

Acacia Diversified Holdings, Inc.
Form 10-Q
February 22, 2013

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

Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2012

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE
ACT

For the transition period from _____ to _____

Commission file number: 1-14088

Acacia Diversified Holdings, Inc.
(Exact name of small business issuer as specified in its charter)

Texas
(State or other jurisdiction of incorporation or
organization)

(IRS Employer Identification No.)

3515 East Silver Springs Blvd. - #243 Ocala, FL
(Address of principal executive offices)

34470
(Zip Code)

(877) 513-6294
(Registrant's telephone number)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the 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.

(1) Yes No (2) Yes No

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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, or a non-accelerated filer (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller Reporting Company

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant HAS FILED ALL DOCUMENTS AND REPORTS REQUIRED TO BE FILED BY Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of June 30, 2012: 11,562,524.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ACACIA DIVERSIFIED HOLDINGS, INC.
(Formerly Acacia Automotive, Inc.)
CONSOLIDATED BALANCE SHEETS

| | June 30, 2012 (Unaudited) | December 31, 2011 (Audited) |
|---|---------------------------------|-----------------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash | \$ 4,583 | \$ - |
| Deposits and prepaid expenses | 8,595 | 2,576 |
| Assets of discontinued operations | 1,156,972 | 980,138 |
| Total Current Assets | 1,170,150 | 982,714 |
| Property and equipment, net of accumulated depreciation of \$55,264 and \$46,729 in 2012 and 2011, respectively | 49,361 | 48,396 |
| Total Assets | \$ 1,219,511 | \$ 1,031,110 |
| LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | | |
| Current Liabilities | | |
| Cash overdraft | \$ - | \$ 488 |
| Accounts payable | 209,053 | 196,841 |
| Accrued liabilities | 529,535 | 424,592 |
| Shareholder payable | - | 56,743 |
| Capital lease obligations, current portion | 19,967 | 23,133 |
| Note payable, current portion | 39,000 | 39,000 |
| Liabilities of discontinued operations | 514,503 | 401,620 |
| Total Current Liabilities | 1,312,058 | 1,142,417 |
| Noncurrent Liabilities | | |
| Capital lease obligations, less current portion | 2,300 | 8,471 |
| Note payable, less current portion | 54,025 | 61,364 |
| Total Liabilities | 1,368,383 | 1,212,252 |
| Stockholders' Equity (Deficit) | | |
| Common stock, \$0.001 par value, 150,000,000 shares authorized; 11,562,524 shares issued and outstanding. | 11,562 | 11,562 |
| Additional paid-in capital | 11,531,978 | 11,504,914 |
| Retained deficit | (11,692,412) | (11,697,618) |
| Total Stockholders' Equity (Deficit) | (148,872) | (181,142) |
| Total Stockholders' Equity and Liabilities (Deficit) | \$ 1,219,511 | \$ 1,031,110 |

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

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ACACIA DIVERSIFIED HOLDINGS, INC.
(Formerly Acacia Automotive, Inc.)
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|------------------|------------------|------------------|
| | 2012 | June 30, 2011 | 2012 | June 30, 2011 |
| Revenues | \$ - | \$ - | \$ - | \$ - |
| Costs and expenses | | | | |
| Employee compensation | 64,071 | 76,978 | 148,044 | 249,614 |
| General and administrative | 46,229 | 105,080 | 137,970 | 191,176 |
| Depreciation and amortization | 7,089 | 4,275 | 8,535 | 8,502 |
| Total costs and expenses | \$ 117,389 | \$ 186,333 | \$ 294,549 | \$ 449,292 |
| Operating income (loss) before other income (expense) and income taxes | (117,389) | (186,333) | (294,549) | (449,292) |
| Other income (expense) | | | | |
| Interest expense | (728) | (1,310) | (1,632) | (2,720) |
| Total other income (expense) | (728) | (1,310) | (1,632) | (2,720) |
| Income (loss) before income taxes | (118,117) | (187,643) | (296,181) | (452,012) |
| Income taxes | - | - | - | - |
| Income (loss) from continuing operations | (118,117) | (187,643) | (296,181) | (452,012) |
| Gain on discontinued operations | | | | |
| Gain from discontinued operations, net | 101,207 | 83,981 | 301,387 | 295,845 |
| Net income (loss) | \$ (16,910) | \$ (103,662) | \$ 5,206 | \$ (156,167) |
| Basic and diluted loss per share | | | | |
| Income (loss) from continuing operations | \$ (0.01) | \$ (0.02) | \$ (0.03) | \$ (0.04) |
| Income (loss) from discontinued operations, net | \$ 0.01 | \$ 0.01 | \$ 0.03 | \$ 0.03 |
| Net income (loss) | \$ 0.00 | \$ (0.01) | \$ 0.00 | \$ (0.01) |
| Weighted average number of common shares outstanding | 11,562,524 | 11,562,524 | 11,562,524 | 11,562,524 |

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

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ACACIA DIVERSIFIED HOLDINGS, INC.
(Formerly Acacia Automotive, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2012 AND 2011
(Unaudited)

| | 2012 | 2011 |
|---|-----------|--------------|
| Cash flows from operating activities | | |
| Net income (loss) | \$ 5,206 | \$ (156,167) |
| Less (income) from discontinued operations, net of income taxes | (301,387) | (295,845) |
| Net (loss) before discontinued operations | (296,181) | (452,012) |
| Adjustment to reconcile net loss before discontinued operations to net cash provided by | | |
| (used in) operating activities: | | |
| Depreciation and amortization | 8,535 | 8,502 |
| Stock options and warrants issued for services | 27,064 | 21,048 |
| Changes in operating assets and liabilities | | |
| Deposits and prepaid expenses | (6,022) | (2,650) |
| Accounts payable | 12,212 | 9,438 |
| Accrued liabilities | 104,943 | 174,912 |
| Shareholder payable/receivable | (56,739) | 7,069 |
| Cash flow provided by (used in) continuing activities | (206,188) | (233,693) |
| Cash flow provided by (used in) discontinuing activities | 239,336 | 513,995 |
| Net cash flow provided by (used in) operating activities | 33,148 | 280,302 |
| Cash flows provided by (used from) investing activities | | |
| Purchase of equipment/leasehold improvements | (9,500) | - |
| Cash flow provided by (used in) continuing activities | (9,500) | - |
| Cash flow provided by (used in) discontinuing activities | - | - |
| Net cash flow provided by (used in) investing activities | (9,500) | - |
| Cash flows provided by (used in) financing activities | | |
| Cash overdraft | (488) | - |
| Note payable payments | (7,339) | - |
| Capital lease borrowings (payments) | (9,336) | (8,787) |
| Cash flow provided by (used in) continuing activities | (17,163) | (8,787) |
| Cash flow provided by (used in) discontinuing activities | (1,902) | (271,964) |
| Net cash flow provided by (used in) financing activities | (19,065) | (280,751) |
| Net increase (decrease) in cash and cash equivalents | 4,583 | (449) |
| Cash, beginning of period | - | 9,214 |
| Cash, end of period | \$ 4,583 | \$ 8,765 |