

Edgar Filing: Labor Smart, Inc. - Form 10-Q

Labor Smart, Inc.
Form 10-Q
November 18, 2013

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

Form 10-Q

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

For the quarterly period ended September 30, 2013

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

Commission file number 000-54654

LABOR SMART, INC.
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or organization)

45-2433287
(I.R.S. Employer Identification No.)

5604 Wendy Bagwell Parkway, Suite 223
Hiram, GA
(Address of principal executive offices)

30141
(Zip Code)

(770) 222-5888
(Registrant's telephone number, including area code)

Indicate by check mark whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

Number of shares of issuer's common stock outstanding as of November 12, 2013 was 20,467,306.

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LABOR SMART, INC.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

LABOR SMART, INC.
BALANCE SHEETS
(UNAUDITED)

	September 30, 2013	December 31, 2012
Assets		
Current assets		
Cash	\$237,736	\$124,888
Accounts receivable, net	1,618,277	711,210
Prepaid expense	31,903	43,336
Deferred financing costs	34,734	83,634
Marketable securities	7,839	28,424
Other assets	5,129	34,552
Total current assets	1,935,618	1,026,044
Equipment, net	9,868	-
Customer relationships, net	252,738	-
Total long-term assets	262,606	-
Total assets	\$2,198,224	\$1,026,044
Liabilities and Stockholders' Deficit		
Current liabilities		
Accounts payable	\$-	\$844
Accrued liabilities	156,999	125,861
Payroll taxes payable	1,427,042	579,400
Notes payable, related party	88,806	219,375
Note payable	1,600	15,160
Convertible note payable, net of unamortized discount of \$503,086	1,205,794	184,355
Convertible note payable derivative liability	50,010	-
Total current liabilities	2,930,251	1,124,995
Contingent liability	128,367	-
Total liabilities	3,058,618	1,124,995
Stockholders' deficit		
Common stock; \$0.001 par value; 75,000,000 shares authorized, 19,806,259 and 16,757,000 issued and outstanding as of September 30, 2013 and December 31, 2012, respectively.	19,806	16,757
Additional paid-in capital	1,417,467	348,838

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Accumulated other comprehensive income	2,880	6,252
Accumulated deficit	(2,300,547)	(470,798)
Total stockholder's deficit	(860,394)	(98,951)
Total liabilities and stockholders' deficit	\$2,198,224	\$1,026,044

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LABOR SMART, INC.
STATEMENTS OF OPERATIONS AND
COMPREHENSIVE INCOME
(UNAUDITED)

	For the three months ended September 30,		For the nine months ended September 30,	
	2013	2012	2013	2012
Revenues	\$5,345,172	\$2,152,243	\$11,886,084	\$5,046,283
Cost of sales	4,435,363	1,776,081	10,015,513	4,193,813
Gross profit	909,809	376,162	1,870,571	852,470
Operating expenses				
Professional fees	57,045	87,104	220,933	100,964
Stock-based compensation - consulting services	69,483	-	539,721	-
Payroll expenses	388,385	184,081		