

U.S. 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 quarter ended: **December 31, 2016**

Or

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: **000-55406**

**NightFood Holdings, Inc.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or Other Jurisdiction of  
Incorporation or Organization)

**46-3885019**

(I.R.S. Employer  
Identification No.)

**520 White Plains Road, Suite 500  
Tarrytown, New York**

(Address of Principal Executive Offices)

**10591**

(Zip Code)

**888-888-6444**

(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 requirement 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 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  Accelerated filer   
Non-accelerated filer  Smaller reporting company

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. At February 21, 2017, the registrant had outstanding 29,384,432 shares of common stock.

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**NightFood Holdings, Inc.**

**Financial Statements**

**For the three and six months ended December 31, 2016 and December 31, 2015**

**Item 1. Financial Statements**

**Financial Statements**

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**NightFood Holdings, Inc.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>December 31,</b>	<b>June 30,</b>
	<b>2016</b>	<b>2016</b>
	<u>(Unaudited)</u>	<u></u>
<b>ASSETS</b>		
Current assets :		
Cash	\$ 5,396	\$ 5,481
Accounts receivable (net of allowance of \$0 and \$22,363, respectively)	11,035	1,358
Inventory	110,095	121,706
Other current assets	-	1,400
Total current assets	<u>126,525</u>	<u>129,945</u>
Total assets	<u>\$ 126,525</u>	<u>\$ 129,945</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Accounts payable	\$ 198,512	\$ 165,441
Accrued expense-related party	144,000	108,000
Short-term borrowings	5,048	4,290
Advance from shareholders	44,984	23,000
Advance- related party	28	1,000
Total current liabilities	<u>392,572</u>	<u>301,731</u>
Long term borrowings	-	2,222
Commitments and contingencies	-	-
<b>Stockholders' deficit:</b>		
Common stock, (\$0.001 par value, 100,000,000 shares authorized, and 28,884,432 issued and outstanding as of December 31, 2016 and 28,501,932 outstanding as of June 30, 2016, respectively)	28,884	28,502
Additional paid in capital	2,329,411	2,263,294
Accumulated deficit	<u>(2,624,342)</u>	<u>(2,465,804)</u>
Total stockholders' deficit	<u>(266,047)</u>	<u>(174,008)</u>
Total Liabilities and Stockholders' Deficit	<u>\$ 126,525</u>	<u>\$ 129,945</u>

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

**NightFood Holdings, Inc.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

	<b>For the six months ended December 31, 2016</b>	<b>For the six months ended December 31, 2015</b>	<b>For the three months ended December 31, 2016</b>	<b>For the three months ended December 31, 2015</b>
<b>Revenues</b>	\$ 10,507	\$ 21,155	\$ 8,043	\$ (338)
<b>Operating expenses</b>				
Cost of product sold	15,246	55,084	3,145	27,126
Advertising and promotional	1,058	77,279	438	24,417
Selling, general and administrative	18,031	38,500	5,755	17,959
Professional Fees	129,372	134,868	83,040	78,603
Total operating expenses	163,707	305,731	92,378	148,105
Loss from operations	(153,200)	(284,576)	(84,335)	(148,443)
Interest expense - bank debt	338	617	37	304
Interest expense - shareholder	5,000	-	-	-
Total interest expense	5,338	617	37	304
Provision for income tax	-	-	-	-
<b>Net loss</b>	<u>\$ (158,538)</u>	<u>\$ (285,193)</u>	<u>\$ (84,372)</u>	<u>\$ (148,747)</u>
<b>Basic and diluted net loss per common share</b>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
<b>Weighted average shares of capital outstanding – basic and diluted</b>	<u>28,552,706</u>	<u>26,958,789</u>	<u>28,585,220</u>	<u>27,253,599</u>

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

**NightFood Holdings, Inc.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>For the six months ended December 31, 2016</b>	<b>For the six months ended December 31, 2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (158,538)	\$ (285,193)
Adjustments to reconcile net loss to net cash used in operations activities:		
Stock issued for services	51,500	28,563
Stock issued as part of loan agreement	5,000	-
(Increase) decrease in accounts receivable	(9,677)	13,818
Decrease in inventory	11,611	31,178
Increase in other current assets	1,400	(48,144)
Increase in accounts payable	33,071	3,094
Increase in accrued expenses	36,000	36,000
Net cash used in operating activities	<u>(29,633)</u>	<u>(220,684)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from the sale of stock	10,000	231,000
Advance from shareholders	21,984	(5,000)
Advance from related party	28	-
Repayment of short-term debt	(1,464)	(1,557)
Repayment of related party advance	(1,000)	-
Net cash provided by financing activities	<u>29,548</u>	<u>224,443</u>
<b>NET (INCREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(86)</b>	<b>3,759</b>
Cash and cash equivalents, beginning of period	5,481	16,059
Cash and cash equivalents, end of period	<u>\$ 5,396</u>	<u>\$ 19,818</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash Paid For:		
Interest	\$ 301	\$ 617
Income taxes	\$ -	\$ -

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

**NightFood Holdings, Inc.**

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

- 1. Description of Business** NightFood Holdings, Inc. (the “Company”) is a Nevada Corporation organized October 16, 2013 to acquire all of the issued and outstanding shares of NightFood, Inc., a New York Corporation from its sole shareholder, Sean Folkson. All of its operations are conducted by the subsidiary, NightFood, Inc. The Company’s business model is to manufacture and distribute snack products specifically formulated for nighttime snacking to help consumers satisfy nighttime cravings in a better, healthier, more sleep friendly way.
- The Company’s fiscal year end is June 30.
  - The Company currently maintains its corporate address in Tarrytown, New York.
- 2. Summary of Significant Accounting Policies**
- Interim Financial Statements** These unaudited condensed consolidated financial statements as of and for the six (6) months ended December 31, 2016 and 2015, respectively, reflect all adjustments including normal recurring adjustments, which, in the opinion of management, are necessary to present fairly the financial position, results of operations and cash flows for the periods presented in accordance with the accounting principles generally accepted in the United States of America.
- These interim unaudited condensed consolidated financial statements should be read in conjunction with the Company’s consolidated financial statements and notes thereto for the years ended June 30, 2016 and 2015, respectively, which are included in the Company’s June 30, 2016 Annual Report on Form 10-K filed with the United States Securities and Exchange Commission on September 28, 2016. The Company assumes that the users of the interim financial information herein have read, or have access to, the audited consolidated financial statements for the preceding period, and that the adequacy of additional disclosure needed for a fair presentation may be determined in that context. The results of operations for the six (6) months ended December 31, 2016 are not necessarily indicative of results for the entire year ending June 30, 2017.
- Use of Estimates**
- The preparation of financial statements in conformity with generally accepted accounting principles 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. Estimates are used in the determination of depreciation and amortization, the valuation for non-cash issuances of common stock, and the website, income taxes and contingencies, among others.
- Cash and Cash Equivalents**
- The Company classifies as cash and cash equivalents amounts on deposit in the banks and cash temporarily in various instruments with original maturities of three months or less at the time of purchase.
- Fair Value of Financial Instruments**
- Statement of financial accounting standard FASB Topic 820, Disclosures about Fair Value of Financial Instruments, requires that the Company disclose estimated fair values of financial instruments. The carrying amounts reported in the statements of financial position for assets and liabilities qualifying as financial instruments are a reasonable estimate of fair value.

- Inventories**
- Inventories consisting of packaged food items and supplies are stated at the lower of cost (FIFO) or market, including provisions for spoilage commensurate with known or estimated exposures which are recorded as a charge to cost of sales during the period spoilage is incurred. The Company has no minimum purchase commitments with its vendors.
- Advertising Costs**
- Advertising costs are expensed when incurred and are included in advertising and promotional expense in the accompanying statements of operations. Although not traditionally thought of by many as “advertising costs”, the Company includes expenses related to graphic design work, package design, website design, domain names, and product samples in the category of “advertising costs”. The Company incurred advertising costs of \$1,058 and \$77,279 for the six months ended December 31, 2016 and 2015, respectively.
- Income Taxes**
- The Company has not generated any taxable income, and, therefore, no provision for income taxes has been provided.
  - Deferred income taxes are reported for timing differences between items of income or expense reported in the financial statements and those reported for income tax purposes in accordance with FASB Topic 740, "Accounting for Income Taxes", which requires the use of the asset/liability method of accounting for income taxes. Deferred income taxes and tax benefits are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and for tax loss and credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company provides for deferred taxes for the estimated future tax effects attributable to temporary differences and carry-forwards when realization is more likely than not.
  - A valuation allowance has been recorded to fully offset the deferred tax asset even though the Company believes it is more likely than not that the assets will be utilized.
  - The Company’s effective tax rate differs from the statutory rates associated with taxing jurisdictions because of permanent and temporary timing differences as well as a valuation allowance.
- Revenue Recognition**
- The Company generates its revenue by selling its nighttime snack products wholesale and direct to consumer.
  - All sources of revenue is recorded pursuant to FASB Topic 605 Revenue Recognition, when persuasive evidence of arrangement exists, delivery of services has occurred, the fee is fixed or determinable and collectability is reasonably assured.
  - The Company offers sales incentives through various programs, consisting primarily of advertising related credits. The Company records advertising related credits with customers as a reduction to revenue as no identifiable benefit is received in exchange for credits claimed by the customer.
- Concentration of Credit Risk**
- Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits at financial institutions. At various times during the year, the Company may exceed the federally insured limits. To mitigate this risk, the Company places its cash deposits only with high credit quality institutions. Management believes the risk of loss is minimal. At December 31, 2016 and June 30, 2016 the Company did not have any uninsured cash deposits.



- Customer Concentration**
  - During the six months ended December 31, 2016, two customers, accounted for approximately 90% of revenues.
- Receivables Concentration**
  - As of December 31, 2016, the company had accounts receivable totaling \$11,035, with approximately 90% of that from two customers. Approximately 80% of that has been collected as of the time of this filing.
- Income Per Share**
  - Net income per share data for both the three and six month periods ending December 31, 2016 and 2015 are based on net income available to common shareholders divided by the weighted average of the number of common shares outstanding. As of December 31, 2016, there are no outstanding common stock equivalents.
- Impairment of Long-lived Assets**
  - The Company accounts for long-lived assets in accordance with the provisions of FASB Topic 360, Accounting for the Impairment of Long-Lived Assets. This statement requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Fair values are determined based on quoted market value, discounted cash flows or internal and external appraisals, as applicable.
- Recent Accounting Pronouncements**
  - All new accounting pronouncements issued but not yet effective or adopted have been deemed not to be relevant to us, hence are not expected to have any impact once adopted.
- 3. Going Concern**
  - The Company's financial statements are prepared using generally accepted accounting principles, which contemplate the realization of assets and liquidation of liabilities in the normal course of business. Because the business is new and has limited operating history and relatively few sales, no certainty of continuation can be stated.
  - Management is taking steps to raise additional funds to address its operating and financial cash requirements to continue operations in the next twelve months. Management has devoted a significant amount of time in the raising of capital from additional debt and equity financing. However, the Company's ability to continue as a going concern is dependent upon raising additional funds through debt and equity financing and generating revenue. There are no assurances the Company will receive the necessary funding or generate revenue necessary to fund operations.
- 4. Accounts receivable**
  - The Company's accounts receivable arise primarily from the sale of the Company's snack products. On a periodic basis, the Company evaluates each customer account and based on the days outstanding of the receivable, history of past write-offs, collections, and current credit conditions, writes off accounts it considers uncollectible. With most of our retail and distribution partners, invoices will typically be due in 30 or 45 days. The Company does not accrue interest on past due accounts and the Company does not require collateral. Accounts become past due on an account-by-account basis. Determination that an account is uncollectible is made after all reasonable collection efforts have been exhausted. The Company has also provided certain sales allowances of \$0 and \$22,363 as of December 31, 2016 and June 30, 2016, respectively.

5. **Inventories**

- Inventory consists of the following at December 31<sup>th</sup> 2016 and June 30<sup>th</sup> 2016,

	December 31, 2016	June 30, 2016
Finished Goods	\$ 101,906	\$ 113,517
Packaging	8,189	8,189
<b>TOTAL</b>	<b>\$ 110,095</b>	<b>\$ 121,706</b>

Inventories are stated at the lower of cost or market. The Company periodically reviews the value of items in inventory and provides write-downs or write-offs of inventory based on its assessment of market conditions and the products relative shelf life. Write-downs and write-offs are charged to loss on inventory write down.

6. **Other current assets**

- Other current assets consists of the following at December 31<sup>th</sup> 2016 and June 30<sup>th</sup> 2016,

	December 31, 2016	June 30, 2016
Vendor deposits	-	1,400
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ 1,400</b>

7. **Other Current Liabilities**

- Other current liabilities consist of the following at December 31<sup>st</sup> 2016 and June 30<sup>th</sup> 2016,

	December 31, 2016	June 30, 2016
Accrued consulting fees – related party	\$ 144,000	\$ 108,000
<b>TOTAL</b>	<b>144,000</b>	<b>108,000</b>

8. **Short and long term Borrowings**

- On November 24, 2010, the Company entered into a Small Business Working Capital Loan with a well-established Bank. The loan is personally guaranteed by the Company's Chief Executive Officer, which is further guaranteed for 90% by the United States Small Business Administration (SBA).

The term of the loan is seven years until full amortization and carried an 8.25% interest rate, through Second Quarter of our 2017 fiscal year. Monthly principal payments are required during this 84 month period.

	December 31, 2016	June 30, 2016
Bank loan	\$ 5,048	\$ 6,512
Total borrowings	5,048	6,512
Less: current portion	(5,048)	(4,290)
Long term debt	\$ -	\$ 2,222

Interest expense for the three months ended December 31, 2016 and 2015, totaled \$338 and \$617, respectively.

- 9. Capital Stock Activity**
- The Company has 28,884,432 and 28,501,932 shares of its \$0.001 par value common stock issued and outstanding as of December 31, 2016 and June 30, 2016 respectively.
  - During the six months ended December 31, 2016 the Company issued 257,500 shares of common stock for services valued at \$51,500, issued 100,000 shares of common stock for cash proceeds of \$10,000, and issued 25,000 shares of common stock valued at \$5,000 as part of a loan agreement.
- 10. Advances by Affiliates**
- The Company received cash from Mr. Folkson, the Company's Chief Executive Officer and related party, of which \$28 and \$1,000 was outstanding as of December 31, 2016 and June 30, 2016, respectively, to supplement the Company's working capital. Additionally, five of the Company's shareholders also loaned funds to the Company of \$21,984 during the six month period ended December 31, 2016
  - During the third quarter of Fiscal Year 2015, Mr. Folkson began accruing a consulting fee of \$6,000 per month which the aggregate of \$6,000 is reflected in professional fees for the three ended December 31, 2016 and reflected in the accrued expenses – related party with a balance of \$144,000 and \$108,000 at December 31, 2016 and June 30, 2016, respectively.
- 11. Subsequent Events**
- On January 3, 2017, the Company entered into a consulting agreement with Robert Gross for services related to capitalization strategies, with compensation of 250,000 shares of restricted common stock, with a leak out provision.
  - Reference is made to an 8-K filed by the Company on December 6, 2016, relating to entry by the Company into a material definitive agreement to merge Hook Group, LLC and Suffield Foods, LLC (collectively, "Hook") into a wholly owned subsidiary of the Company. Subsequent to the end of the reporting period, the Company and Hook have engaged, and continue to engage, in ongoing discussions regarding changes to the terms of the transaction. In conjunction with this proposed merger, in January of 2016, two private investors who have been contemplating an investment in the Company for purposes of facilitating the merger, placed a total of \$400,000 into an account at Sterling National bank, in the name of NightFood Holdings, Inc. The funds remain in said account, and remain under investor control. Should the Company be unable to come to terms with these investors, the funds will be returned to the investors, and the account will be closed.
  - On February 13, 2017, the Company entered into three agreements with Black Forest Capital, LLC. The first is an Equity Purchase Agreement calling for the funding of up to \$5,000,000. The second is a Registration Rights Agreement, and the third was a \$32,500 promissory note. An 8-K was filed on February 13, 2017 with each agreement as an exhibit.

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

### **FORWARD LOOKING STATEMENT INFORMATION**

Certain statements made in this Quarterly Report on Form 10-Q involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. You can identify these statements by the fact that they do not relate strictly to historical or current facts, and use words such as “anticipate,” “believe,” “estimate,” “expect,” “forecast,” “may,” “should,” “plan,” “project,” “will” and other words of similar meaning. The forward-looking statements included herein are based on current expectations that involve numerous risks and uncertainties. Our plans and objectives are based, in part, on assumptions involving judgments with respect to, among other things, future economic, competitive and market conditions, technological developments related to business support services and outsourced business processes, and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control.

Although we believe that our assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Quarterly Report on Form 10-Q will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein particularly in view of the current state of our operations, the inclusion of such information should not be regarded as a statement by us or any other person that our objectives and plans will be achieved. Factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include, but are not limited to, the factors set forth under the headings “Business” and “Risk Factors” within our Annual Report on Form 10-K for the fiscal year ended June 30, 2016, as well as the other information set forth herein.

### **OVERVIEW**

We are a snack development, marketing and distribution company relying on our unique products, unique product positioning, and our marketing expertise to develop and market nutritional/snack foods that are appropriate for evening snacking. Our first product is the NightFood nutrition bar, currently available in two flavors (Cookies n’ Dreams, and Midnight Chocolate Crunch).

### **DEVELOPMENT PLANS**

Longer-term, assuming that we have established sufficient traction with our initial product, the NightFood nutrition bar, the company intends to evaluate opportunities to introduce other nighttime specific snack products in the snack formats already popular with consumers such as cookies, chips, and ice cream.

We believe the nutritional profile of any popular snack food can be evaluated and formulated for what we call “sleep-friendliness”, and therefore optimized as a better nighttime snack option.

The Company is also evaluating opportunities to acquire other companies in related spaces. In November 2016, the Company executed and delivered a Plan of Reorganization Including Option to Acquire (the “Plan”) by and among the Company, Hook Group, LLC (“Hook”) and Suffield Foods, LLC (“Suffield”). The Plan contemplates the Registrant acquiring an equity interest in and potentially merging Hook and its subsidiary Suffield with and into a wholly owned subsidiary of the Company. This transaction has not closed as of the date of this filing.

### **INFLATION**

Inflation can be expected to have an impact on our operating costs. A prolonged period of inflation could cause a general economic downturn and negatively impact our results. However, the effect of inflation has been minimal over the past three years.

### **SEASONALITY**

We do not believe that our business will be seasonal to any material degree.

## **RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTH PERIOD ENDED DECEMBER 31, 2016 AND DECEMBER 31, 2015.**

For the three months ended December 31, 2016 and December 31, 2015 we had revenues of \$8,043 and (\$338) respectively and incurred a net loss of \$84,372 and \$148,747 respectively. These losses were largely attributable to consulting fees and expenses related to being a public company.

For the six months ended December 31, 2016 and December 31, 2015, we had revenues of \$10,507 and \$21,155 respectively and incurred a net loss of \$158,538 and \$285,193 respectively. These losses were largely attributable to consulting fees and expenses related to being a public company.

### **Revenue**

Our net revenues for the three month period ended December 31, 2016 were \$8,043 net of sales allowances and sales discounts compared to (\$338) for the three month period ended December 31, 2015.

Our net revenues for the six month period ended December 31, 2016 were \$10,507 net of sales allowances and sales discounts compared to \$21,155 for the six month period ended December 31, 2015.

### **Inventory**

As of December 31, 2016, we had approximately \$110,095 worth of product and packaging in inventory, compared to \$121,706 worth of product in inventory as of June 30, 2016.

### **Operating Expenses**

Operating expenses decreased by \$55,727 for the three month period ended December 31, 2016, from \$148,105 for the three month period ended December 31, 2015. The decrease was primarily due to the decrease in paid advertising and other operating expenses related to direct to consumer sales of our product.

Operating expenses decreased by \$142,024 for the six month period ended December 31, 2016, from \$305,731 for the six month period ended December 31, 2015. The decrease was primarily due to the decrease in paid advertising and other operating expenses related to direct to consumer sales of our product.

### **Customers**

For the three and six month period ending December 31, 2016, the majority of revenues resulted from wholesale sales of NightFood to distributors and retailers, as well as direct to consumer sales.

## **LIQUIDITY AND CAPITAL RESOURCES**

As of December 31, 2016, we had cash on hand of \$5,396, and inventory value of \$110,095.

The Company has limited available cash resources and we do not believe our cash on hand will be adequate to satisfy our ongoing working capital needs. The Company is continuing to raise capital through private placement of our common stock to finance the Company's operations, of which it can give no assurance of success. However, we believe that our current capitalization structure, combined with the continued expansion in distribution, will enable us to achieve successful financings to continue our growth. Because the business is new and has limited operating history and relatively few sales, no certainty of continuation can be stated. Management is taking steps to raise additional funds to address its operating and financial cash requirements to continue operations in the next twelve months. Management has devoted a significant amount of time in the raising of capital from additional debt and equity financing. However, the Company's ability to continue as a going concern is dependent upon raising additional funds through debt and equity financing and generating revenue. There are no assurances the Company will receive the necessary funding or generate revenue necessary to fund operations.

Even if the Company is successful in raising additional funds, the Company cannot give any assurance that it will, in the future, be able to achieve a level of profitability from the sale of its products to sustain its operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments to reflect the possible future effects on recoverability and reclassification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

Since our inception, we have sustained operating losses. During the six months ended December 31, 2016, we incurred a net loss of \$158,538 compared to \$285,193 for the six months ended December 31, 2015.

During the six months ended December 31, 2016, net cash used in operating activities was \$29,633 compared to \$220,684 for the six months ended December 31, 2015.

During the six months ended December 31, 2016, net cash aggregating \$29,548 was provided by financing activities.

From our inception in January 2010 through December 31, 2016, we have generated an accumulated deficit of approximately \$2,624,342. Assuming we raise additional funds and continue operations, we expect to incur additional operating losses during the remainder of fiscal 2017 and possibly thereafter. We plan to continue to pay or satisfy existing obligation and commitments and finance our operations, as we have in the past, primarily through the sale of our securities and other forms of external financing until such time that we are able to generate sufficient funds from the sale of our products to finance our operations, of which we can give no assurance.

On November 25, 2016, the company entered into a material definitive agreement. On that date, the company executed and delivered a Plan of Reorganization Including Option to Acquire (the "Plan") by and among the Registrant, Hook Group, LLC ("Hook") and Suffield Foods, LLC ("Suffield"). The Plan contemplates the Registrant acquiring an equity interest in and potentially merging Hook and its subsidiary Suffield with and into a wholly owned subsidiary of the Registrant. As of the date of this filing, the agreement remains in effect, and the parties continue to work towards a closing.

#### **Critical Accounting Policies and Estimates**

Our discussion and analysis of our financial condition and results of operations is based on our unaudited condensed consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these unaudited condensed consolidated 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 liabilities. On an on-going basis, we evaluate past judgments and our estimates, including those related to allowance for doubtful, allowance for inventory write-downs and write offs, deferred income taxes, provision for contractual obligations and our ability to continue as a going concern. We base our estimates on historical experience and on various other assumptions that we believe 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 apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Note 2 to the consolidated financial statements, presented in our Annual Report on Form 10-K for the fiscal year ended June 30, 2016, describe the significant accounting estimates and policies used in preparation of our consolidated financial statements. There were no significant changes in our critical accounting estimates during the three months ended December 31, 2016.

#### **OFF BALANCE SHEET ARRANGEMENTS**

None.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

No report required.

### **ITEM 4. CONTROLS AND PROCEDURES**

#### *Evaluation of Disclosure Controls and Procedures*

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. Disclosure and control procedures are also designed to ensure that such information is accumulated and communicated to management, including the chief executive officer and chief financial officer, to allow timely decisions regarding required disclosures.

We carried out an evaluation, under the supervision and with the participation of management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2016. In designing and evaluating the disclosure controls and procedures, management recognizes that there are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their desired control objectives. Additionally, in evaluating and implementing possible controls and procedures, management is required to apply its reasonable judgment. Based on the evaluation described above, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective as of the end of the period covered by this report because we did not document our Sarbanes-Oxley Act Section 404 internal controls and procedures.

As funds become available to us, we expect to implement additional measures to improve disclosure controls and procedures such as implementing and documenting our internal controls procedures.

#### *Changes in internal controls over financial reporting*

There was no change in our internal controls over financial reporting that occurred during the period covered by this report, which has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

#### *Limitations on the Effectiveness of Controls*

A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The Company's management, including its Principal Executive Officer and its Principal Financial Officer, do not expect that the Company's disclosure controls will prevent or detect all errors and all fraud. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with associated policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## PART II – OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS.

We are not engaged in any litigation at the present time, and management is unaware of any claims or complaints that could result in future litigation. Management will seek to minimize disputes with its customers but recognizes the inevitability of legal action in today's business environment as an unfortunate price of conducting business.

### ITEM 1A. RISK FACTORS.

Not required for smaller reporting companies.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

### ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

### ITEM 5. OTHER INFORMATION.

None.

### ITEM 6. EXHIBITS.

<b>Exhibit</b>	<b>Exhibit Description</b>
31.1	Rule 13a-14(a)/15d-14(a) certification of Chief Executive Officer
32.1	Section 1350 certification of Chief Executive Officer



**SIGNATURES**

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: February 21, 2017

**NightFood Holdings, Inc.**

By: /s/ Sean Folkson

Sean Folkson,  
Chief Executive Officer  
(Principal Executive, Financial and  
Accounting Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Sean Folkson, certify that:

1. I have reviewed this Form 10-Q of NightFood Holdings, Inc.;
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 present in this report;
4. The registrant's other certifying officer(s) 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 control 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 principals;
  - (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(s) 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 over financial reporting 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 involved management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 21, 2017

By: /s/ Sean Folkson

Sean Folkson

Chief Executive Officer

(Principal Executive, Financial and Accounting Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Quarterly Report on Form 10-Q of NightFood Holdings, Inc. for the quarter ended December 31, 2016, I, Sean Folkson, Chief Executive Officer of NightFood Holdings, Inc., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

1. Such Quarterly Report on Form 10-Q for the fiscal quarter ending December 31, 2016, 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 such Quarterly Report on Form 10-Q for the fiscal quarter ending December 31, 2016, fairly presents, in all material respects, the financial condition and results of operations of NightFood Holdings, Inc.

February 21, 2017

By: /s/ Sean Folkson,  
Sean Folkson  
Chief Executive Officer  
(Principal Executive, Financial and Accounting Officer)