best efforts to promote the business and interests of the Corporation, and that he will not engage, directly or indirectly, in any other business or occupation during the term of employment hereunder. It is understood, however, that the foregoing will not prohibit the Executive from engaging in personal investment activities for himself and his family that do not interfere with the performance of his duties hereunder.

3. Compensation. (a) The Corporation will pay the Executive for all services to be rendered by the Executive hereunder (including, without limitation, all services to be rendered by him as an officer of the Corporation and its subsidiaries and affiliates) an annual base salary (hereinafter referred to as the "Base Salary") at the rate of: (i) $198,312 per annum from the date hereof through December 31, 2013, (ii) $223,987 per annum from January 1, 2014 through December 31, 2014, and (iii) $260,075 per annum from January 1, 2015 through December 31, 2015. The cash portion of Base Salary for each year shall be payable in equal, weekly installments in accordance with customary payroll practices for executives of the Corporation. Included in Base Salary is an additional $27,937 in restricted stock units ("RSU") or stock for 2013, $24,875 RSU for 2014 and $13,688 RSU for 2015. The RSU or stock for 2013 shall be issued on January 1, 2013 and be priced at the lower of the closing price of the Corporation's common stock on the date the Board of Directors approves this Agreement or on January 3, 2013, provided that in no event shall the price be less than $0.25 per share. For 2014 and 2015 the RSU or stock shall be issued on January 1 of each such year based upon the average closing trading price of the Corporation's common stock over the 30 trading days prior to the date of grant. As permitted by law, Executive may receive any portion of the cash Base Salary in the form of stock or RSU by delivering notice to the Corporation, from to time, at a valuation based upon the average closing price of the Corporation's common stock over the 30 trading days ended on a trading date that is five trading days prior to Executive's notice.

(b) Executive shall also be entitled to receive an annual bonus (the "Bonus") pursuant to the schedule below. The Bonus shall be payable in cash, stock, RSU or a combination of stock, RSU and cash, at the discretion of Executive, with such decision to be made by Executive prior to the payment of the Bonus. The equity component shall be valued based upon the average closing price of the Corporation's common stock over the 30 trading days ended on December 31 of the year for which the Bonus is being calculated, but under no circumstance will be below $0.25 per share. All Bonuses paid in stock or RSU at the Executive's request shall be held by the Corporation until reaching certain milestones to be determined by the Company's CEO. All calculations with respect to the Base Salary and Bonus shall be based upon the Corporation's financial statements and available financial information and Cash EBITDA calculations as determined by the CEO, working together when necessary, with the Corporation's outside accountants and the Corporation's principal accounting officer and shall be completed no later than February 1 of the following year. The Bonus for each year, if earned, shall be payable in full on or before by the following February 27th.

The Bonus shall be payable according to the following schedule:

- If the Corporation's common stock is listed, traded or quoted on The New York Stock Exchange or NASDAQ, Executive shall receive an $75,000 cash bonus.
- Executive will receive 5% of the equity owned by IVFH, of any Food Hatch portfolio company
- Executive will receive 5% of any carry owned by Food Hatch .
- If the Corporation spins off a subsidiary, Executive shall receive 2.5% of company spun off.
- If the aggregate revenues of all the entities acquired by the Corporation following the date hereof exceeds $3 million, Executive shall receive a $45,000 cash bonus.
- If the aggregate revenues of all the entities acquired by the Corporation following the date hereof exceeds $5 million, Executive shall receive a $75,000 cash bonus.
- If the aggregate revenues of all the entities acquired by the Corporation following the date hereof exceeds $15 million, Executive shall receive a $120,000 cash bonus.
- Cash bonus of 2% of pretax cash operating profits
- If the Corporation raises equity or equity related financing Executive shall receive a bonus equal to 2.5% (in cash) of equity raised.
- If the Corporation raises debt financing Executive shall receive a bonus equal to 1% (in cash) of debt raised.
- An amount equal to 25% of all EBITDA related bonuses paid to the Corporation's President as per the President's employment agreement, payable on the same terms as the President's bonus, except for the President's priority in receiving his bonuses.
- If the value of the Corporation's shares traded on a daily basis for any 30 trading days within any 3 month period equals or exceeds $10,000 Executive shall receive a $10,000 cash bonus, if such trading equals or exceeds $25,000 Executive shall receive a $25,000 cash bonus, and if such trading equals or exceeds $100,000 Executive shall receive a $150,000 cash bonus. Each of these bonuses may only be earned once during the term of this Agreement.

The above notwithstanding, the Corporation's obligation to pay such cash Bonuses is limited such that the Bonuses shall only be paid in cash if the Corporation will have at least $600,000 in cash after payment of the Bonus to Executive. In the event the Corporation has insufficient cash to make the required Bonus payments, the Corporation shall inform Executive of the amount of cash available for distribution and Executive shall have five business days to determine if he wants to change his previous allocation of the form of Bonus payment as between cash and stock. Within two business days thereafter, the Corporation shall distribute such available cash (i.e. cash above $600,000) to Executive. Going forward, in such situations, the Corporation shall determine, within three business days following the end of each month, its cash on hand and if it exceeds $600,000 the excess cash shall be distributed to Executive within two business days thereof. This process shall continue until the cash portion of the Bonus is paid in full. While any portion of the cash portion of the Bonus remains unpaid, Executive may change his cash/stock/RSU allocation of the Bonus. For purposes of this Agreement, the term "cash" shall mean cash and cash equivalents as described on the Corporation's balance sheet.

Stock Options

On the effective date of this Agreement, Executive shall also receive the following stock options:

- A 4 year Option to purchase 100,000 shares of the Corporation's common stock at an exercise price of $0.40 per share, of which 50,000 options vest on December 31, 2014 and the balance on December 31, 2015.
- A 5 year Option to purchase 100,000 shares of the Corporation's common stock at an exercise price of $0.57 per share, all of which options vests on December 31, 2014.
- A 5 year option to purchase 125,000 shares of the Corporation's common stock at an exercise price of $1.60 per share, one-half of which vests on December 31, 2013 and the balance on December 31, 2014.

All of such options shall be granted using the Corporation's standard form of stock option grant and shall be subject to the terms of such form and the terms of the Corporation's 2011 Stock Option Plan. In the event the issuance of such options would trigger the adjustment provisions of any of the Corporation's outstanding notes or warrants with respect to conversion rates or exercise price or number of underlying securities, the above notwithstanding, the exercise price shall automatically increase to be the lowest possible price that would not so trigger any adjustments, except with the approval of all of such noteholders and warrantholders waiving the adjustments.

Stock Grant:

On the date hereof Executive shall be given a stock grant of 200,000 restricted shares or RSU which shall only vest if the 30 day average trading price of the Corporation's common stock equals or exceeds $1.75 per share and has average volume of at least 25,000 shares per day for 30 consecutive trading days.

For 2013 and 2014 and 2015, the Corporation shall establish a separate account in which it will maintain Executive's Bonus as if it was earned and payable. In the event it is determined that Executive is entitled to such additional Bonus, the accrued amount of funds in said account shall be delivered in a lump sum when such determination is made, but no later than February 27th of each such year. In the event it is determined that Executive is not entitled to such funds, they shall be returned to the Corporation's general working account.

If Executive leaves the employ of the Corporation before the Bonuses for the previous year are paid, he will forfeit any Bonus for such previous year. Similarly, partial Bonuses shall not be calculated on a pro rata basis for any partial year worked. To illustrate, if Executive leaves the employ of the Company in 2014, prior to the payment of any Bonus earned for 2013, Executive shall not receive any Bonus for 2013 or 2014.

Executive acknowledges and agrees that the Corporation will pay all bonuses earned by the Corporation's president pursuant to the terms of his employment agreement with the Corporation prior to the payment of any Bonus to Executive.

Wherever Executive is to receive, or has the right to receive, stock as a Bonus or as Base Salary, Executive shall have the option to receive such equity in the form of restricted stock units or stock.

4. Expenses. The Executive shall be entitled to reimbursement by the Corporation, in accordance with the Corporation's policies then applicable to executives at the Executive's level, against appropriate vouchers or other receipts for authorized travel, entertainment and other business expenses reasonably incurred by him in the performance of his duties hereunder.

5. Executive Benefits. The Executive shall be entitled to participate in, and receive either personal or family health insurance of the highest tier of health insurance currently offered by the Corporation’s insurance provider, and all benefits currently offered to employees of the Corporation or the cash equivalent of such health insurance and other benefits including a life insurance policy up to one million dollars and a disability policy up to one hundred percent of disability coverage. The Corporation shall be responsible for paying 75% of the cost of such health insurance and benefits and shall pay, at the choice of the Executive, either through direct payments to the health insurance and benefit providers or through weekly direct cash payments to the Executive (in the cash amount of 75% of the cost of such personal or family health insurance and benefits had the executive participated in such personal or family health insurance plan and benefit plans).

6. Withholding. All payments required to be made by the Corporation hereunder to the Executive shall be subject to the withholding of such amounts relating to taxes and other governmental assessments as the Corporation may reasonably determine it should withhold pursuant to any applicable law, rule or regulation.

7. Death; Permanent Disability; Termination. (a) Upon the death of the Executive during the term of this Agreement, this Agreement shall terminate. If during the term of this Agreement the Executive fails because of illness or other incapacity to perform the services required to be performed by him hereunder for any consecutive period of more than 30 days, or for shorter periods aggregating more than 45 days in any consecutive twelve-month period (any such illness or incapacity being hereinafter referred to as “permanent disability”), then the Corporation, in its discretion, may at any time thereafter terminate this Agreement upon not less then 10 days’ written notice thereof to the Executive, and this Agreement shall terminate and come to an end upon the date set forth in said notice as if said date were the termination date of this Agreement; provided, however, that no such termination shall be effective if prior to the date set forth in such notice, the Executive’s illness or incapacity shall have terminated and he shall be physically and mentally able to perform the services required hereunder and shall have taken up and be performing such duties. If there shall be any dispute as to whether the Executive has a permanent disability, the dispute shall be submitted to a panel of three physicians, one of whom shall be selected by each of the parties, and the third of whom shall be a physician selected by the first two. The written decision of such panel shall be determinative of the issue as to whether the Executive has a permanent disability, and shall be binding upon both parties.

(b) If the Executive’s employment shall be terminated by reason of his death or permanent disability, the Executive or his estate, as the case may be, shall be entitled to receive (i) any earned and unpaid Base Salary accrued through the date of termination, (ii) a pro rata portion of any Bonus which the Executive would otherwise have been entitled to receive pursuant to any bonus plan or arrangement for senior executives of the Corporation (such pro rata portion to be payable at the time such Bonus would otherwise have been payable to the Executive), and (iii) subject to the terms thereof, any benefits which may be due to the Executive on the date of termination under the provisions of any employee benefit plan, program or policy.

(c) In the event the Corporation terminates this Agreement without Cause (as defined in Section 8), Executive shall be paid in a lump sum, on the date of termination, an amount equal to the Base Salary he would have earned hereunder for the six months following the date of termination. In addition, the Executive shall be paid, no later than February 27th of the following year, the pro rata amount of any Bonus he would have been entitled to for the portion of the year he actually worked prior to when he was so terminated. The Corporation shall have no other obligations to the Executive.

8. Termination for Cause. The Corporation may at any time during the term of this Agreement, by written notice, terminate the employment of the Executive for cause, the cause to be specified (in reasonable detail) in the notice. For purposes of this Agreement, "cause" shall mean any malfeasance of the Executive in connection with the performance of any of his duties hereunder, including, without limitation, misappropriation of funds or property of the Corporation; wrongfully securing or attempting to secure personally any profit in connection with any transaction entered into on behalf of the Corporation; any intentional act having the effect of injuring the reputation, business or business relationships of the Corporation; the failure, neglect or refusal to perform the Executive's duties hereunder in any material respect; the breach of any material covenants contained in this Agreement (provided, however, that the Executive shall be entitled to thirty days from the date on which the Corporation gives written notice of termination to cure such conduct or breach); conviction (or nolocontendere plea) in connection with a felony; or conviction (or nolo contendere plea) in connection with a misdemeanor involving moral turpitude. Termination for cause shall be effective upon the giving of such notice or, where applicable, the expiration of the cure period without such a cure having been affected by Executive in all material respects; and the Executive shall be entitled to receive any earned and unpaid Base Salary accrued through the date of termination. The Executive hereby disclaims any right to receive a pro rata portion of any Bonus with respect to the fiscal year in which such termination occurs or unpaid moving expense reimbursement.

9. Insurance. The Executive agrees that the Corporation may procure insurance on the life of the Executive, in such amounts as the Corporation may in its discretion determine, and with the Corporation named as the beneficiary under the policy or policies. The Executive agrees that upon request from the Corporation he will submit to a physical examination and will execute such applications and other documents as may be required for the procurement of such insurance. The Executive shall be granted the right to purchase such policy at its cash surrender value upon the termination of his employment hereunder.

10. Non-Competition; Solicitation, Disparagement. (a) The Executive agrees that during his employment with the Corporation and for a period of two years after Executive leaves the Corporation's employ for any reason, he shall not, without the written consent of the Corporation, directly or indirectly, either individually or as an employee, agent, partner, shareholder, consultant, option holder, lender of money, guarantor or in any other capacity, participate in, engage in or have a financial interest or management position or other interest in any business, firm, corporation or other entity if it competes directly with any business operation conducted by the Corporation or its subsidiaries or affiliates or any successor or assign thereof at the time the Executive's employment with the Corporation is terminated, nor will he solicit any other person to engage in any of the foregoing activities. Participation in the operation of any business other than in connection with the operation of a business which is in direct competition with the Corporation or its subsidiaries or affiliates or any successor or assign thereof shall not be deemed to be a breach of this Section 10(a). The foregoing provisions of this Section 10(a) shall not prohibit the ownership by the Executive (as the result of open market purchase) of 1% or less of any class of capital stock of a corporation which is regularly traded on a national securities exchange, on the NASDAQ System or on an over-the-counter system.

(b) The Executive will not at any time during his employment with the Corporation and for a period of two years after the Executive leaves the Corporation's employ for any reason, solicit (or assist or encourage the solicitation of) any employee of the Corporation or any of its subsidiaries or affiliates to work for the Executive or for any business, firm, corporation or other entity in which the Executive, directly or indirectly, in any capacity described in Section 10(a) hereof, participates or engages (or expects to participate or engage) or has (or expects to have) a financial interest or management position.

(c) The Executive agrees during the term of this Agreement and for three years after its termination that he will not disparage the Corporation in any way, directly or indirectly, by spoken word, in writing, electronically, or otherwise.

(d) If any of the covenants contained in this Section 10 or any part thereof, is held by a court of competent jurisdiction to be unenforceable because of the duration of such provision, the activity limited by or the subject of such provision and/or the area covered thereby, then the court making such determination shall construe such restriction so as to thereafter be limited or reduced to be enforceable to the greatest extent permissible by applicable law.

(e) If the Executive is terminated without cause Sections 10(a) through (c) will be null and void.

11. Inventions, Etc. The Executive agrees that any and all systems, work-in-progress, inventions, discoveries, improvements, processes, compounds, formulae, patents, copyrights and trademarks, made, discovered or developed by him, solely or jointly with others, or otherwise, during the term of his employment by the Corporation, and which may be useful in or relate to any business of the Corporation and/or any subsidiary or affiliate of the Corporation shall be fully disclosed by the Executive to the Chief Executive Officer of the Corporation, and shall be the sole and absolute property of the Corporation, and the Corporation will be the sole and absolute owner thereof. The Executive agrees that at all times, both during his employment and after the termination of his employment, he will keep all of the same secret from everyone except the Corporation and its duly authorized employees and will disclose the same to no one except as required in good faith in the course of his employment with the Corporation, or by law, or unless otherwise authorized in writing by the Chief Executive Officer of the Corporation.

12. Trade Secrets, Etc. The Executive agrees that he shall not, during or after the termination of this Agreement, divulge, furnish or make accessible to any person, firm, corporation or other business entity, any information, trade secrets, client lists, vendor lists, pricing information, technical data (with the exception of duplicatable technical data and code that does not compete with the Corporation or the Corporation's business) or know-how relating to the business, business practices, methods, products, processes, equipment or other confidential or secret aspect of the business of the Corporation and/or any subsidiary or affiliate, except as may be required in good faith in the course of his employment with the Corporation or by law, without the prior written consent of the Corporation, unless such information shall become public knowledge (other than by reason of Executive's breach of the provisions hereof).

13. Acceptance by Executive and Corporation. The Executive and the Corporation each accept all of the terms and provisions of this Agreement, and agree to perform all of the covenants on their respective parts to be performed hereunder.

14. Equitable Remedies. The Executive acknowledges that he has been employed for his unique talents and that his leaving the employ of the Corporation during the Term of this Agreement would seriously hamper the business of the Corporation and that the Corporation will suffer irreparable damage if any provisions of Sections 10, 11 or 12 hereof are not performed strictly in accordance with their terms or are otherwise breached. The Executive hereby expressly agrees that the Corporation shall be entitled as a matter of right to injunctive or other equitable relief, in addition to all other remedies permitted by law, to prevent a breach or violation by the Executive and to secure enforcement of the provisions of Sections 10, 11 or 12 hereof. Resort to such equitable relief, however, shall not constitute a waiver of any other rights or remedies that the Corporation may have.

15. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto and there are no other terms other than those contained herein. No waiver, amendment or modification hereof shall be deemed valid unless in writing and signed by the parties hereto (or their permitted successors and assigns) and no discharge of the terms hereof shall be deemed valid unless by full performance of the parties hereto or by a writing signed by the parties hereto. No waiver by the Corporation or any breach by the Executive or the Corporation of any provision or condition of this Agreement by either of them to be performed shall be deemed a waiver of a breach of a similar or dissimilar provision or condition at the same time or any prior or subsequent time.

16. Severability. In case any provision in this Agreement shall be declared invalid, illegal or unenforceable by any court of competent jurisdiction, the validity and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

17. Notices. All notices, requests, demands and other communications provided for by this Agreement shall be in writing and shall be deemed to have been given at the following times: (i) when delivered if given by hand, or (ii) three business days after mailing in the United States enclosed in a registered or certified post-paid envelope, return receipt requested, and addressed to the addressee at the Company's address listed above or to such changed addresses as such parties may fix by notice with a copy to:

Howard I. Rhine, Esq.
Feder Kaszovitz LLP
845 Third Avenue, 11th Floor
New York, NY 10022

provided, however, that any notice of change of address shall be effective only upon receipt.

18. Successors and Assigns. This Agreement is personal in its nature and neither of the parties hereto shall, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder (except for an assignment or transfer by the Corporation to any of its affiliate or subsidiary entities); provided, however, that the provisions hereof shall inure to the benefit of, and be binding upon, any successor of the Corporation, whether by merger, consolidation, transfer of all or substantially all of the assets of the Corporation, or otherwise, and upon the Executive, his heirs, executors, administrators and legal representatives.

19. Governing Law. This Agreement and its validity, construction and performance shall be governed in all respects by the internal laws of the State of Florida without giving effect to any principles of conflict of laws.

20. Headings. The headings in this Agreement are for convenience of reference only and shall not control or affect the meaning or construction of this Agreement.

21. Counterparts. This Agreement may be executed in two counterparts, each of which shall be deemed an original of this Agreement.

[Remainder of page is intentionally blank]

IN WITNESS WHEREOF, the parties hereto have hereunder set their hands and seals the day and year first above written.

Innovative Food Holdings, Inc.

By: ____________________________________
Name: Justin Wiernasz
Title: President

____
Sam Klepfish

EXHIBIT 10.2

EMPLOYMENT AGREEMENT

AGREEMENT made as of the 1st day of January, 2013, by and between Innovative Food Holdings, Inc., a Florida corporation with its principal offices at 3845 Beck Blvd., Suite 805, Naples, FL (the “Corporation” or “IVFH”), and Justin Wiernasz (the “Executive”).

W I T N E S S E T H:

In consideration of the mutual covenants contained herein, the parties hereto agree as follow:

1. Employment. The Corporation hereby employs the Executive as an executive of the Corporation, and the Executive agrees to serve the Corporation as such, upon the terms and conditions set forth in this Agreement for the period commencing as of the date hereof and, unless Executive's employment under the Agreement is otherwise terminated in accordance with the provisions hereof, ending on December 31, 2015.

2. Duties. (a) The Executive shall serve as the President and Chief Marketing Officer of the Corporation and its subsidiary companies, with such duties and authority as are generally incident to such positions, or in such other management position as the Corporation shall determine. Without limiting the generality of the foregoing, the Executive shall (i) develop a sales program and sales staff; (ii) if the Corporation shall so determine, shall assist the Corporation in developing support staff; (iii) shall solicit sales of the Corporation's product; (iv) report directly to the CEO; (v) perform such responsibilities and duties as designated by the Chief Executive Officer; and (iv) perform other duties as requested by the Chief Executive Officer. The Executive will hold such offices in the Corporation and/or any subsidiaries or affiliates of the Corporation to which, from time to time, he may be elected or appointed (if any); provided that the offices to which the Executive may be so elected or appointed shall not be inconsistent with such duties and authority. In performing his duties hereunder, the Executive shall be subject to the direction of the Corporation's Board of Directors and its Chief Executive Officer.

(b) The Executive agrees that he will devote substantially all of his time and attention to the affairs of the Corporation, (including subsidiaries) that he will use his best efforts to promote the business and interests of the Corporation, and that he will not engage, directly or indirectly, in any other business or occupation during the term of employment hereunder. It is understood, however, that the foregoing will not prohibit the Executive from engaging in personal investment activities for himself and his family that do not interfere with the performance of his duties hereunder.

3. Compensation. (a) The Corporation will pay the Executive for all services to be rendered by the Executive hereunder (including, without limitation, all services to be rendered by him as an officer of the Corporation and its subsidiaries and affiliates) an annual base salary (hereinafter referred to as the "Base Salary") at the rate of: (i) $226,250 per annum from the date hereof through December 31, 2013, (ii) $248,875 per annum from January 1, 2014 through December 31, 2014, and (iii) $273,763 per annum from January 1, 2015 through December 31, 2015. The Base Salary for each year shall be payable in equal, weekly installments in accordance with customary payroll practices for executives of the Corporation. As permitted by law, Executive may receive any portion of Base Salary in the form of shares of the Corporation’s common stock by delivering notice to the Corporation from to time at a valuation based upon the average closing price of the Corporation’s common stock over the 30 trading days ended on a trading date that is five trading days prior to Executive’s notice.

(b) Executive shall also be entitled to receive an annual bonus based upon the consolidated aggregate incremental revenues of the Corporation and its subsidiaries (collectively, referred to herein as "IVFH"), over each of the three 12-month periods beginning January 1, 2013 (the "Bonus") pursuant to the schedule below. The Bonus shall be payable in cash, stock or a combination of stock and cash, at the discretion of Executive, with such decision to be made by Executive prior to the payment of the Bonus. The equity component shall be valued based upon the average closing price of the Corporation's common stock over the 30 trading days ended on December 31 of the year for which the Bonus is being calculated, but under no circumstance will be below $0.25 per share. All calculations with respect to the Base Salary and Bonus shall be based upon the Corporation's financial statements and available financial information and Cash EBITDA calculations as determined by the CEO, working together when necessary, with the Corporation's outside accountants and the Corporation's principal accounting officer and shall be completed no later than February 1 of the following year. The Bonus for each year, if earned, shall be payable in full on or before by the following February 27th. For purposes of this Agreement, Cash EBITDA means EBITDA not including any non-operational, accounting required, adjustments relating to equity or debt related instruments issued by the Corporation such as stock option, note or warrant related revaluation costs or benefits impacting the Corporation's income statement.

The Bonus shall be payable according to the following schedule:

Food Innovations EBITDA Bonus:

a) 5% of Food Innovations' EBITDA if Food Innovations' cash EBITDA increases by 6% or greater over prior year.
b) 8% of Food Innovations' EBITDA if Food Innovations' cash EBITDA increases by 30% or greater over prior year.
c) 10% of Food Innovations' EBITDA if Food Innovations' cash EBITDA increases by 50% or greater over prior year.
d) If Food Innovations EBITDA increases by 55% or more in addition to the Bonus payable pursuant to c), Executive will receive 8% of all EBITDA increases above 55%.
e) If Food Innovations' EBITDA increases by 65% or more in addition to the Bonus payable pursuant to c) and d), Executive will receive 9.5% of all EBITDA increases above 65% up to 100% of such increase.

Artisan Specialty EBITDA Bonus:

a) 10% of Artisan Specialty EBITDA if Artisan Specialty cash EBITDA increases by 11% or greater over prior year.
b) 15% of Artisan Specialty EBITDA if Artisan Specialty cash EBITDA increases by 30% or greater over prior year.
c) If Artisan Specialty EBITDA increases by 50% or more in addition to the bonus payable pursuant to b), Executive will receive 9.5% of all EBITDA increases above 50% up to 100% of such increase.

Gourmet Food service group (GFG) group Bonus:

a) 20% of GFGD EBITDA for the first year that GFGD cash EBITDA reaches $100,000.
b) 25% of GFGD EBITDA for the first year that GFGD cash EBITDA reaches $150,000.
c) Once GFGD EBITDA has reached $100,000 the bonus shall follow the same structure as the Artisan Specialty EBITDA bonus outlined above for the following year

4 The Gourmet (d/b/a For The Gourmet) (FTG) group direct Bonus:

a) 15% of FTG EBITDA if FTG cash EBITDA reaches $150,000
b) 18% of FTG EBITDA if FTG cash EBITDA reaches $250,000
c) 20% of FTG EBITDA if FTG cash EBITDA reaches $350,000
d) Once FTG EBITDA has reached $150,000 the bonus shall follow the samestructure as the Artisan Specialty EBITDA bonus outlined above for thefollowing year)

Haley Food Group Bonus:

a) 10% of Haley Group EBITDA if Haley Food Group cash EBITDA reaches $100,000 (net of any payments to Lou Haley)
b) 15% of Haley Group EBITDA if Haley Food group cash EBITDA reaches$200,000 (net of any bonus payments to Lou Haley)
c) Once Haley Food Group EBITDA has reached $100,000 the bonus shall follow the same structure as the Artisan Specialty EBITDA bonus outlined above for the following year

Miscellaneous Bonuses

· If the Corporation's common stock is listed, traded or quoted on The New York Stock Exchange or NASDAQ, Executive shall receive a $20,000 cash bonus.
· Executive will receive 5% of the equity owned by IVFH, of any Food Hatch portfolio company.
· Executive will receive 5% of any carry owned by Food Hatch . If the Corporation spins off a subsidiary, Executive shall receive 1.5% of company spun off.
· If the aggregate revenues of all the entities acquired by the Corporation following the date hereof exceeds $3 million, Executive shall receive $15,000.
· If the aggregate revenues of all the entities acquired by the Corporation following the date hereof exceeds $5 million, Executive shall receive $30,000.
· If the aggregate revenues of all the entities acquired by the Corporation following the date hereof exceeds $15 million, Executive shall receive $60,000.
· If the value of the Corporation's shares traded on a daily basis for any 30 trading days within any 3 month period equals or exceeds $10,000 Executive shall receive a $3,000 cash bonus, if such trading equals or exceeds $25,000 Executive shall receive a $15,000 cash bonus, and if such trading equals or exceeds $100,000 Executive shall receive a $50,000 cash bonus. Each of these bonuses may only be earned once during the term of this Agreement.

Stock Options

On the effective date of this Agreement, Executive shall receive the following:

· A 4 year Option to purchase 100,000 shares of the Corporation's common stock at an exercise price of $0.40 per share, of which 50,000 options vest on December 31, 2014 and the balance on December 31, 2015.
· A 5 year Option to purchase 100,000 shares of the Corporation's common stock at an exercise price of $0.57 per share, all of which options vests on December 31, 2014.
· A 5 year option to purchase 125,000 shares of the Corporation's common stock at an exercise price of $1.60 per share, one-half of which vests on December 31, 2013 and the balance on December 31, 2014.

All of such options shall be granted using the Corporation's standard form of stock option grant and shall be subject to the terms of such form and the terms of the Corporation's 2011 Stock Option Plan. In the event the issuance of such options would trigger the adjustment provisions of any of the Corporation's outstanding notes or warrants with respect to conversion rates or exercise price or number of underlying securities, the above notwithstanding, the exercise price shall automatically increase to be the lowest possible price that would not so trigger any adjustments, except with the approval of all of such noteholders and warrantholders waiving the adjustments.

Stock Grant:

On the date hereof Executive shall be given a stock grant of 75,000 restricted shares which shall only vest if the 30 day average trading price of the Corporation's common stock equals or exceeds $1.75 per share and has average volume of at least 25,000 shares per day for 30 consecutive trading days.

For 2013 and 2014 and 2015, the Corporation shall establish a separate account in which it will maintain Executive's Bonus as if it was earned and payable. In the event it is determined that Executive is entitled to such additional Bonus, the accrued amount of funds in said account shall be delivered in a lump sum when such determination is made, but no later than February 27th of each such year. In the event it is determined that Executive is not entitled to such funds, they shall be returned to the Corporation's general working account.

If Executive leaves the employ of the Corporation before the Bonuses for the previous year are paid, he will forfeit any Bonus for such previous year. Similarly, partial Bonuses shall not be calculated on a pro rata basis for any partial year worked. To illustrate, if Executive leaves the employ of the Company in 2014, prior to the payment of any Bonus earned for 2013, Executive shall not receive any Bonus for 2013 or 2014.

The Corporation hereby agrees that payment of Executive's Bonuses shall be paid prior to the payment of any bonus to any other executive officers of the Corporation (i.e. the Corporation's chief executive officer and its chief information officer).

Wherever Executive is to receive, or has the right to receive, stock as a Bonus or as Base Salary, Executive shall have the option to receive such equity in the form of restricted stock units or stock.

(c) The above notwithstanding, the Corporation's obligation to pay such Bonuses is limited as follows: (i) The Bonus shall only be paid in cash if the Corporation will have at least $600,000 in cash after payment of the Bonus to Executive. In the event the Corporation has insufficient cash to make the required Bonus payments, the Corporation shall inform Executive of the amount of cash available for distribution and Executive shall have five business days to determine if he wants to change his previous allocation of the form of Bonus payment as between cash and stock. Within two business days thereafter, the Corporation shall distribute such available cash (i.e. cash above $600,000) to Executive. Going forward, in such situations, the Corporation shall determine, within three business days following the end of each month, its cash on hand and if it exceeds $600,000 the excess cash shall be distributed to Executive within two business days thereof. This process shall continue until the cash portion of the Bonus is paid in full. While any portion of the cash portion of the Bonus remains unpaid, Executive may change his cash/stock allocation of the Bonus. For purposes of this Agreement, the term "cash" shall mean cash and cash equivalents as described on the Corporation's balance sheet. (ii) The Corporation's obligation to pay any Bonus otherwise earned pursuant to the formulas described above shall be reduced as follows: in the event the EBITDA of Food Innovations, Inc.(assuming it is still owned by the Company) in any year covered by this Agreement is 25% - 49% lower than the previous year, the aggregate amount of Bonuses earned shall be reduced by 25%; in the event the EBITDA of Food Innovations, Inc. in any year covered by this Agreement is 50% - 74% lower than the previous year, the aggregate amount of Bonuses earned shall be reduced by 50%; in the event the EBITDA of Food Innovations, Inc. in any year covered by this Agreement is 75% - 99% lower than the previous year, the aggregate amount of Bonuses earned shall be reduced by 75%; in the event the EBITDA of Food Innovations, Inc. in any year covered by this Agreement is lower than the previous year by 100% or more, no Bonus for such year shall be payable.

4. Expenses. The Executive shall be entitled to reimbursement by the Corporation, in accordance with the Corporation's policies then applicable to executives at the Executive's level, against appropriate vouchers or other receipts for authorized travel, entertainment and other business expenses reasonably incurred by him in the performance of his duties hereunder.

5. Executive Benefits. The Executive shall be entitled to participate in, and receive either personal or family health insurance of the highest tier of health insurance currently offered by the Corporation’s insurance provider, and all benefits currently offered to employees of the Corporation or the cash equivalent of such health insurance and other benefits including a life insurance policy up to one million dollars and a disability policy up to one hundred percent of disability coverage. The Corporation shall be responsible for paying 75% of the cost of such health insurance and benefits and shall pay, at the choice of the Executive, either through direct payments to the health insurance and benefit providers or through weekly direct cash payments to the Executive (in the cash amount of 75% of the cost of such personal or family health insurance and benefits had the executive participated in such personal or family health insurance plan and benefit plans).

6. Withholding. All payments required to be made by the Corporation hereunder to the Executive shall be subject to the withholding of such amounts relating to taxes and other governmental assessments as the Corporation may reasonably determine it should withhold pursuant to any applicable law, rule or regulation.

7. Death; Permanent Disability; Termination. (a) Upon the death of the Executive during the term of this Agreement, this Agreement shall terminate. If during the term of this Agreement the Executive fails because of illness or other incapacity to perform the services required to be performed by him hereunder for any consecutive period of more than 30 days, or for shorter periods aggregating more than 45 days in any consecutive twelve-month period (any such illness or incapacity being hereinafter referred to as “permanent disability”), then the Corporation, in its discretion, may at any time thereafter terminate this Agreement upon not less then 10 days’ written notice thereof to the Executive, and this Agreement shall terminate and come to an end upon the date set forth in said notice as if said date were the termination date of this Agreement; provided, however, that no such termination shall be effective if prior to the date set forth in such notice, the Executive’s illness or incapacity shall have terminated and he shall be physically and mentally able to perform the services required hereunder and shall have taken up and be performing such duties. If there shall be any dispute as to whether the Executive has a permanent disability, the dispute shall be submitted to a panel of three physicians, one of whom shall be selected by each of the parties, and the third of whom shall be a physician selected by the first two. The written decision of such panel shall be determinative of the issue as to whether the Executive has a permanent disability, and shall be binding upon both parties.

(b) If the Executive’s employment shall be terminated by reason of his death or permanent disability, the Executive or his estate, as the case may be, shall be entitled to receive (i) any earned and unpaid Base Salary accrued through the date of termination, (ii) a pro rata portion of any Bonus which the Executive would otherwise have been entitled to receive pursuant to any bonus plan or arrangement for senior executives of the Corporation (such pro rata portion to be payable at the time such Bonus would otherwise have been payable to the Executive), and (iii) subject to the terms thereof, any benefits which may be due to the Executive on the date of termination under the provisions of any employee benefit plan, program or policy.

(c) In the event the Corporation terminates this Agreement without Cause (as defined in Section 8), Executive shall be paid in a lump sum, on the date of termination, an amount equal to the Base Salary he would have earned hereunder for the six months following the date of termination. In addition, the Executive shall be paid, no later than February 27th of the following year, the pro rata amount of any Bonus he would have been entitled to for the portion of the year he actually worked prior to when he was so terminated. The Corporation shall have no other obligations to the Executive.

8. Termination for Cause. The Corporation may at any time during the term of this Agreement, by written notice, terminate the employment of the Executive for cause, the cause to be specified (in reasonable detail) in the notice. For purposes of this Agreement, “cause” shall mean any malfeasance of the Executive in connection with the performance of any of his duties hereunder, including, without limitation, misappropriation of funds or property of the Corporation; wrongfully securing or attempting to secure personally any profit in connection with any transaction entered into on behalf of the Corporation; any intentional act having the effect of injuring the reputation, business or business relationships of the Corporation; the failure, neglect or refusal to perform the Executive's duties hereunder in any material respect; the breach of any material covenants contained in this Agreement (provided, however, that the Executive shall be entitled to thirty days from the date on which the Corporation gives written notice of termination to cure such conduct or breach); conviction (or nolocontendere plea) in connection with a felony; or conviction (or nolo contendere plea) in connection with a misdemeanor involving moral turpitude. Termination for cause shall be effective upon the giving of such notice or, where applicable, the expiration of the cure period without such a cure having been affected by Executive in all material respects; and the Executive shall be entitled to receive any earned and unpaid Base Salary accrued through the date of termination. The Executive hereby disclaims any right to receive a pro rata portion of any Bonus with respect to the fiscal year in which such termination occurs or unpaid moving expense reimbursement.

9. Insurance. The Executive agrees that the Corporation may procure insurance on the life of the Executive, in such amounts as the Corporation may in its discretion determine, and with the Corporation named as the beneficiary under the policy or policies. The Executive agrees that upon request from the Corporation he will submit to a physical examination and will execute such applications and other documents as may be required for the procurement of such insurance. The Executive shall be granted the right to purchase such policy at its cash surrender value upon the termination of his employment hereunder.

10. Non-Competition; Solicitation, Disparagement. (a) The Executive agrees that during his employment with the Corporation and for a period of two years after Executive leaves the Corporation’s employ for any reason, he shall not, without the written consent of the Corporation, directly or indirectly, either individually or as an employee, agent, partner, shareholder, consultant, option holder, lender of money, guarantor or in any other capacity, participate in, engage in or have a financial interest or management position or other interest in any business, firm, corporation or other entity if it competes directly with any business operation conducted by the Corporation or its subsidiaries or affiliates or any successor or assign thereof at the time the Executive’s employment with the Corporation is terminated, nor will he solicit any other person to engage in any of the foregoing activities. Participation in the operation of any business other than in connection with the operation of a business which is in direct competition with the Corporation or its subsidiaries or affiliates or any successor or assign thereof shall not be deemed to be a breach of this Section 10(a). The foregoing provisions of this Section 10(a) shall not prohibit the ownership by the Executive (as the result of open market purchase) of 1% or less of any class of capital stock of a corporation which is regularly traded on a national securities exchange, on the NASDAQ System or on an over-the-counter system.

(b) The Executive will not at any time during his employment with the Corporation and for a period of two years after the Executive leaves the Corporation's employ for any reason, solicit (or assist or encourage the solicitation of) any employee of the Corporation or any of its subsidiaries or affiliates to work for the Executive or for any business, firm, corporation or other entity in which the Executive, directly or indirectly, in any capacity described in Section 10(a) hereof, participates or engages (or expects to participate or engage) or has (or expects to have) a financial interest or management position.

(c) The Executive agrees during the term of this Agreement and for three years after its termination that he will not disparage the Corporation in any way, directly or indirectly, by spoken word, in writing, electronically, or otherwise.

(d) If any of the covenants contained in this Section 10 or any part thereof, is held by a court of competent jurisdiction to be unenforceable because of the duration of such provision, the activity limited by or the subject of such provision and/or the area covered thereby, then the court making such determination shall construe such restriction so as to thereafter be limited or reduced to be enforceable to the greatest extent permissible by applicable law.

(e) If the Executive is terminated without cause Sections 10(a) through (c) will be null and void.

11. Inventions, Etc. The Executive agrees that any and all systems, work-in-progress, inventions, discoveries, improvements, processes, compounds, formulae, patents, copyrights and trademarks, made, discovered or developed by him, solely or jointly with others, or otherwise, during the term of his employment by the Corporation, and which may be useful in or relate to any business of the Corporation and/or any subsidiary or affiliate of the Corporation shall be fully disclosed by the Executive to the Chief Executive Officer of the Corporation, and shall be the sole and absolute property of the Corporation, and the Corporation will be the sole and absolute owner thereof. The Executive agrees that at all times, both during his employment and after the termination of his employment, he will keep all of the same secret from everyone except the Corporation and its duly authorized employees and will disclose the same to no one except as required in good faith in the course of his employment with the Corporation, or by law, or unless otherwise authorized in writing by the Chief Executive Officer of the Corporation.

12. Trade Secrets, Etc. The Executive agrees that he shall not, during or after the termination of this Agreement, divulge, furnish or make accessible to any person, firm, corporation or other business entity, any information, trade secrets, client lists, vendor lists, pricing information, technical data or know-how relating to the business, business practices, methods, products, processes, equipment or other confidential or secret aspect of the business of the Corporation and/or any subsidiary or affiliate, except as may be required in good faith in the course of his employment with the Corporation or by law, without the prior written consent of the Corporation, unless such information shall become public knowledge (other than by reason of Executive's breach of the provisions hereof).

13. Acceptance by Executive and Corporation. The Executive and the Corporation each accept all of the terms and provisions of this Agreement, and agree to perform all of the covenants on their respective parts to be performed hereunder.

14. Equitable Remedies. The Executive acknowledges that he has been employed for his unique talents and that his leaving the employ of the Corporation during the Term of this Agreement would seriously hamper the business of the Corporation and that the Corporation will suffer irreparable damage if any provisions of Sections 10, 11 or 12 hereof are not performed strictly in accordance with their terms or are otherwise breached. The Executive hereby expressly agrees that the Corporation shall be entitled as a matter of right to injunctive or other equitable relief, in addition to all other remedies permitted by law, to prevent a breach or violation by the Executive and to secure enforcement of the provisions of Sections 10, 11 or 12 hereof. Resort to such equitable relief, however, shall not constitute a waiver of any other rights or remedies that the Corporation may have.

15. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto and there are no other terms other than those contained herein. No waiver, amendment or modification hereof shall be deemed valid unless in writing and signed by the parties hereto (or their permitted successors and assigns) and no discharge of the terms hereof shall be deemed valid unless by full performance of the parties hereto or by a writing signed by the parties hereto. No waiver by the Corporation or any breach by the Executive or the Corporation of any provision or condition of this Agreement by either of them to be performed shall be deemed a waiver of a breach of a similar or dissimilar provision or condition at the same time or any prior or subsequent time.

16. Severability. In case any provision in this Agreement shall be declared invalid, illegal or unenforceable by any court of competent jurisdiction, the validity and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

17. Notices. All notices, requests, demands and other communications provided for by this Agreement shall be in writing and shall be deemed to have been given at the following times: (i) when delivered if given by hand, or (ii) three business days after mailing in the United States enclosed in a registered or certified post-paid envelope, return receipt requested, and addressed to the addressee at the Company's address listed above or to such changed addresses as such parties may fix by notice with a copy to:

Howard I. Rhine, Esq.
Feder Kaszovitz LLP
845 Third Avenue, 11th Floor
New York, NY 10022

provided, however, that any notice of change of address shall be effective only upon receipt.

18. Successors and Assigns. This Agreement is personal in its nature and neither of the parties hereto shall, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder (except for an assignment or transfer by the Corporation to any of its affiliate or subsidiary entities); provided, however, that the provisions hereof shall inure to the benefit of, and be binding upon, any successor of the Corporation, whether by merger, consolidation, transfer of all or substantially all of the assets of the Corporation, or otherwise, and upon the Executive, his heirs, executors, administrators and legal representatives.

19. Governing Law. This Agreement and its validity, construction and performance shall be governed in all respects by the internal laws of the State of Florida without giving effect to any principles of conflict of laws.

20. Headings. The headings in this Agreement are for convenience of reference only and shall not control or affect the meaning or construction of this Agreement.

21. Counterparts. This Agreement may be executed in two counterparts, each of which shall be deemed an original of this Agreement.

[Remainder of page is intentionally blank]

IN WITNESS WHEREOF, the parties hereto have hereunder set their hands and seals the day and year first above written.

Innovative Food Holdings, Inc.

By: ____________________________________

Name: Sam Klepfish

Title: Chief Executive Officer

____

Justin Wiernasz

EXHIBIT 31.1

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: November 21, 2012

/s/ Sam Klepfish
Sam Klepfish, Chief Executive Officer

EXHIBIT 31.2

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: November 21, 2012

/s/ John McDonald
John McDonald, Principle Accounting Officer

EXHIBIT 32.1

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 September 30, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sam Klepfish, Chief Executive Officer and Director 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

November 21, 2012

EXHIBIT 32.2

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 September 30, 2012 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

November 21, 2012