

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington D. C. 20549

FORM 10-QSB

Quarterly report pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934.

For the quarterly period ended March 31, 2006

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 Small Business Issuer as Specified in its Charter)

FLORIDA

(State of or Other Jurisdiction of
Incorporation or Organization)

20-1167761

(IRS Employer I.D. No.)

1923 Trade Center Way

Naples, Florida 34109

(Address of Principal Executive Offices)

(239) 596-0204

(Issuer's Telephone Number, Including Area Code)

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Issuer Exchange Act during the past 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 issuer is a shell company (as defined in Regulation 12b-2 of the Exchange Act).

YES NO

State the number of shares outstanding of each of the issuer's classes of Common equity, as of the latest practicable date:

108,342,037 Common Shares as of April 30, 2006

Transitional Small Business Disclosure Format:

YES NO

INNOVATIVE FOOD HOLDINGS, INC.

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Innovative Food Holdings, Inc. and Subsidiary
Consolidated Balance Sheet
March 31, 2006

ASSETS	UNAUDITED
	Mar, 31 2006
Current Assets	
Cash	\$ 12,890
Accounts receivable	331,458
Loan Receivable	293,902
Inventory	5,201
Prepaid Expenses	-
Prpaid Royalties	96,000
	96,000
Total Current Assets	739,451
Property and equipment - at cost, net of accumulated depreciation and amortization	78,991
	78,991
	\$ 818,442
LIABILITIES AND STOCKHOLDERS' DEFICIENCY	
Curent Liabilities	
Accounts payable	\$ 599,894
Accrued taxes and expenses	12,626
Accrued interest payable	131,386
Loan payable bank	24,247
Convertible debentures payable	152,247
	152,247
Total Current Liabilities	920,400
Notes & loans payable	714,000
Stockholders' Deficiency	
Common stock authorized 500,000,000	
108,342,037 issued and outstanding	10,834
Preferred stock authorized 10,000,000, none issued	-
Additional paid-in capital	2,248,963
Paid-in-capital-warrants	289,164
Accumulated deficit	(3,364,919)
	(3,364,919)
	(815,958)
	\$ 818,442

The accompanying notes are an integral part of the financial statements

Innovative Food Holdings, Inc. and Subsidiary
Consolidated Statements of Operations

	Three months ended	
	31-Mar	31-Mar
	2006	2005
Revenues		
Sales	\$ 1,623,142	\$ 1,103,797
Other income	17,904	66,578
	1,641,046	1,170,375
Costs and expenses		
Cost of goods sold	1,265,094	926,722
Selling expenses	196,870	191,287
General and administrative expenses	223,381	145,025
	1,685,345	1,263,034
Loss before other income (expense) and provision for income taxes	(44,298)	(92,659)
Other income (expense):		
Interest expense	(23,738)	(15,909)
Amortization of discount on debentures	(45,752)	
	(69,489)	(15,909)
Income/Loss before income taxes expense	(113,788)	(108,568)
Income tax expense	-	-
NET LOSS	\$ (113,788)	\$ (108,568)
Loss per share - basic and diluted	\$ -	\$ -

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

Innovative Food Holdings Inc. and Subsidiary
Consolidated Statements of Cash Flows

	Three months ended March 31	
	31-Mar	31-Mar
	2006	2005
Cash flows from operating activities		
Net loss	\$ (113,788)	\$ (108,568)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	12,897	10,732
Stock issued as bonuses to employees and board members		5,625
Accounts receivable	107,883	(25,144)
Inventory	(921)	(30,364)
Accounts payable increase(decrease)	(25,106)	(32,559)
Accrued taxes and expenses	7,700	-
Loan payable bank	-	(25,073)
Net cash used in operating activities	(11,335)	(205,351)
Cash flows from investing activities		
Funds advanced to extend an option to purchase	(203,157)	-
Acquisition of property and equipment	(4,521)	-
Net cash used in investing activities	(207,678)	-
Cash flows from financing activities		
Proceeds from issuance of long-term-debt	-	350,000
Proceeds from sale of stock		67,000
Debentures issued from stock conversion	197,840	-
Net cash provided by financing activities	197,840	417,000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(21,173)	211,649
Cash and cash equivalents at beginning of year	34,063	28,011
Cash and cash equivalents at end of 1st Qtr	\$ 12,891	\$ 239,660
Supplemental cash flow disclosures:		
Interest Paid	\$ 665	\$ -
Income taxes paid		

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

Innovative Food Holdings and Subsidiary
Year Ended December 31, 2005 Earnings Per Share

	<u>Income</u>	<u>Number of</u> <u>Shares</u>	<u>Amount</u>
	<u>(numerator)</u>	<u>outstanding</u>	<u>per share</u>
Net Income	(113,788)		
Less: Preferred stock dividends	0		
Basic EPS			
Income available to common stockholders	(113,788)	106,650,926	(\$0.001)
Effects of Dilutive Securities			
Options to purchase common stock			
8% convertible notes		22,880,000	
Warrants			
Diluted EPS			
Income available to common stockholders			
adjusted for the effects of assumed			
exercise of options and conversion of notes	<u>(113,788)</u>	<u>500,000,000</u>	<u>(\$0.000)</u>

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

INNOVATIVE FOOD HOLDINGS, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**

NOTE 1: Basis of Presentation

The accompanying Consolidated Condensed Financial Statements of Innovative Food Holdings, Inc. and subsidiary (collectively, the "Company") have been prepared in accordance with accounting principles generally accepted for interim financial statement presentation and in accordance with the instructions to Form 10-QSB and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted for complete financial statement presentation. In the opinion of management, all adjustments for a fair statement of the results of operations and financial position for the interim periods presented have been included. All such adjustments are of a normal recurring nature. This financial information should be read in conjunction with the Consolidated Financial Statements and Notes thereto included in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2005. There have been no changes in significant accounting policies since December 31, 2005.

NOTE 2: Nature of Activities and Significant Accounting Policies

Nature of Business: Innovative Food Holdings Inc. is the parent company of Food Innovations Inc., of which it owns 100%. The activities of the business are accounted for by the equity method. The parent/subsidiary relationship commenced in February 2004. Food Innovations, Inc. is in the business of providing premium white tablecloth restaurants with the freshest, origin specific perishable products direct from its network of vendors to the back door within 48 hours.

Basis of Presentation: The Consolidated Financial Statements reflect the operations of Food Innovations Inc., a provider of wholesale, origin specific perishable and specialty products as a continuing operation.

A summary of the Company's significant accounting policies follows:

Accounting estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of Consolidation: The Consolidated Financial Statements include the accounts of Innovative Food Holdings Inc., and its operating subsidiary, which is wholly owned. All intercompany balances and transactions have been eliminated in consolidation.

Revenue recognition: The Company recognizes revenue upon shipment of the product from the vendor. Shipping and handling costs incurred by the Company are included in cost of goods sold.

Cash and cash equivalents: For purpose of reporting cash flows, the Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Concentration of credit risk: Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of cash and accounts receivable. The Company places its cash with high quality financial institutions because at times it may exceed the FDIC \$100,000 insurance limit.

Trade receivables: Trade receivables are carried at the original charge amount less any estimated amount made for doubtful receivables, if any, based on a review of all outstanding amounts on a quarterly basis. Management determines the allowance for doubtful accounts, by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. The accounts receivable were assigned as security in February 2005.

Inventories: A small amount of inventory is held at cost.

Property and Equipment: Property and equipment is stated at cost. Depreciation is computed based on estimated useful lives of office equipment 5 years; computer equipment and software 3 years, using the straight-line method and the declining balance method.

Income Taxes: Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

NOTE 3: Per Share Information

In accordance with SFAS No. 128, "Earnings Per Share", basic net income per common share ("Basic EPS") is computed by dividing the net income attributable to common shareholders by the weighted-average number of common shares and dilutive common share equivalents and convertible securities then outstanding. SFAS No. 128 requires the presentation of both Basic EPS and Diluted EPS on the face of the Company's Consolidated Statements of Operations.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS

Some of the matters discussed in this section contain forward-looking statements and information relating to us that are based on the current beliefs and expectations of management, as well as assumptions made by and information currently available to us. When used in this section, and elsewhere in this Form 10-QSB, the words "anticipate", "believe", "estimate", "should" and "expect" and similar expressions, as they relate to us are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, which could cause the actual results to differ materially from those reflected in the forward-looking statements.

Cautionary Statements

The following are cautionary statements made pursuant to the Private Securities Litigation Reform Act of 1995 in order for the Company to avail itself of the "safe harbor" provisions of the Reform Act. The discussions and information in this document may contain both historical and forward-looking statements. To the extent that the document contains forward-looking statements regarding the financial condition, operating results, business prospects or any other aspect of the Company, please be advised that the Company's actual financial condition, operating results and business performance may differ materially from that projected or estimated by the Company in forward-looking statements. The differences may be caused by a variety of factors, including but not limited to adverse economic conditions, inability to attract prospective new customers or retain existing customers, resulting in a declining revenue base, intense competition, including entry of new competitors and services, adverse federal, state and local government regulation, unexpected costs and operating deficits, lower sales and revenues than forecast, default on leases or other indebtedness, loss of supplies, price increases for capital, supplies and materials, inadequate capital and/or inability to raise financing, the risk of litigation and administrative proceedings involving the Company and its employees, higher than anticipated labor costs, the possible acquisition of new businesses that result in operating losses or that do not perform as anticipated, resulting in unanticipated losses, the possible fluctuation and volatility of the Company's operating results and financial condition, adverse publicity and news coverage, inability to carry out marketing and sales plans, loss of key executives, changes in interest rates, inflationary factors, and other specific risks that may be alluded to in this or in other reports issued by the Company. In addition to the above, specific risk factors relating to our business are contained in our Annual Report on Form 10-KSB for the year ended December 31, 2005

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.

RESULTS OF OPERATIONS

Our sales for the three months ended March 31, 2006 and 2005 were \$1,623,142 and \$1,103,797, respectively. Management believes that this increase of approximately 47% was primarily due to the increase in the number of divisions of US Foodservice ("USF") through which our products were sold and increased awareness in the market place of the service we provide.

The following table sets forth for the periods indicated the percentage of net revenues represented by the certain items reflected in our statement of operations:

Quarter ended March 31,

	2006	2005
Net Revenue	100.00%	100.00%
Cost of Goods Sold	(77.00%)	(79.18%)
Gross Margin	23.00%	20.82%
Selling, general and administrative expenses	(25.60%)	(28.74%)
Interest & amortization expense	(4.23%)	(1.36%)
Net Loss	(6.93%)	(9.28%)

The following is a discussion of our financial condition and results of operations for the quarters ended March 31, 2006 and 2005. This discussion may contain forward looking-statements that involve risks and uncertainties. Our actual results could differ materially from the forward looking-statements discussed in this report. This discussion should be read in conjunction with our consolidated financial statements, the notes thereto and other financial information included elsewhere in the report.

Quarter Ended March 31, 2006 Compared to Quarter Ended March 31, 2005

Revenue increased by \$ 470,671, or 40.2%, to \$1,641,046 for the quarter ended March 31, 2006 from \$1,170,375 in the prior year. The substantial portion of the increase was attributable to increases in sales of specialty products and cheeses to our product offerings, and an increase in the number of divisions of USF that offered our products to their customers and an increase in awareness within the market place or the service we have to offer.

Our cost of revenues during the quarters ended March 31, 2006 and 2005 are primarily comprised of (1) cost of goods sold (77.00% and 79.18%, respectively), (2) selling expenses (12.00% and 16.34%, respectively), and (3) general and administrative expenses (13.61% and 12.39%, respectively).

Consolidated gross margin as a percentage of net revenue was 22.91% during the quarter ended March 31, 2006, compared to 20.82% in the quarter ended March 31, 2005, representing an absolute percentage point increase of 2.09%. This increase was primarily due to reduced employee expenses and participation in fewer USF food shows.

Selling expenses increased by approximately \$5,583, or 2.09%, from approximately \$191,287 to approximately \$196,870 for the quarters ended March 31, 2005 and 2006, respectively. The increase was attributable To an increase in earned commissions as related to the sales increase.

General and Administrative expenses ("G&A") increased by approximately \$78,356, or 54.00%, when comparing G&A of approximately \$223,381 and \$145,025 for the quarters ended March 31, 2006 and 2005, respectively. The increase was primarily attributable to larger than anticipated legal fees for the months of February and March, 2006 and the implementation of a benefit plan for the employees and management in June of 2005.

We continuously evaluate the collectibility of trade receivables by reviewing such factors as deterioration of the results of operations and the financial condition or bankruptcy filings of our customers. As a result of this review process, we record bad debt provisions to adjust the carrying amount of the receivables to their realizable value. Provisions for bad debts are also recorded resulting from the review of other factors, including (a) length of time the receivables are past due, (b) historical experience and (c) other factors obtained during collection efforts. If the circumstances relating to any specific customers change adversely, our provision for bad debts would be changed accordingly.

Other Income

Other Income decreased by approximately \$48,674 from approximately \$66,578 to approximately \$17,904 for the quarter ended March 31, 2006

Liquidity and Capital Resources

As of March 31, 2006 the Company had cash on hand of \$12,890, a decrease of \$21,173 over December 31, 2005. During the three months ended March 31, 2006, no cash flows were provided by financing activities. Cash used in operating activities was \$11,335.

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.

Under current operating plans and assumptions, management believes that projected cash flows from operations and available cash resources will be sufficient to satisfy our anticipated cash requirements for at least the next twelve months based on our current operations. As we seek to increase our sales of perishables, as well as identify new and other consumer oriented products and services, and if the option to purchase the pasta company is exercised, we may use existing cash reserves, long-term financing, or other means to finance such diversification.

Critical Accounting Policy and Accounting Estimate Discussion

In accordance with the Securities and Exchange Commission's (the "Commission") Release Nos. 33-8040; 34-45149; and FR-60 issued in December 2001, referencing the Commission's statement "regarding the selection and disclosure by public companies of critical accounting policies and practices", we have set forth in Note 2 of the Notes to Consolidated Financial Statements what we believe to be the most pervasive accounting policies and estimates that could have a material effect on our results of operations and cash flows if general business conditions or individual customer financial circumstances change in an adverse way relative to the policies and estimates used in the attached financial statements or in any "forward looking" statements contained herein.

ITEM 3 - CONTROLS AND PROCEDURES

(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.

(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 15-d-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

We have funded the operating losses we incurred in 2006 and in prior years by sales and in private placements of our equity securities. No equity securities were sold during the three months ended March 31, 2006.

Item 3. Defaults Upon Senior Securities

NONE

Item 4. Submission of Matters to a Vote of Security Holders

NONE

Item 5. Other Information

NONE

Item 6. Exhibits

31.1	Section 302 Certification
31.2	Section 302 Certification
32.1	Section 906 Certification
32.2	Section 906 Certification

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
Joe DiMaggio /s/ Joe DiMaggio	Chief Executive Officer	May 15,, 2006
Carol Houston /s/ Carol Houston	Principal Financial Officer	May 15, 2006

I, Joe DiMaggio, certify that:

I have reviewed this quarterly report on Form 10-QSB of Innovative Food Holdings, Inc.;

Based on my knowledge, this quarterly 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 quarterly report; and

Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial position, results of operations, and cash flows of the issuer as of, and for, the periods presented in this quarterly report.

I am responsible for establishing and maintaining disclosure controls and procedures for the issuer and have:

Designed such disclosure controls and procedures to ensure that material information relating to the issuer is made known to me, particularly during the period in which the periodic reports are being prepared;

Evaluated the effectiveness of the issuer's disclosure controls and procedures as of March 31, 2006; and

Presented in the report our conclusions about the effectiveness of the disclosure controls and procedures based on my evaluation as of the Evaluation Date;

I have disclosed, based on my most recent evaluation, to the issuer's auditors and the audit committee of the board of directors (or persons fulfilling the equivalent function):

All significant deficiencies in the design or operation of internal controls which could adversely affect the issuer's ability to record, process, summarize and report financial data and have identified for the issuer's auditors any material weaknesses in internal controls; and

Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal controls; and

I have indicated in the report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ Joe DiMaggio

Joe DiMaggio, C.E.O.

May 15, 2006

I, Carol Houston, certify that:

I have reviewed this quarterly report on Form 10-QSB of Innovative Food Holdings, Inc.;

Based on my knowledge, this quarterly 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 quarterly report; and

Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial position, results of operations, and cash flows of the issuer as of, and for, the periods presented in this quarterly report.

I am responsible for establishing and maintaining disclosure controls and procedures for the issuer and have:

Designed such disclosure controls and procedures to ensure that material information relating to the issuer is made known to me, particularly during the period in which the periodic reports are being prepared;

Evaluated the effectiveness of the issuer's disclosure controls and procedures as of March 31, 2006; and

Presented in the report our conclusions about the effectiveness of the disclosure controls and procedures based on my evaluation as of the Evaluation Date;

I have disclosed, based on my most recent evaluation, to the issuer's auditors and the audit committee of the board of directors (or persons fulfilling the equivalent function):

All significant deficiencies in the design or operation of internal controls which could adversely affect the issuer's ability to record, process, summarize and report financial data and have identified for the issuer's auditors any material weaknesses in internal controls; and

Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal controls; and

I have indicated in the report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ Carol Houston

Carol Houston, Principal Financial Officer

May 15, 2006

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

In connection with the quarterly filing of Innovative Food Holdings, Inc., (the "Company") on Form 10-QSB for the period ended March 31, 2006, as filed with the Securities and Exchange Commission (the "Report"), I, Sam Klepfish, President of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C.ss.1350), that:

- (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 results of operations of the Company.

/S/Joe DiMaggio
Joe DiMaggio
Chief Executive Officer
May 15, 2006

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

In connection with the quarterly filing of Innovative Food Holdings, Inc., (the "Company") on Form 10-QSB for the period ended March 31, 2006, as filed with the Securities and Exchange Commission (the "Report"), I, Carol Houston, Principal Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C.ss.1350), that:

- (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 results of operations of the Company.

/S/Carol Houston
Carol Houston
Principal Financial Officer
May 15, 2006