

22nd Century Group, Inc.
Form 10-Q
November 14, 2011

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, 2011

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

For the Transition Period From _____ to _____

Commission File Number: 333-173420

22nd Century Group, Inc.
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or organization)

98-0468420
(I.R.S. Employer Identification No.)

9530 Main Street
Clarence, New York
(Address of principal executive offices)

14031
(Zip Code)

(716) 270-1523
(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 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

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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.

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

As of October 31, 2011, there were 27,909,646 shares of common stock issued and outstanding.

22nd CENTURY GROUP, INC.

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Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

22nd CENTURY GROUP INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
September 30, 2011 with Comparative Figures at December 31, 2010

	2011 (unaudited)	2010
ASSETS		
Current assets:		
Cash	\$4,375	\$310
Accounts receivable	86,682	-
Grant receivable	-	223,540
Due from related Party	14,330	-
Inventory	833,396	308,662
Prepaid expenses	82,422	211,717
Total current assets	1,021,205	744,229
Other assets:		
Patent and trademark costs, net	1,406,617	1,467,623
Office Furniture and fixtures, net	8,321	-
Deferred private placement costs	-	587,133
Deposits	-	1,535
Total other assets	1,414,938	2,056,291
Total assets	\$2,436,143	\$2,800,520
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities:		
Demand bank loans	\$174,925	\$174,925
Accounts payable	1,221,746	2,900,684
Accrued interest payable to shareholders	21,174	190,977
Accrued expenses	542,445	227,724
Deferred grant revenue	-	223,540
Notes payable to shareholders, net of unamortized discount	150,000	1,095,643
Current portion of long-term debt	524,556	-
Due to related party	-	6,942
Due to officers	31,417	3,200
Total current liabilities	2,666,263	4,823,635
Long-term notes, less current portion	227,000	65,557
Warrant liability	2,724,250	-
Total liabilities	5,617,513	4,889,192
Commitments and contingencies (Note 10)	-	-
Shareholders' deficit		
Capital stock authorized:		

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10,000,000 preferred shares, \$.00001 par value		
300,000,000 common shares, \$.00001 par value		
Capital stock issued and outstanding:		
0 preferred shares	-	-
27,209,646 common shares (16,000,000 at December 31, 2010)	273	-
Capital in excess of par value	4,711,243	3,598,856
Accumulated deficit	(7,905,756)	(5,687,394)
Non-controlling interest - consolidated subsidiary	12,870	(134)
Total shareholders' deficit	(3,181,370)	(2,088,672)
Total liabilities and shareholders' deficit	\$2,436,143	\$2,800,520

See accompanying notes

22nd CENTURY GROUP INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF OPERATIONS
 Three Months Ended September 30, 2011 with Comparative Figures for 2010
 (unaudited)

	2011	2010
Revenue	\$529,370	\$20,302
Other Income - Therapeutic Grant	80,000	-
Total revenue	609,370	20,302
Operating expenses:		
Costs of goods sold	130,495	5,302