NUVIM INC
Form 10QSB/A
December 01, 2006

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

Amendment No. 1

to

FORM 10-QSB

(Mark One)

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

For the quarterly period ended September 30, 2006

or

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) of the SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from ______ to ______

Commission File No. 000-50508

NUVIM(R), INC.
(Name of Small Business Issuer in Its Charter)

Delaware (State or other jurisdiction of incorporation or organization)	13-4083851 (I.R.S. Employer Identification No.)
12 North State Route 17 Paramus, NJ (Address of principal executive offices)	07652 (Zip Code)

(201) 556-1010
(Issuers Telephone Number)

Check whether the issuer (1) 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 report(s), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

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

At October 31, 2006, 10,636,374 shares of the registrant's Common Stock, par value $0.00001 per share, were outstanding.

Transitional Small Business Disclosure Format: Yes [ ] No [X]

NUVIM, INC.

QUARTERLY REPORT ON FORM 10-QSB

QUARTERLY PERIOD ENDED SEPTEMBER 30, 2006

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

NUVIM, INC.
BALANCE SHEET
(Unaudited)

	September 30, 2006
ASSETS	
Current Assets:	
Cash and cash equivalents	$ 9,266
Accounts receivable, net	75,485
Inventory	171,247
Prepaid expenses and other current assets	306,652
Total Current Assets	562,650
Offering cost	30,000
Equipment and furniture, net	824
Deposits and other assets	8,547
Distribution rights	90,000
Deferred debt discount, net	41,068
TOTAL ASSETS	$ 733,089

LIABILITIES AND STOCKHOLDERS DEFICIT

Current Liabilities:	
Accounts payable	$ 879,029
Accounts payable and accrued expenses to related parties	53,606
Accrued expenses	99,597
Accrued compensation	367,889
Short term bank borowings	51,200
Stockholder loans	30,000
Rescinded Series B offering payable	18,920
TOTAL CURRENT LIABILITIES	1,500,241
Other Liabilities:	
Accrued interest - Other Note	23,517
Accrued interest stockholder loans	29,020
Accrued interest - senior notes payable - related parties	159,160
Other note payable	120,000
Stockholder loans - subordinated convertible loans	200,000
Senior notes payable - related parties	500,000
TOTAL OTHER LIABILITIES	1,031,697
TOTAL LIABILITIES	2,531,938
Comments and Contingencies	
Stockholders' Deficit	
Preferred Stock - 65,000,000 shares authorized:	
Preferred Stock Series A, convertible, non cumulative, participating, par value $.00001 per share: 4,875,850 shares designated, 0 issued and outstanding	
Preferred Stock Series C, convertible, non cumulative, participating, par value $.00001 per share: 50,000,0000 shares designated, 0 issued and outstanding	
Common Stock, 120,000,000 shares authorized, $.00001 par value, 10,584,946 shares issued and outstanding	107
Additional paid-in capital	19,908,274
Accumulated deficit	(21,707,230)
Total Stockholders' Deficit	(1,798,849)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 733,089

The Notes to Financial Statements are an integral part of these statements.

NUVIM, INC.
STATEMENTS OF OPERATIONS
(Unaudited)

	FOR THE THREE MONTHS ENDED SEPTEMBER 30,		FOR THE NINE M ENDED SEPTEMBE
	2005	2006	2005

Gross Sales	$ 261,888	$ 366,804	$ 911,396	$
Less: Discounts, Allowances and Promotional Payments	103,452	110,141	395,130	
Net Sales	158,436	256,663	516,266	
Cost of Sales	138,939	204,110	516,449	
Gross Profit (Loss)	19,497	52,553	(183)	
Selling, General and Administrative Expenses	529,045	605,782	1,583,100	
Loss from Operations	(509,548)	(553,229)	(1,583,283)	
Other Income (Expense):				
Interest Expense	(18,042)	(19,371)	(406,921)	
Interest Income	5,936	-	6,089	
Gain on Forgiveness of Accounts Payable	-	7,000	148,525	
Total Other Income (Expense) - Net	(12,106)	(12,371)	(252,307)	
Net Loss Before Income Tax Benefit	(521,654)	(565,600)	(1,835,590)	
Income Tax Expense	-	-	(1,125)	
Net Loss	$ (521,654)	$ (565,600)	$ (1,836,715)	$
Basic and Diluted Loss Per Share	$ 0.11	$ (0.05)	$ (0.80)	$
Weighted Average Number of Common Shares Outstanding - Basic and Diluted	4,630,287	10,584,946	2,287,950	

The Notes to Financial Statements are an integral part of these statements.

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NUVIM, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006 (UNAUDITED)

	Preferred Stock Series A		Preferred Stock Series C	
	Shares	Amount	Shares	Amoun
Balance at December 31 2005	-	-	-	
Stock Issued for Services	-	-	-	
Stock Issued for Services	-	-	-	
Stock issued for Compensation	-	-	-	
Stock Issued for Accounts Payable	-	-	-	
Stock Issued for Accrued Compensation	-	-	-	
Stock Issued for Loan Payable & Accrued Interest	-	-	-	
Stock Issued for Services	-	-	-	
Stock Sold to Accredited Investors	-	-	-	

Stock Issued to Underwriter for Commission on Stock Sale	-	-	-	
Stock Issued for Senior Notes	-	-	-	
Stock Issued for Services	-	-	-	
Stock Issued for Purchase of Nuvim Powder, LLC	-	-	-	
Stock Cancellation for cancelled Services	-	-	-	
Warrants Issued for Note Extensions	-	-	-	
Net Loss	-	-	-	
Balance at September 30, 2006	-	-	-	

	Additional Paid-In Capital	Accumulated Deficit	Total Shareholders' Deficit
Balance at December 31 2005	$ 18,167,605	$ (20,245,061)	$ (2,077,405)
Stock Issued for Services	28,999	-	29,000
Stock Issued for Services	4,558	-	4,558
Stock issued for Compensation	306,109	-	306,109
Stock Issued for Accounts Payable	110,581	-	110,584
Stock Issued for Accrued Compensation	355,532	-	355,541
Stock Issued for Loan Payable & Accrued Interest	37,630	-	37,631
Stock Issued for Services	139,173	-	139,177
Stock Sold to Accredited Investors	593,970	-	594,000
Stock Issued to Underwriter for Commission on Stock Sale	(60,125)	-	(60,125)
Stock Issued for Senior Notes	66,997	-	67,000
Stock Issued for Services	29,249	-	29,250
Stock Issued for Purchase of Nuvim Powder, LLC	89,996	-	90,000
Stock Cancellation for cancelled Services	(6,000)	-	(6,000)
Warrants Issued for Note Extensions	44,000		44,000
Net Loss	-	(1,462,169)	(1,462,169)
Balance at September 30, 2006	$ 19,908,274	$ (21,707,230)	$ (1,798,849)

The Notes to Financial Statements are an integral part of this statement.

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NUVIM, INC.
STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005 AND 2006
(Unaudited)

	2005	2006
Cash Flow From Operating Activities:		
Net Loss	$ (1,836,715)	$ (1,462,169)

Adjustment to reconcile net loss to net cash used in Operating Activities		
Depreciation	14,044	678
Beneficial conversions of notes payable	49,755	-
Amortization of debt discount on notes payable	-	14,029
Stock issued for services	-	201,985
Employee stock based compensation	-	306,109
Interest expense in connection with warrants	-	2,932
Provision for sales returns	395,130	226,700
Gain on forgiveness of accounts payable	(148,525)	(15,803)
Changes in Operating Assets and Liabilities:		
Accounts receivable	(389,999)	(266,786)
Inventory	(103,085)	1,467
Prepaid expenses and other current assets	(31,413)	16,263
Accounts payable including related parties	(313,513)	(60,651)
Accrued compensation	206,384	303,330
Accrued expenses	18,592	(170,371)
Accrued interest	336,795	62,010
Net Cash Used in Operating Activities	(1,802,550)	(840,277)
Cash Flow From Investing Activities:		
Purchase of equipment and furniture	(442)	-
Net Cash Used in Investing Activities	(442)	-
Cash Flow From Financing Activities:		
Net proceeds from issuance of common stock	1,577,466	533,875
Offering cost	-	(30,000)
Reimbursement of, and reduction in deferred offering cost	441,243	-
Short term bank borrowings	-	51,200
Payment of note payable	(9,000)	(6,000)
Payment of Series B Advances	(23,080)	-
Proceeds of related party advances	(48,000)	30,000
Proceeds from underwriter advance-related party	200,000	-
Repayment of underwriter advance-related party	(200,000)	-
Net Cash Provided by Financing Activities	1,938,629	579,075
Net change in Cash and Cash Equivalents	135,637	(261,202)
Cash and Cash Equivalents at Beginning of Period	277,649	270,468
Cash and Cash Equivalents at End of Period	$ 413,286	$ 9,266

The Notes to Financial Statements are an integral part of these statements.

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NUVIM, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006
(Unaudited)

NOTE 1 - BUSINESS AND BASIS OF PRESENTATION

A. BUSINESS

NuVim, Inc. (The "Company") markets and distributes dietary supplement beverages which enhance the immune system, promote sturdy joints, muscle flexibility and muscle recovery. The Company distributes its products through supermarkets in approximately 13 states, predominantly on the East Coast. The Company's beverage products contain certain micronutrients which Stolle Milk Biologies, Inc. ("SMBI") has patented. Spencer Trask Specialty Group, LLC ("ST") which is a significant stockholder in the company, is the controlling stockholder of SMBI, SMBI and ST collectively are micronutrients, which can be terminated by SMBI under certain conditions.

B. GOING CONCERN

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As shown in the accompanying financial statements, the Company incurred net losses of $565,600 and $521,654 for the three months ended September 30, 2006 and 2005 and $1,462,169 and $1,836,715 for the nine months ended September 30, 2005 and 2005, respectively. Management also expects operating losses to continue in 2006 and 2007. The Company has negative working capital of $937,591 and a Total Stockholders Deficit of $1,863,917. The Company's continued existence is dependent upon its ability to secure adequate financing to fund future operations and commence profitable operations. To date, the Company has supported its activities through equity sales, the sale of preferred common stock, notes payable and cash advances from related parties and stockholders. It is the Company's intention to raise additional capital through additional borrowings and sales of its equity securities. No assurance can be given that these funding strategies will be successful in providing the necessary funding to finance operations of the Company. Additionally, there can be no assurance, even if successful in obtaining financing, the Company will be able to generate sufficient cash flows to fund future 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 adjustment relating to the recoverability and classification of recorded assets or amounts and classification of liabilities that might be necessary related to this uncertainty.

C. BASIS OF PRESENTATION

The unaudited consolidated financial statements included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. The unaudited interim consolidated financial statements as of September 30, 2006 and 2005 reflect all adjustments (consisting of normal recurring accruals) which, in the opinion of management, are considered necessary for a fair presentation of its financial position as of September 30, 2006 and as of the result of its consolidated operations and its consolidated cash flows for the periods ended September 30, 2006 and 2005.

The Unaudited Consolidated Statements of Operations for the nine months ended September 30, 2006 and 2005 are not necessarily indicative of results for the full year.

While the Company believes that the disclosures presented are adequate to make the information not misleading, these financial statements should be read in conjunction with the financial statements and accompanying notes included in the Company's Current Report on Form 10KSB for the year ended December 31, 2005.

NOTE 2 -CRITICAL ACCOUNTING POLICIES

A. STOCK BASED COMPENSATION

In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 123R (revised 2004), "Share-Based Payment" which revised Statement of Financial Standards No. 123, "Accounting for Stock-Based Compensation" This statement supersedes Opinion No. 25, "Accounting for Stock Issued to Employees." The revised statement addresses the accounting for share-based payment transactions with employees, eliminates the ability to account for share-based compensation transactions using the intrinsic value method pursuant to APB 25 and requires that the compensation costs relating to such transactions be recognized in the statement of operations. The revised statement has been implemented by the Company effective January 1, 2006. The Company continued to account for stock awards issued to non-employees under the fair value method as described in EITF 96-18 "Accounting for Equity Investments that are Issued to Other than Employees for Acquiring or in Conjunction with Selling Goods or Services."

The implementation of FAS No. 123R has the following effect on the statement of operations for the nine month period ending September 30, 2006:

Net loss before stock option expense...	$	(1,156,060)
Less Stock Option Expense.............		(306,109)
Net Loss as Reported..................	$	(1,462,169)

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For the 2005 fiscal year, the Company accounted for its employee incentive stock option plans using the intrinsic value method in accordance with the recognition and measurement principles of Accounting Principals Board Opinion No. 25, "Accounting for Stock Issued to Employees." Had the Company determined compensation expenses based on the fair value at the grant dates for those awards consistent with the method of SFAS 123, the Company's net loss per share would have increased to the following pro forma amounts:

	NINE MON ENDED SEPTEMBE 2005
Net income (loss) - as reported	$ (1,83
Add: total stock based employee compensation expense determined under fair value based methods...	(77
Net income (loss) - pro forma	$ (2,61
Net income (loss) attributable to common stockholders per share:	
Basic and diluted net loss per share as reported.................................	$
Pro forma and diluted basic loss per share..	$

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

SEPTEMBER 30,

	2005
Risk free annual interest rate .	4.30%
Expected volatility	90%
Expected life	7 years
Assumed dividends	None

Effective January 1, 2006, the Company adopted FAS No. 123R utilizing the modified prospective method. FAS No. 123R requires the recognition of stock based compensation expense in the financial statements.

Under the modified prospective method, the provisions of FAS No. 123R apply to all awards granted or modified after the date of adoption. In addition, the unrecognized expense of awards not yet vested at the date of adoption, determined under the original provisions of FAS 123, "Accounting for Stock Based Compensation", shall be recognized in net earnings in the periods after the date of adoption. Stock based compensation consists primarily of stock options. Stock Options are granted to employees at exercise prices equal to the fair market value on the dates of grant. Stock options generally vest over three years and have a term of seven years. Compensation expense for stock options is recognized over the period for each separate vesting portion of the stock option award.

The fair value for options issued prior to January 2006 was estimated at the date of grant using a Black-Scholes option-pricing model. The risk free rate was derived from the U.S. Treasury yield curve in effect at the time of the grant. The volatility factor was determined based on a comparison to companies with similar characteristics. The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option-pricing models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion the existing models do not necessarily provide a reliable single measure of the fair value of employee stock options

A summary of the status of the Company's options for the nine months ended September 30, 2006 is as follows:

	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	REMAINING LIFE	AGG INT V
Balance at beginning of period	1,643,316	$ 1.01	9.9 years	$
Granted	1,940,000	0.31	--	
Cancelled or Expired	(277,169)	--	--	
Exercised	--	--	--	
Outstanding at the end of the period .	3,306,147	$ 1.01	9.3 years	$

A summary of the status of the Company's nonvested shares as of September 30, 2006, and changes during the nine months ended September 30, 2006 is presented below:

	NUMBER OF SHARES	WEIGHTED-AVERAGE FAIR VALUE AT GRANT DATE	WEIGHT AVERA REMAIN CONTRAC TERM (in ye
Non-vested shares at December 31, 2005	492,456	$ 1.00	
Options granted	1,940,000	0.31	
Options vested......................................	(2,107,506)	--	
Options forfeited or expired	(93,287)	--	
Non-vested shares at September 30, 2006	231,663	$ 1.00	

As of September 30, 2006, there was approximately $438,000 of unrecognized compensation cost related to non-vested stock option awards, which is expected to be recognized over a remaining weighted-average vesting period of 2.50 years.

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B. RECLASSIFICATIONS

Certain reclassifications were made to the 2005 financial statements in order to conform to the 2006 financial statements.

C. LOSS PER SHARE

Loss per share is presented in accordance with the provisions of SFAS No. 128, Earnings Per Share and SEC Staff Accounting Bulletin No. 98. Basic EPS is calculated by dividing the income or loss available to common stockholders by the weighted number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. These common stock equivalents have been omitted from earnings per share because they are anti-dilutive, accordingly, basic and diluted EPS were the same for the nine months ended September 30, 2006 and 2005. Common stock equivalents outstanding at September 30, 2006 consisted of 3,306,147 incentive stock options and warrants to purchase 7,673,937 shares of common stock.

D. RECENT ACCOUNTING PRONOUNCEMENTS

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements, and ("SFAS No. 157"), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS No. 157 will be effective for the Company beginning January 1, 2008. Management is currently evaluating the effect SFAS No. 157 will have on the Company's financial condition or results of operations.

In September 2006, the FASB issued SFAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans -- an amendment of FASB Statements No. 87, 88, 106, and 132(R) ("SFAS No. 158"). SFAS No. 158 requires companies to recognize the over-funded or under-funded status of their defined benefit postretirement plans as an asset or liability and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. The Company will adopt SFAS No. 158 on December 31, 2006. The adoption of SFAS No. 158 is not expected to have a material effect on the

Company's financial condition or results of operations.

In July 2006, the Financial Accounting Standards Board ("FASB") has published FASB Interpretation No. 48 ("FIN No. 48"), Accounting for Uncertainty in Income Taxes, to address the noncomparability in reporting tax assets and liabilities resulting from a lack of specific guidance in FASB Statement of Financial Accounting Standards ("SFAS") No. 109, Accounting for Income Taxes, on the uncertainty in income taxes recognized in an enterprise's financial statements. FIN No. 48 will apply to fiscal years beginning after December 15, 2006, with earlier adoption permitted. The adoption of FIN 48 is not expected to have a material effect on the Company's financial condition or results of operations.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Correction ("SFAS 154"), which replaces Accounting Principles Board Opinions No. 20

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"Accounting Changes" and SFAS No 3, "Reporting Accounting Changes in Interim Financial Statements - An Amendment of APB Opinion No. 28." SFAS 154 provides guidance on accounting for and reporting of accounting changes and error corrections. It establishes retrospective application, or the latest practicable date, as the required method for reporting a change in accounting principle and the reporting of a correction of an error. SFAS 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005 and is required to be adopted by the Company in the first quarter of fiscal 2006. The adoption of SFAS 154 did not have an impact on the Company's financial statements.

The FASB issued FASB Interpretation No. 47 ("FIN 47"), "Accounting for Conditional Asset Retirement Obligations" in March 2005. FIN 47 clarifies that an entity must record a liability for a conditional asset retirement obligation if the fair value of the obligation can be reasonably estimated. This Interpretation also clarifies the circumstances under which an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. This Interpretation is effective no later than the end of fiscal years ending after December 15, 2005. This guidance did not have a material affect on the Company's financial statements.

NOTE 3 - EMPLOYEE STOCK OPTIONS

On July 21, 2006, the compensation committee of the board of directors granted 1,650,000 options to purchase shares of common stock at a price of $0.31 per share. This is in addition to automatic grants of a total of 290,000 options granted to the outside directors in May and July of this year.

In May 2006, the shareholders approved the 2006 Employee Stock Option Plan. for the benefit of its outside directors, officers, employees and consultants. The plan became effective upon shareholder approval. The Plan expires ten years from the date of adoption. The Company is authorized to grant options for up to 2,000,000 common shares under the Plan. Under the Plan, the option price of an ISO may not be less than the fair market value of a share of common stock on the date of grant. An ISO may not be granted to a "ten percent stockholder" (as such term is defined in Section 422 of the Internal Revenue Code) unless the exercise price is at least 110% of the fair market value of the common stock and the term of the option may not exceed five years from the date of grant. Nonqualified stock options under both plans may be granted at exercise prices equal to or greater than 100% of the fair market value on the date of grant. The maximum term of each stock option granted to persons other than ten percent stockholders is ten years from the date of the grant.

In January 2005, the Board of Directors approved the 2005 Incentive Stock Option Plan for the benefit of its officers, employees and consultants. The Board also approved the 2005 Directors' Stock Option Plan for the Company's board members. These plans became effective concurrently with the closing of the Company's initial public offering. The Plans expire ten years from the date of adoption. The Company is authorized to grant options for up to 1,500,000 common shares under the employee plan, and 200,000 under

the directors plan. Under each Plan, the option price of an ISO may not be less than the fair market value of a share of common stock on the date of grant. An ISO may not be granted to a "ten percent stockholder" (as such term is defined in Section 422 of the Internal Revenue Code) unless the exercise price is at least 110% of the fair market value of the common stock and the term of the option may not exceed five years from the date of grant. Nonqualified stock options under both plans may be granted at exercise prices equal to or greater than 85% of the fair market value on the date of grant. The maximum term of each stock option granted to persons other than ten percent stockholders is ten years from the date of the grant. The Company may also grant options to purchase up to 35,373 shares of common stock under three plans adopted in 2000, 2001 and 2003, which have similar terms.

The options generally expire 10 years from the date of grant. However, in the event a participant's employment is terminated for any reason other than the result of death, disability or retirement, as defined, the options expire 90 days after termination.

If a participant's employment is terminated as a result of death, permanent disability or retirement, the options expire one year from the date of termination.

The weighted average remaining contractual life of options outstanding was 9.9 and 9.3 years as of December 31, 2005 and September 30, 2006.

Pro-forma information regarding net loss is required by SFAS No. 123 and has been determined as if the Company had accounted for its employee stock options under the fair value method of SFAS No. 123. Since there is not trading history for the Company's stock, the fair value of the Company's issued options and warrants were estimated at the date of grant using the fair value method with the following assumptions:

Assumptions:	
Risk-free rate	4.30%
Dividend yield	0
Volatility factor of the expected market	90%
Price of the Company's common stock	1.00
Average life	7 Years

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

NOTE 4 - SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES

	Nine Months Ended	
	September 30, 2005	September 30, 2006
Non Cash Investing and Financing Activities		
Stock issued for accounts payable	--	$ 110,584
Stock issued for accrued compensation	--	$ 335,541
Stock issued for senior notes payable	--	$ 67,000
Stock issued for management loan and accrued interest	--	$ 37,631
Stock issued for interest in NuVim Powder, LLC	--	$ 90,000
Warrant issued for extension of senior note payable	--	$ 44,000
Assignment of senior secured notes payable and accrued interest to a related party	$ 2,679,498	--
Automatic conversion of notes payable	$ 245,000	--
Senior secured note - related party	$ 6,141,527	--
Stock issued for accrued salaries	$ 593,750	--
Senior secured notes payable - related parties	$ 500,000	--
Subordinated notes payable and accrued interest	$ 266,639	--
Stock issued for Related party advance	$ 69,000	--
Stock issued for Accounts payable	$ 109,000	--

NOTE 5 - STOCKHOLDERS DEFICIT

Sales for Cash

On April 10, 2006, Paulsen Investment Company, Inc. the company that served as underwriter of NuVim's recently completed initial public offering of securities, and NuVim entered into a Placement Agent Agreement pursuant to which Paulsen would attempt to place up to 2,500,000 shares (subject to additional allocations with the consent of Paulsen and NuVim) of NuVim's common stock with accredited investors. Under the agreement a commission of seven percent would be paid to the selling broker and Paulsen would receive an unaccountable expense allowance of three percent of the total amount placed under the agreement. The agreement also provides that NuVim will use its best efforts to register the shares to be sold under the Securities Act of 1933, as amended within 120 business days of the sale of 2,500,000 shares.

On April 18, 2006, Paulson Investment Company, Inc., the company that served as underwriter of NuVim's recently completed initial public offering of securities, purchased 500,000 shares of NuVim's common stock for $100,000. Paulson represented itself to be an accredited investor who was purchasing the common stock for its own investment and not for resale. It agreed in writing to restrictions on resale placed with the NuVim's transfer agent and the printing of a legend on its certificate. Because of these factors, this sale was exempt from registration under the Securities Act as not involving a public distribution under section 4(2) and 4(6).

On May 18, 2006, NuVim accepted twenty-two additional subscriptions resulting

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from private placements arranged by Paulson Investment Company, Inc. The

investors purchased 2,470,000 shares of common stock for a total of $494,000. In addition, Paulson purchased an additional 37,500 shares in exchange for the cancellation of $7,500 of past due fees. The brokers placed each investment received a 7% commission and Paulson received a 3% unaccountable expense allowance. Each investor represented himself to be an accredited investor who was purchasing the common stock for his own investment and not for resale. They agreed in writing to restrictions on resale placed with the NuVim's transfer agent and the printing of a legend on its certificate. Because of these factors, this sale was exempt from registration under the Securities Act as not involving a public distribution under section 4(2) and 4(6).

All of the cash was used for working capital.

Acquisition of the remainder of NuVim Powder LLC

NuVim originally planned to distribute the powder version of its product through a subsidiary fifty-one percent of which was to be owned by NuVim and the balance owned by Santa Fe Productions Inc., the venture's production company, the entertainer Dick Clark, and NuVim director Stanley Moger.

During the first quarter of 2006, NuVim acquired all of Santa Fe Productions' 24% interest in the powder subsidiary for a seven year warrant to purchase 50,000 shares of common stock for a dollar a share. The fair value of this warrant was not significant to these financial statements.

On April 7, 2006 NuVim agreed with Messrs. Clark and Moger to acquire their respective 12.5% interests in the powder subsidiary for 225,000 shares of NuVim common stock each. NuVim executed the agreement on April 18. 2006. The NuVim shares were exchanged for the interests in the powder subsidiary on April 20, 2006. Clark and Moger are accredited investors who accepted the shares for their own investment and agreed to restrictions on resale placed with the Company's transfer agent and the printing of a legend on their certificates. Because of these factors, this issuance is exempt from registration under the Securities Act as not involving a public distribution under section 4(2) and 4(6). The value of these shares is approximately $90,000 which represents the company's sole distribution rights of its powder product.

Common Stock Issued for Services

On May 9, 2006 NuVim issued 75,000 additional shares of its Common Stock to NuVim's Secretary as payment for additional services for the period ending December 31, 2006. Mark Siegel's relationship to NuVim qualifies him as an accredited investor. He accepted the shares for his own investment and agreed to restrictions on resale placed with NuVim's transfer agent and the printing of a legend on his certificate. Because of these factors, this issuance is exempt from registration under the Securities Act as not involving a public distribution under section 4(2) and 4(6). The services for which the shares were issued are valued, pursuant to agreement between NuVim and Mr. Siegel at approximately $29,000.

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During May and June, NuVim agreed with several organizations to provide various services for 385,704 shares of common stock. The services have a value of approximately $139,000. Each service provider represented itself to be an accredited investor who was purchasing the common stock for his own investment and not for resale. They agreed in writing to restrictions on resale placed with the NuVim's transfer agent and the printing of a legend on its certificate. Because of these factors, this sale was exempt from registration under the Securities Act as not involving a public distribution under section 4(2) and 4(6). During September 2006, 17, 142 shares of common stock were returned and

cancelled due to services not performed valued at approximately $6,000.

Common Stock issued for Executive Compensation

On April 20, 2006 NuVim and two current and one retired executives reached agreement on the number of shares to be granted in lieu of a cash bonus for 2005 and the additional restrictions to be imposed on their ability to sell the shares. A total of 661,500 shares were granted, 341,500 to Mr. Kundrat, the CEO, 200,000 to John L. Sullivan, the Vice-President of Sales, and 120,000 to Paul J. Young, until April 1, 2006 the Vice President of Operations and now a member of the Advisory Board. All are accredited investors who have agreed in writing that they are accepting the shares for investment purposes and will not sell the shares until after May 1, 2007. Legends indicating that the shares are unregistered have been placed on the certificates and stop transfer orders with respect to these certificates have been placed with NuVim's transfer agent. As a result, this issuance is exempt from registration under the Securities Act as not involving a public distribution under section 4(2) and 4(6).

On April 21, 2006 Michael Vesey agreed, in connection with his resignation reported below in Item 5.02(b), to accept 98,955 shares of NuVim common stock in payment of accrued salary of $19,791. In addition, he accepted 85,000 shares of common stock in lieu of his executive cash bonus for 2005. Mr. Vesey also agreed that he will not sell his shares before May 1, 2007. Mr. Vesey is an accredited investor who is accepting the shares for investment purposes. Legends indicating that the shares are unregistered have been placed on the certificates and stop transfer orders with respect to these certificates have been placed with NuVim's transfer agent. As a result, this issuance is exempt from registration under the Securities Act as not involving a public distribution under section 4(2) and 4(6).

Common Stock issued on Conversion of Secured Convertible Promissory Notes

In June 2006, the holders of the Secured Convertible Promissory Notes agreed to the conversion of their Notes into an aggregate of 335,000 shares of common stock. In addition, the holders surrendered the warrants that had been issued in connection with the Notes for cancellation. Each of the Note holders was an accredited investor. Legends indicating that the shares are unregistered have been placed on the certificates and stop transfer orders with respect to these certificates have been placed with NuVim's transfer agent. As the shares of common stock were issued in exchange for NuVim securities

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without the payment of any additional consideration, the issue was exempt under Section 3(a)9 of the Securities Act.

Also in June 2006, another note holder exchanged $37,631 of principal and accrued interest for 107,631 shares of common stock. The note holder represented himself to be an accredited investor who was purchasing the common stock for his own investment and not for resale. He agreed in writing to restrictions on resale placed with the NuVim's transfer agent and the printing of a legend on his certificate. Because of these factors, this sale was exempt from registration under the Securities Act as not involving a public distribution under section 4(2) and 4(6).

Common Stock issued for trade debt

Also in June 2006, several creditors agreed to accept 331,453 shares of common stock at a price of $0.35 per share to settle an aggregate of approximately $111,000 of current or past due trade debt. Each investor represented himself to be an accredited investor who was purchasing the common

stock for his own investment and not for resale. They agreed in writing to restrictions on resale placed with the NuVim's transfer agent and the printing of a legend on its certificate. Because of these factors, this sale was exempt from registration under the Securities Act as not involving a public distribution under section 4(2) and 4(6).

Warrants Issued for Extension of Senior Notes Payable

On August 14, 2006, Messrs Moger and Clark agreed to extend the maturity of the $500,000 of senior secured notes held by them until January 2009. As consideration for this, they each received a warrant entitling them to purchase 100,000 shares of common stock at a price of $0.35 per share until 2015. These warrants were valued using the Black-Sholes method which approximates $44,000. These warrants, which represent debt discount, will be expensed over the new maturity life of the loan, or thirty months commencing August 2006.

Registration Statement

In connection with the second quarter 2006 equity transaction for approximately $600,000 and certain other equity transactions, the Company filed a registration statement with the Security and Exchange Commission in October 2006.

In connection with this filing, the Company incurred approximately $30,000 of legal and other professional costs directly related to the filing.

Such costs have been classified as deferred offering cost in the statement of financial position as of September 30, 2006, and are expected to be reclassified as a reduction of additional paid in capital at the effective date of the registration statement.

NOTE 6 - SUBSEQUENT EVENTS

During the third quarter, NuVim entered into an agreement with its new spokesperson to provide various services for a total of 15,000 shares of common stock. The services have a value of approximately $5,250. They agreed in writing to restrictions on resale placed with the NuVim's transfer agent and the printing of a legend on its certificate. Because of these factors, this sale was exempt from registration under the Securities Act as not involving a public distribution under section 4(2) and 4(6). The shares were issued during the fourth quarter of 2006.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and related notes included elsewhere in this Quarterly Report on Form 10-QSB. This discussion contains forward-looking statements that are based on our management's beliefs and assumptions and on information currently available to our management. Forward-looking statements include, but are not limited to, statements regarding:

o possible or assumed future results of operations, including statements regarding revenue mix, cost of revenues, promotion of our products through advertising, sampling and other programs, changes to our internal financial controls, trends in our operating expenses and provision for income taxes, increased costs as a result of becoming a public company and expenses

related to stock-based compensation;

- financing plans, including the adequacy of financial resources to meet future needs;
- business strategies, including any expansion into new products;
- our industry environment, including our relationships with our significant customers and suppliers;
- potential growth opportunities; and
- the effects of competition.

Some of our forward-looking statements can be identified by use of words such as "may," "will," "should," "potential," "continue," "expects," "anticipates," "intends," "plans," "believes" and "estimates."

Forward-looking statements involve many risks, uncertainties and assumptions. Actual results may differ materially from those expressed in the forward-looking statements for a number of reasons, including those appearing under the caption "Factors Affecting Operating Results" and elsewhere in this Quarterly Report on Form 10-QSB. The cautionary statements contained or referred to in this report should be considered in connection with any subsequent written or oral forward-looking statements that may be issued by us or persons acting on our three quarters. We undertake no obligation to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

OVERVIEW

We produce, market and distribute NuVim(R) dietary supplements in ready to drink beverage form and in powder for mixing with water or adding to other beverages. Both forms of our beverages have two exclusive and patented micronutrients, MunePro(R) and Accuflex(R). MunePro(R) enhances the immune system and AccuFlex(R) helps build muscle flexibility,

sturdy joints and muscle recovery. These micronutrients have been clinically proven to enhance the immune system, muscle flexibility and athletic performance after 19 studies, 8,000 case histories and an expenditure of $50 million.

We focus on developing the NuVim(R) brand through a mix of advertising and promotional programs that build consumer awareness, trial and repeat purchases. The marketing consists of newspaper advertising/advertorials, product sampling, coupon distribution, and promotional price discounts. These marketing expenditures are essential to build the NuVim(R) brand. We continue to test various ways to find the most cost efficient means to use these marketing funds to increase consumer awareness, trial and repeat purchases. We believe that these advertising and promotional activities are critical to the growth of our business and expect to continue these programs in the future.

We have distributed our refrigerated beverages since the year 2000 and are in approximately 2,100 Supermarkets in the Eastern United States. In 2002 company revenues were $3.5 million. However, we eliminated most advertising and marketing support for our product in the second half of 2002 due to a lack of funding. We recapitalized our company in June 2005 through the conversion of approximately $7.7 million of debt into common stock and an initial public offering of our common stock. Since that time we have concentrated our limited financial resources on developing and supporting distribution opportunities that

we believe will provide the greatest sales expansion potential. We also developed a powder version of our product to be sold through direct distribution such as the internet and infomercials, as well as retail outlets. Sales of the product to date have not been material.

Our focus is to push forward in six areas: Increase the sales per store in existing Wal-Mart supercenters and increase the number of Wal-Mart distribution centers stocking the NuVim(R) 64 ounce size; begin testing in the first quarter of 2007 with Kroger, the second largest US retailer; introduce a shelf stable 16 ounce in two varieties for the 1,500 independent shelf stable US distributors; increase sales of the newly introduced powder version in three varieties through the internet, retail sales, and fund raising programs with non-profit organizations; increase profitable sales to current and new supermarkets; and introduce NuVim to the military commissaries and troop feeding.

Earlier this year we launched an equity funded print news media campaign to educate consumers about the benefits of NuVim(R) and create market awareness for our product. The media program will continue for approximately eighteen months or until the contracted amount of the newspaper features has been completed.

We have produced a 30 second television commercial for the refrigerated products, a 60 second television commercial for the powder product and a 5 minute powder infomercial for the product and plan air these commercials 2,000 times through Platinum Television Group.

Case shipments of our 64 ounce refrigerated product increased by 5,878 or 41% during the third quarter of 2006 compared with the same period in the prior year. The reasons for the increase included further expansion to additional Wal-Mart supercenters in mid May, an increase at Pathmark supermarkets in the New York/New Jersey market, and new business at Giant Eagle

in the western Pennsylvania market. During 2006 we continued to have had limited cash to fund product sampling and advertising programs, which we believe are critical to maintain and increase sales of our products. Therefore, with limited funding we are unable to support all markets and concentrated in certain markets to attain a level of consumer sales to hold supermarket retail distribution and in some accounts increase the number of stores carrying NuVim products until we are able to raise cash for additional marketing programs. In the interim, advertising program funded by the issuance of stock will continue to be important.

In late 2003 we began a test program with a single Wal-Mart supercenter. In late 2004 the test was expanded to one Wal-Mart distribution center, covering 43 supercenters and then a further expansion in late 2005 to two additional distribution centers that covered most of the Wal-Mart supercenters in the State of Florida. During the 2005 expansion, the number of NuVim(R) varieties carried by the supercenters was increased from two to three. Third quarter 2005 Wal-Mart sales were 8% of the total 2005 sales for that quarter. In April 2006, we increased our distribution to two more Wal-Mart distribution centers and in the third quarter of 2006 one more distribution center was added. We now serve approximately 300 supercenters and seven distribution centers in 7 states. Third quarter 2006 Wal-Mart sales were 61% of total NuVim sales for this quarter. The Wal-Mart initiative has matured much faster then the others. We expect the other five initiatives to increase their sales contribution both absolutely and as a percentage of the total sales.

SALES RESULTS

The discussion below covers selected data regarding sales for the third quarter ended and the year to date through September 30, 2006 and 2005. The data is not necessarily indicative of continuing trends.

Sales of beverages are expressed in unit case volume. A "unit case" means a unit of measurement equal to 512 U.S. fluid ounces of finished beverage (eight 64-ounce containers). Unit case volume means the number of unit cases (or unit case equivalents) of beverages directly or indirectly sold by us. Gross cases sold to the customer represent the number of cases shipped to the customer prior to any returned cases containing product that has not been sold by its expiration date.

UNIT CASE VOLUME/CASE SALES

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2006	2005	2006	2005
Gross Cases Sold	20,258	14,380	52,790	50,016
Gross Sales	$ 366,804	$ 261,888	$ 964,956	$ 911,396
Net Sales	$ 256,663	$ 158,436	$ 738,256	$ 516,266

Gross sales are the amount invoiced to customers, while net sales deduct from gross sales any payment or discount terms, promotional allowances, slotting fees, warehouse damage and returned goods in accordance with the Financial Accounting Standards Board Emerging Issues Task Force Issue No. 01-09, Accounting for Consideration Given by a Vendor to a Customer. In

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some accounts we pay slotting fees when our products are initially introduced to a new account and run price feature promotions to encourage trials of our product. As brand loyalty grows in a market, we anticipate that we will be able to run fewer price promotions and will not incur the one time additional slotting fees to gain new distribution.

20,258 cases sold represents an increase of 5,878, or 41%, for the three months ended September 30, 2006, when compared to the same quarter in 2005. As discussed above, we believe that the number of cases sold is due to the increase in the number of Wal-Mart supercenters carrying the product with the expansion to 7 distribution centers from three in mid-May of 2005. While direct comparison of most distribution centers is confused by changes of coverage within the distribution centers area and because two of the distribution centers last year had sales for only 2 of the three months in the quarter, sales to the three distribution centers active in both 2006 and 2005 nearly doubled. Elsewhere we had a slight increase in the quarter from Shoprite, New York's largest account and new business from Giant Eagle, a Pittsburgh based account.

RESULTS OF OPERATIONS

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2006 COMPARED TO THE THREE MONTHS ENDED SEPTEMBER 30, 2005

Gross Sales. For the three months ended September 30, 2006, gross sales were $366,804 an increase of $104,916 or 40% than gross sales of $261,888 for the three months ended September 30, 2005. This is 12% above this year's second quarter sales which themselves represented a 19% increase over last year's second quarter. The increase in gross sales is primarily attributable to the increase in Wal-Mart sales and selected other accounts. We have not had

sufficient funds to support advertising and sampling of our products in our existing stores since mid 2002. In June of 2005, we restructured our balance sheet through the issuance of common stock, but were only able to raise a limited amount of funds for advertising and sampling programs. We have relied on equity funded advertising programs to raise brand awareness.

Discounts, Allowances and Promotional Payments. For the three months ended September 30, 2006, promotional allowances and discounts were $110,141, an increase of $6,689 from the promotional allowances and discounts of $103,452 for the three months ended September 30, 2005. This 6% increase is reflective of our ability to generate incremental sales for the quarter of 40% with only a 6% increase in promotion costs We record the price reductions, which are reimbursed by us to the retailers, in accordance with Financial Accounting Standards Board Emerging Issues Task Force, No. 01-09, Accounting for Consideration Given by a Vendor to a Customer. We expect to continue to use price promotions and coupon distribution selectively as a means to promote consumer sampling and trial of our product into the foreseeable future. As the product further matures and a higher percentage of users of our product are repeat purchasers, we expect coupon expense, relative to gross sales, to decline although we will continue to use these marketing programs when needed. Product returned after its expiration date decreased as a percentage of sales this quarter versus the same quarter a year ago by 1%. Total Discounts, Allowances and Promotional payments as a percentage of gross sales decreased from 40% for

the three months ended September 30, 2005 to 30% for the three months ended September 30, 2006. This is very positive because it is costing less to move more product off the shelf.

	THREE MONTHS ENDED SEPTEMBER 30,		INCREASE	
	2006	2005	(DECREASE)	PE
Discounts for timely payment	$ 3,629	$ 4,303	$ (674)	
Product returned after its expiration date	39,375	31,287	8,088	
Promotional price allowances, coupons and other incentives	67,137	59,252	7,885	
Slotting fees	--	8,610	(8,610)	
Total Discounts, Allowances and Promotional Payments	$ 110,141	$ 103,452	$ 6,689	

Net Sales. Net sales for the three months ended September 30, 2006 were $256,663, an increase of $98,227, or 62% above net sales of $158,436 for the three months ended September 30, 2005. The increase in net sales is primarily attributable to the increase in case sales and a decrease in the promotional pricing as discussed above.

Cost of Sales. For the three months ended September 30, 2006, cost of sales was $204,110 an increase of $65,171, for the three months ended September 30, 2005. Cost of sales, which includes some categories of promotion spending like couponing and discounts in pricing to the consumer, increased due to the case sales increase. However, the cost of sales did not increase as fast as case sales increased indicating that the efforts in reducing ingredient costs are

beginning to be reflected in the total cost of goods.

Gross Profit. Gross profit was $52,553 for the three months ended September 30, 2006, an increase of $33,056 from the $19,497 gross profit for the three months ended September 30, 2005. Gross profit as a percentage of gross sales was 14% for the three months ended September 30, 2006 compared to the 7% for the three months ended September 30, 2005. The increase in gross profit as a percentage of gross sales was primarily due to the increase in volume and the proportionate decrease in price discounts. as well as the lower cost of goods. Overall, Gross Profit for the three months ended September 30, 2006 exceed the 2005 Gross Profit for the same period by almost 170%

Selling, General and Administrative Expenses. Selling, general and administrative expenses were $605,782 for the three months ended September 30, 2006 including $241,109 of non-cash expense incurred because of the grant of options under the Company's employee stock option plans. Selling, general, and administrative expenses during the three months ended September 30, 2005 of $529,045. The option expense is included because of FAS 123R governing valuation of option grants and the timing of their application. If the option expense is excluded, other selling, general, and administration expense decreased $164,372 or 31%. We are still in an early stage of our development and did show improvement versus last year same time period and expect to further show improvement moving forward. We continue to work on

increasing sales to achieve sales volumes sufficient to generate net sales in excess of our selling, general and administrative expenses. The decrease in selling, general and administrative expenses is primarily due to decreases salaries by eliminating a full time Chief Financial Officer, full time Vice President of Operations. As a result of these factors, Selling, General, and Administrative Expense decreased by 25% from the same period last year. Further reductions are planned for the fourth quarter.

Loss from Operations. Loss from operations was $553,229 for the three months ended September 30, 2006 compared to $509,548 for the three months ended September 30, 2005. The entire increase of $43,681 is due to $241,109 of non-cash expense incurred because of the grant of options under the Company's employee stock option plans. Without this the loss would have been reduced by $197,428 or 39%, The improvement due to the increase in sale and gross profit and the reduction of selling, administration costs was offset by the option expense calculated as required under FAS 123R.

Interest Expense. Interest expense was $19,371 for the three months ended September 30, 2006; a increase of $1,329 or 7%, from interest expense of $18,042 for the three months ended September 30, 2005. The increase in interest expense is primarily attributable to the loans that now have a maturity date of January 2009.

Net Loss. Net loss was $565,600 for the three months ended September 30, 2006 compared to $521,654 for the three months ended September 30, 2005, an increase of $43,946 due entirely to $241,109 of non-cash expense incurred because of the grant of options under the Company's employee stock option plans. Without the option expense Net Loss decreased $197,163. Gains attributable to the improved operating results and the lower interest expense discussed above were entirely offset by the option expense.

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006 COMPARED TO THE NINE MONTHS ENDED SEPTEMBER 30, 2005

Gross Sales. For the nine months ended September 30, 2006, gross sales

were $964,956 an increase of $53,560, or 6% higher than gross sales of $911,396 for the nine months ended September 30, 2005. The increase in gross sales for nine months includes a first quarter 2006 decline of 29% below 2005 first quarter gross sales. The entire decline was made up in the second and third quarters.

Discounts, Allowances and Promotional Payments. For the nine months ended September 30, 2006, promotional allowances and discounts were $226,700, a decrease of $168,430 or 43%, from the promotional allowances and discounts of $395,130 for the nine months ended September 30, 2005. This decrease is primarily attributable to not couponing and discounting the price as heavily as 2005. We record the price reductions, which are reimbursed by us to the retailers, in accordance with Financial Accounting Standards Board Emerging Issues Task Force, No. 01-09, Accounting for Consideration Given by a Vendor to a Customer. We expect to continue to use price promotions and coupon distribution selectively as a means to promote consumer sampling and trial of our product into the foreseeable future. As the product matures and a higher percentage of users of our product are repeat purchasers, we expect coupon

expense, relative to gross sales, to decline. Product returned after its expiration date decreased primarily due to the lower sales volume discussed above. Total Discounts, Allowances and Promotional payments as a percentage of gross sales decreased from 43% for the nine months ended September 30, 2005 to 23% for the nine months ended September 30, 2006.

	NINE MONTHS ENDED SEPTEMBER 30,		INCREASE	
	2006	2005	(DECREASE)	PERC
Discounts for timely payment	$ 9,523	$ 8,988	$ 535	
Product returned after its expiration date	104,486	116,379	(11,893)	
Promotional price allowances, coupons and other incentives	111,719	246,278	(134,559)	
Slotting fees	972	23,485	(22,513)	
Total Discounts, Allowances and Promotional Payments	$ 226,700	$ 395,130	$ (168,430)	

Net Sales. Net sales for the nine months ended September 30, 2006 were $738,256 an increase of $221,990, or 43% higher than net sales of $516,266 for the nine months ended September 30, 2005, despite a decline of about 16% during the first quarter. The increase in net sales is primarily attributable to the increase in case sales and lower consumer price discount promotion spending as discussed above.

Cost of Sales. For the nine months ended September 30, 2006, cost of sales was $513,310, a decrease of $3,139, or 1% lower than cost of sales of $516,449 for the nine months ended September 30, 2005. Cost of sales as a percentage of gross sales decreased to 53% for the nine months ended September 30, 2006, compared to 57% for the nine months ended September 30, 2005. The decrease in cost of sales as a percentage of gross sales was primarily the result of lower cost of goods, lower and price discount allowances.

Gross Profit. Gross profit was $224,946 for the nine months ended September 30, 2006, an increase of $225,129 from the negative ($183) gross loss for the nine months ended September 30, 2005. Gross profit as a percentage of gross sales was 23% for the nine months ended September 30, 2006 compared to the gross loss of less than 1% for the nine months ended September 30, 2005. The increase in gross profit as a percentage of gross sales was primarily due to the lower price discounts and the lower cost of goods.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were $1,609,854 for the nine months ended September 30, 2006, including $306,109 of non-cash expense incurred because of the grant of options under the Company's employee stock option plans. Selling, general, and administrative expenses during the nine months ended September 30, 2005 were $1,583,100. The option expense in 2006 is included because of FAS 123R governing valuation of option grants and the timing of their application. If the option expense is

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excluded, other selling, general, and administration expense decreased $279,355 or 18% from selling, general and administrative expenses for the nine months ended September 30, 2005. The nine months include two months without a full time CFO and one month without a full time Vice President for operations. Out sourcing the financial and operations management functions have decreased cost without decreasing effectiveness. The decrease in selling, general and administrative expenses also reflects decreases in product sampling expenses. These improvements were entirely offset by the option expense. During the fourth quarter we will implement a new sales force compensation plan which should also allow additional selling, general, and administrative expense to be further reduced.

Loss from Operations. Loss from operations was $1,384,908 for the nine months ended September 30, 2006 compared to $1,583,283 for the nine months ended September 30, 2005. The entire increase of $198,375 is due to $306,109 of non-cash expense incurred because of the grant of options under the Company's employee stock option plans. Without this the loss would have been reduced by $504,484 or almost 32%. The improvements attributable to the increased gross profit and decreased operating expenses described above were offset by the option expense calculated as required under FAS 123R, mostly occurring in the third quarter.

Interest Expense. Interest expense was $92,909 for the nine months ended September 30, 2006; a decrease of $314,012 or 77%, from interest expense of $406,921 for the nine months ended September 30, 2005. The decrease in interest expense is primarily attributable to the retirement of indebtedness. On June 24, 2005, in connection with the closing of our initial public offering, we extinguished approximately $7.7 million of indebtedness through the issuance of common stock.

Net Loss. Net loss was $1,462,169 for the nine months ended September 30, 2006 compared to $1,836,715 for the nine months ended September 30, 2005. The $374,546 decrease in net loss was primarily attributable to the improved operating results and the lower interest expense discussed above offset by the option expense.

LIQUIDITY AND CAPITAL RESOURCES

Our operations to date have generated significant operating losses that have been funded through the issuance of common stock and external borrowings. We will require additional sources of outside capital to continue our operations. Additionally secured convertible promissory notes with a face amount

of $67,600 were due September 23, 2006 and senior secured promissory notes with a principal amount of $500,000 are due on November 30, 2006. All the notes due September 23, 2006 were converted into 335,000 shares of common stock and the warrants issued at the time of the sale of the notes were cancelled. In addition, during this quarter, the maturity of the Senior Secured Notes was extended to January 2009.

We also have outstanding notes payable with a principal balance of approximately $320,000. The maturity of $120,000 of these notes was also extended by agreement with the holder to January 2009. The remaining $200,000 is subordinated to the Senior Secured Notes; as a result, their maturity of was automatically extended to January 2009. We are currently seeking

additional financing through the sale of equity securities, and negotiating modified payment terms with our creditors, but there can be no assurance we will be successful in this endeavor.

In March 2006 the board and compensation committee authorized a total of 661,500 shares of common stock in lieu of the executive cash bonuses for 2005 and agreed with these executives to defer the payment of their 2005 accrued salaries until 2007 and established the parameters for settling these accruals in common stock. Also in March 2006, 50,000 shares of common stock was issued to the new corporate secretary for a portion of his 2006 fees. Finally, in March 2006, NuVim issued 8,750 shares of common stock to SmallCapVoice.com, for investor relations services.

In April 2006 Paulsen Investment Company, Inc. privately placed 2,970,000 restricted shares of our common stock at a price of twenty cents per share. A total of $594,000 was received.

Also in April 2006, our former CFO agreed to accept a total of 183,955 shares of common stock for a portion of the salary remaining due to him on the date of his resignation and in lieu of this 2005 bonus.

In May and June 2006, several creditors agreed to accept 302,954 shares of restricted common stock at a price of $0.35 per share to settle an aggregate of approximately $107,000 of current or past due accounts payable obligations and several organizations agreed to accept 383,563 shares of common stock for future services valued at approximately $138,000.

In June 2006 a note holder agreed to accept 107,631 shares of restricted common stock for approximately $38,000 in principal and interest.

We will need to raise additional financing to pay our past due obligations, fund operating losses and to support sales and marketing programs to increase sales of our products. If we are not able to identify additional sources of financing, we may not be able to continue operations beyond September 2006. We have participated in the New Jersey Economic development Authority Tax Transfer program for the past 4 years and will again this year. The funds from this program are received in December and therefore expect that approximately $250,000 to $270,000 will be received from this program in December of 2006.

Net cash used in operating activities for the nine months ended September 30, 2006 was $870,277, respectively, compared to cash used in operating activities of $1,802,550 during the same period in 2005. The decrease in cash used by operating activities during the first nine months of $932,273 was primarily attributable to lower administrative expenses, less promotional spending, and higher contributions from product sales. The $870,277 for the nine months included a one time payment of $202,000 to SMBI, the exclusive provider

of the proprietary whey protein concentrate used in our products, in full settlement of past due balances due to them.

$609,075 was provided by financing activities during the nine months ended September 30, 2006, compared to $31,000 provided by related party advances offset by an expenditure of

213,637 for deferred offering costs during the nine months ended September 31, 2005.

APPLICATION OF RECENT AND CRITICAL ACCOUNTING POLICIES AND PRONOUNCEMENTS

RECENT ACCOUNTING PRONOUNCEMENTS

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements, and ("SFAS No. 157"), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS No. 157 will be effective for the Company beginning January 1, 2008. Management is currently evaluating the effect SFAS No. 157 will have on the Company's financial condition or results of operations.

In September 2006, the FASB issued SFAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans -- an amendment of FASB Statements No. 87, 88, 106, and 132(R) ("SFAS No. 158"). SFAS No. 158 requires companies to recognize the over-funded or under-funded status of their defined benefit postretirement plans as an asset or liability and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. The Company will adopt SFAS No. 158 on December 31, 2006. The adoption of SFAS No. 158 is not expected to have a material effect on the Company's financial condition or results of operations.In July 2006, the Financial Accounting Standards Board ("FASB") has published FASB Interpretation No. 48 ("FIN No. 48"), Accounting for Uncertainty in Income Taxes, to address the noncomparability in reporting tax assets and liabilities resulting from a lack of specific guidance in FASB Statement of Financial Accounting Standards ("SFAS") No. 109, Accounting for Income Taxes, on the uncertainty in income taxes recognized in an enterprise's financial statements. FIN No. 48 will apply to fiscal years beginning after December 15, 2006, with earlier adoption permitted. The adoption of FIN 48 is not expected to have a material effect on the Company's financial condition or results of operations.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Correction ("SFAS 154"), which replaces Accounting Principles Board Opinions No. 20 "Accounting Changes" and SFAS No 3, "Reporting Accounting Changes in Interim Financial Statements - An Amendment of APB Opinion No. 28." SFAS 154 provides guidance on accounting for and reporting of accounting changes and error corrections. It establishes retrospective application, or the latest practicable date, as the required method for reporting a change in accounting principle and the reporting of a correction of an error. SFAS 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005 and are required to be adopted by the Company. in the first quarter of fiscal 2006. The adoption of SFAS 154 did not have an impact on the Company's consolidated results of operations and financial condition.

The FASB issued FASB Interpretation No. 47 ("FIN 47"), "Accounting for Conditional Asst Retirement Obligations" in March 2005. FIN 47 clarifies that an entity must record a liability for a conditional asset retirement obligation if the fair value of the obligation can be reasonably estimated. This Interpretation also clarifies the circumstances under which an entity would have sufficient information to reasonably estimate the fair value of an asset

retirement obligation. This

Interpretation is effective no later than the end of fiscal years ending after December 15, 2005. This guidance did not have a material affect on the Company's financial statements.

CRITICAL ACCOUNTING ESTIMATES

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amount of assets and liabilities, revenues and expenses, and related disclosure on contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions and conditions.

Critical accounting policies are defined as those that are reflective of significant judgments, estimates and uncertainties and potentially result in materially different results under different assumptions and conditions. For a detailed discussion on the application of these and other accounting policies, see Note 2 to our annual financial statements for the year ended December 31, 2005.

PLACEMENT AND PROMOTIONAL ALLOWANCES AND CREDITS FOR PRODUCT RETURNS

As an inducement to our customers to promote our products in preferred locations of their stores, we provide placement and promotional allowances to certain customers. We also provide credits for customer coupon redemptions, consumer price reductions, and product which has not been sold by its expiration date. These allowances and credits are reflected as a reduction of revenue in accordance with Emerging Issues Task Force ("EITF") No. 01-9, which requires certain sales promotions and customer allowances previously classified as selling, general and administrative expenses to be classified as a reduction of sales or as cost of goods sold. Provisions for promotional allowances are recorded upon shipment and are typically based on shipments to the retailer during an agreed upon promotional period. We expect to offer promotional allowances at historical levels in the near future as an incentive to our customers. One time per account slotting or placement fees are deducted from revenue in the period paid. Provisions for coupon redemptions and product returned that has reached its expiration date are based on historical trends. Information such as the historical number of cases returned per unit shipped, product shelf life, current sales volume, and coupons distributed during the period are used to derive estimates of the required allowance. As we expand production and introduce new products, we may incur increased levels of returned goods. Also, our estimates assume we will continue as a going concern and maintain distribution with wholesalers and supermarkets that currently carry our product. If a supermarket or wholesaler discontinues our product, we may experience return rates in excess of our historical trend. This could result in material charges to future earnings for reimbursements to our customers for returned, unsold product.

ACCOUNTS RECEIVABLE

We evaluate the collectablity of our trade accounts receivable based on a number of factors. Accounts receivable are unsecured, non-interest bearing obligations that are typically due from

customers within 30 days of the invoice date. We apply collections in accordance with customer remittance advices or to the oldest outstanding invoice if no remittance advice is presented with payment. We provide an incentive to customers for paying in less than 30 days which results in our overall receivables to be approximately 17 days.

We estimate an allowance for doubtful accounts and revenue adjustments based on historical trends and other criteria. We have had only one account that could not be collected since the inception of the company in 2000. The amount was less than $10,000.. Further, as accounts receivable outstanding are deemed uncollectible or subject to adjustment, these allowances are adjusted accordingly. In circumstances where we become aware of a specific customer's inability to meet its financial obligations to us, a specific reserve for bad debts is estimated and recorded which reduces the recognized receivable to the estimated amount we believe will ultimately be collected. In addition to specific customer identification of potential bad debts, bad debt charges are recorded based on our recent past history and an overall assessment of past due trade accounts receivable outstanding. We also estimate the amount of credits for product placement, promotion and expired product that are expected to be issued for product sold based on an evaluation of historical trends and record an allowance when the sale is recorded.

VALUATION OF DISTRIBUTION RIGHTS

During 2006, the Company acquired the remaining interest in NuVim Powder, LLC.

In connection with this purchase transaction, the Company allocated the fair value of the purchase price of $90,000 to an intangible asset called Distribution Rights.

The Company completed this transaction as part of an overall effort to promote the distribution of its powder product through such channels as the internet, infomercials and retail outlets.

There can be no assurance that the Company will be successful of its promotion of its powder products. In the event the Company is not successful, there could be a future impairment of the Company's intangible asset, Distribution Rights.

INFLATION

We do not believe that inflation had a significant impact on our results of operations for the periods presented.

OFF-BALANCE SHEET TRANSACTIONS

At September 30, 2006, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

FACTORS AFFECTING OPERATING RESULTS

Investing in our shares involves a high degree of risk. You should carefully consider the following risks, as well as the other information in this report, before deciding whether to invest in our shares. If any of the following risks actually occur, our business, financial condition, results of operations and liquidity could suffer. In that event, the trading price of our shares could

decline and you might lose all or part of your investment.

WE WILL NEED TO RAISE ADDITIONAL CAPITAL.

We are currently operating at a loss and expect our expenses to continue to increase as we expand our product line as well as our geographic presence throughout the United States. To date, we have relied primarily on financing transactions to fund operations. We could face unforeseen costs such as an increase in transportation costs resulting from the recent significant increases in the cost of fuel; or our revenues could fall short of our projections because retail

outlets discontinue ordering our products or for reasons unrelated to our products, such as a revenue decline due to changes in consumer habits and preferences or we may achieve lower margins than planned on our products due to cost increases or competitive pricing pressure.

During 2006 Paulsen Investment Company, Inc. privately placed 2,470,000 restricted shares of our common stock at a price of twenty cents per share. A total of $594,000 was received. The holders of $67,600 of convertible notes due September 23, 2006 agreed to surrender their warrants and accept common stock at the same price in lieu of cash. The holder of another note accepted approximately 108,000 shares of restricted common stock for approximately $38,000 of principal and interest.

We will still continue to need additional funds to continue operations. New sources of capital may not be available to us when we need it or may be available only on terms we would find unacceptable. If such capital is not available on satisfactory terms, or is not available at all, we will be unable to continue to fully develop our business and our operations and financial condition will be materially and adversely affected. Such a lack of additional funding could force us to cease operations altogether. Debt financing, if obtained, could increase our expenses and would be required to be repaid regardless of operating results. In addition, if we raise additional funds through the issuance of equity, equity-related or convertible debt securities, these securities may have rights, preferences or privileges senior to those of the rights of our ordinary shares and our shareholders may experience additional dilution. Any such developments can adversely affect your investment in our company, harm our financial and operating results, and cause our share price to decline.

OUR AUDITORS HAVE SUBSTANTIAL DOUBT ABOUT OUR ABILITY TO CONTINUE AS A GOING CONCERN.

In their report in connection with our 2005 financial statements, our auditors included an explanatory paragraph stating that, because we have incurred net losses and have a net capital deficiency for the years ended December 31, 2004 and 2005, and, as of September 30, 2006. Our continued existence will depend in large part upon our ability to successfully secure additional financing to fund future operations. Our initial public offering was not sufficient to completely alleviate these concerns; the proceeds have been adequate to fund operations to date, but we will need to raise additional funding to continue operations. If we are not able to achieve positive cash flow from operations or to secure additional financing as needed, we will continue to experience the risk that we will not be able to continue as a going concern.

Our continued existence will depend in large part upon our ability to successfully secure additional financing to fund future operations. Our initial public offering was not sufficient to completely alleviate these concerns. If we

are not able to achieve positive cash flow from operations or to secure additional financing as needed, we will continue to experience the risk that we will not be able to continue as a going concern.

We have not had sufficient capital to operate our business for approximately three years, and as a result, we have negotiated extended payment terms on approximately $820,000 of notes payable which are due and payable upon receipt of additional financing.

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These outstanding obligations may make it difficult to raise additional financing.

OUR LIMITED OPERATING HISTORY MAKES EVALUATION OF OUR BUSINESS DIFFICULT.

We have a limited operating history and have encountered, and expect to continue to encounter, many of the difficulties and uncertainties often faced by early stage companies. We commenced our business operations in 1999 and began marketing our initial products in 2000 on a limited basis. Accordingly, we have only a limited operating history with which you can evaluate our business and prospects. An investor in our units must consider our business and prospects in light of the risks, uncertainties and difficulties frequently encountered by early stage companies, including limited capital, delays in product development, possible marketing and sales obstacles and delays, inability to gain customer acceptance or to achieve significant distribution of our products to customers and significant competition. We cannot be certain that we will successfully address these risks. If we are unable to address these risks, our business may not grow, our stock price may suffer and/or we may be unable to stay in business.

WE HAVE A HISTORY OF LOSSES AND WE EXPECT TO CONTINUE TO OPERATE AT A LOSS FOR THE FORESEEABLE FUTURE.

Since our inception in 1999, we have incurred net losses in every year, including net losses of $2,239,440 for the year ended December 31, 2003, $2,131,581 for the year ended December 31, 2004, 2,396,902 for the year ended December 31, 2005 and $1,248,128 for the nine months ended September 30, 2006. We had a working capital deficit of $838,220 at September 30, 2006 and have negative cash flows from operations. As a result of ongoing operating losses, we also had an accumulated deficit of $21,493,189 and a stockholders' deficit of $1,869,917 at the same date. We expect to incur losses until at least through 2006 and may never become profitable. We also expect that our expenses will increase substantially for the foreseeable future as we seek to expand our product line and sales and distribution network, implement internal systems and infrastructure and comply with the legal, accounting and corporate governance requirements imposed upon public companies. These ongoing financial losses may adversely affect our stock price.

OUR SUCCESS SUBSTANTIALLY DEPENDS ON MAINTAINING OUR RELATIONSHIPS WITH SMBI.

SMBI is the holder of certain patents that cover the micronutrients that we use in our products and is our only supplier of those micronutrients. We have a license agreement and a supply agreement with SMBI, both of which are critical to our business and expire in 2014. Under the SMBI license agreement, we have the right to use SMBI's intellectual property for the production and distribution of carbonated and noncarbonated beverages incorporating the micronutrients that provide the health benefits of our products. SMBI also supplies the key ingredient in our products under the terms of the supply agreement. These agreements contain cross-termination provisions, and therefore, we risk losing both our rights to the licensed use of the micronutrients and

other SMBI intellectual property needed for our business, as well as our sole source of supply, if either agreement is terminated in accordance with its terms. Furthermore, any exclusive rights we enjoy under the license and supply agreements may be jeopardized if we fail to satisfy certain minimum purchase requirements. In addition, SMBI and

its affiliate, Spencer Trask Specialty Group, LLC ("Spencer Trask"), are founders stockholders of our company. If we are unable to obtain the whey protein concentrate from SMBI for any reason, our manufacturing and distribution processes could be severely disrupted, and our operations could be adversely affected. We are aware of only one other source that might be able to provide an immune enhancement whey protein but we are not certain of its effectiveness. Moreover, it is our understanding that this ingredient would not provide the muscle flexibility health benefit that we achieve by using the SMBI whey protein concentrate. In addition, even if we are able to find acceptable alternative sources of supply, the new terms would likely be less favorable than those that we receive from SMBI. Accordingly, it is critical that we continue to meet all of our material obligations under both the license agreement and the supply agreement. In the past, we have not always been able to do so because of a lack of financial resources. We are currently on net 30 day payment terms for the SBMI whey protein.

OUR BUSINESS DEPENDS ON THE ACCEPTANCE OF OUR PRODUCTS IN BOTH EXISTING AND NEW MARKETING AREAS.

We intend to expand into new geographic areas and broaden our product offerings to generate additional sales. Our refrigerated beverage products are currently available from southern Connecticut to Miami and as far West as Pittsburgh including such supermarket chains as ShopRite, Pathmark, A&P, Gristedes, Food Emporium, Walbaums, Stop N Shop, Acme Giant, Giant Eale, Publix and Wal-Mart. Although marketing funds have been limited we have been able to maintain distribution due to our loyal consumer base who have felt the NuVim difference and continue to buy NuVim on a regular basis. The supermarket chain accounts see NuVim as a one of a kind product that offers the consumer a healthily choice to high sugar and high caffeine carbonated and non- carbonated beverages.. We do not know whether the level of market acceptance we have received in our current markets for our products will be matched or exceeded in the geographic locations we are newly serving or in other areas of the country as we expand our distribution in the future. We also will need to raise additional financing to support this expansion.

We have test produced a shelf stable sports drink that tastes like the two market leaders sports drink products and has our trademarked points of differentiation of immune enhancement and helping muscle flexibility, sturdy joints, and athletic performance through the two exclusive micronutrients MunePro(R) and AccuFlex(R). We will face the additional uncertainty of whether these new products will gain market acceptance in any market.

We can give no assurance that we will expand into new geographic areas or successfully expand our product line. It is unlikely that we will achieve profitability and otherwise have a successful business unless we are able to gain market acceptance of our existing and future products over a wide geographic area.

CONSUMERS WHO TRY OUR PRODUCTS MAY NOT EXPERIENCE THE HEALTH BENEFITS WE CLAIM, WHICH MAY CAUSE THEM TO DISCONTINUE USING OUR PRODUCTS.

There have been 19 independent clinical studies that have demonstrated the health benefits of the micronutrient components of our products. However,

there has been only one,

small-scale study of the effects of NuVim beverages directly. That study required the subjects to consume 12 ounces of NuVim daily for nine weeks. While the study did validate the positive health claims we believe our products provide, it did not consider whether a smaller quantity of the beverage or a shorter period of continued usage might provide similar benefits. Therefore, we currently cannot confirm that the health benefits of our products will be evident to casual consumers of our products. Consumers may determine that drinking 12 ounces of NuVim per day for a minimum of nine weeks requires more discipline and expense than they are willing to devote. If consumers do not use our product in the quantity or for the duration we recommend, they may not achieve the health benefits we claim, which may cause them to make alternative nutritional beverage and/or dietary supplement purchasing decisions.

OUR BUSINESS MAY SUFFER FROM LACK OF DIVERSIFICATION.

Our business is centered on nutritional beverages. The risks associated with focusing on a limited product line are substantial. If consumers do not accept our products or if there is a general decline in market demand for, or any significant decrease in, the consumption of nutritional beverages, we are not financially or operationally capable of introducing alternative products within a short time frame. As a result, such lack of acceptance or market demand decline could cause us to cease operations.

EXPANSION OF OUR BUSINESS IS DEPENDENT ON OUR ABILITY TO EXPAND PRODUCTION.

We currently manufacture our refrigerated product line at Clover Farms Dairy in Reading, Pennsylvania. Our ability to expand beyond our current marketing areas depends on, among other things, the ability to produce our product in commercial quantities sufficient to satisfy the increased demand. Although our present production capacity is sufficient to meet our current and short-term future production needs, production capacity may not be adequate to supply future needs. If additional production capacity becomes needed, it will be necessary to engage additional co-packers or to expand production capacity at our present co-packer facility. If we expand production at Clover Farms Dairy, we risk having to pay significantly greater transportation costs to transport our products to warehouses in other regions of the United States. Any new co-packing arrangement raises the additional risk of higher marginal costs than we currently enjoy since we would be required to negotiate new terms with any new co-packer. We may not be able to pass along these higher costs to our customers. If we are unable to pass along the higher production costs imposed by new co-packers to our customers, we either will suffer lower gross margins and lower profitability, once achieved, or we may be unable to expand our business as we have planned, which could disappoint our stockholders.

OUR BUSINESS CONTAINS RISKS DUE TO THE PERISHABLE NATURE OF OUR PRODUCT.

Our current refrigerated product is a perishable beverage that has a limited shelf-life of approximately 83 days. This restricted shelf life means that we do not have any significant finished goods inventory and our operating results are highly dependent on our ability to accurately forecast near term sales in order to adjust our raw materials sourcing and production needs. When we do not accurately forecast product demand, we are either unable to meet higher than anticipated demand or we produce excess inventory that cannot be profitably sold.

Additionally, our customers have the right to return products that are not sold by their expiration date. Therefore, inaccurate forecasts that either mean that we are unable meet higher than anticipated demand or that result in excess production, or significant amounts of product returns on any of our products that are not sold by the expiration date could cause customer dissatisfaction, unnecessary expense and a possible decline in profitability.

GOVERNMENT REGULATION MAY ADVERSELY AFFECT OUR BUSINESS.

Our business is subject to government regulation, principally the United States Food and Drug Administration (the "FDA"), which regulates the processing, formulation, packaging, labeling and advertising of dietary products, and to a lesser extent, state governments, where state attorneys general have authority to enforce their state consumer protection acts. Specifically, we are subject to the Dietary Supplement and Health Education Act ("DSHEA"). Under DSHEA, dietary supplements are permitted to make "statements of nutritional support" with notice to the FDA, but without FDA pre-approval. The FDA does not allow claims that a dietary product may mitigate, treat, cure or prevent disease. There can be no assurance that at some future time the FDA will not determine that the statement of nutritional support we make on our packaging is a prohibited claim rather than an acceptable nutritional support statement. Such a determination by the FDA would require deletion of the treatment, cure or prevention of disease claim, or, if it is to be used at all, submission by our company and the approval by the FDA of a new drug application, which would entail costly and time-consuming clinical studies, or revision to a health claim, which would require demonstration of substantiated scientific evidence to support such claim and would also consume considerable management time and financial resources.

Our advertising of dietary supplement products is also subject to regulation by the Federal Trade Commission (the "FTC") under the Federal Trade Commission Act, which prohibits unfair or deceptive trade practices, including false or misleading advertising. The FTC in recent years has brought a number of actions challenging claims made by companies that suggest that their products are dietary supplements. No assurance can be given that actions will not be brought against us by the FTC or any other party challenging the validity of our product advertising claims.

OUR BUSINESS MAY BE SUBJECT TO PRODUCT LIABILITY CLAIMS RELATING TO CONSUMER USE OF OUR PRODUCTS.

As a marketer of beverages that are ingested by consumers, we face an inherent risk of exposure to product liability claims if the use of our products results in injury or our labeling contains inadequate warnings concerning potential side effects. With respect to product liability claims, we have obtained a $2.0 million liability insurance policy ($2.0 million per occurrence), which we believe is adequate for our kind of business activity. The policy contains certain exclusions that would pertain to food products such as the additional products exclusion for bodily injury or property damage arising out of the manufacture, handling, distribution, sale, application or use of certain specified products (e.g., silicone, latex, and dexfenfluramine, among others), the intended injury and the willful and intentional acts exclusions. There can be no assurance that such insurance will continue to be available at a reasonable cost, or, if available,

that it will be adequate to cover potential liabilities. If we are found liable for product liability claims that exceed our coverage or are subject to a policy exclusion, such liability could require us to pay financial losses for which we

have not budgeted and may not have adequate resources to cover. If the uninsured losses were significantly large enough to impact our ability to continue our then-existing level of operations, we might experience a decline in net income and earnings per share, and our stock price might suffer. In an effort to limit any liability, we generally obtain contractual indemnification from parties supplying raw materials or marketing our products. Such indemnification is limited, however, by the terms of each related contract and, as a practical matter, by the creditworthiness of the indemnifying party.

Despite the insurance coverage that we plan on maintaining, it is possible that we may be sued if one or more consumers believe our products have caused them harm. While no such claims have been made to date, the results of any such suit could result in significant financial damages to us, as well as serious damage to the reputation and public perception of our company, even if we are ultimately found not to be at fault.

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ITEM 3. CONTROLS AND PROCEDURES.

The Company's Chief Executive Office, Chief Financial Officer, and the accounting firm of Hendel & Hendel evaluated the effectiveness of the design and operation of its disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e). The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, (the Exchange Act) means controls and other procedures of a company that are designed to ensure that this information is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Based upon their evaluation of its disclosure controls and procedures, the Company's chief executive, chief financial officer, and the Hendel firm had concluded that, as of September 30, 2006 and as of the date of filing, the controls, and procedures were effective at a reasonable assurance level and will continue to operate as designed.

NuVim maintains certain internal controls over financial reporting that are appropriate, consistent with cost-benefit considerations, 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 principles. The retention of the accounting firm, a change in our internal control over financial reporting, occurred during the fiscal quarter ended June 30, 2006 has materially affected, and is reasonably likely to continue to affect, the Company's internal control over financial reporting in a positive manner. No change effecting NuVim's internal controls occurred during the third quarter.

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PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

There are at present no legal proceedings pending against the Company.

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

Sales for Cash

None

All of the cash was used for working capital.

Common Stock Issued for Services

During the third quarter, NuVim agreed with its new spokesperson to provide various services for a total of 15,000 shares of common stock. The services have a value of approximately $5,250. They agreed in writing to restrictions on resale placed with the NuVim's transfer agent and the printing of a legend on its certificate. Because of these factors, this sale was exempt from registration under the Securities Act as not involving a public distribution under section 4(2) and 4(6). The shares were issued during the fourth quarter of 2006.

Warrant issued in connection with debt extension

During the third quarter, Richard Clark, the entertainer, and Stanley Moger, one of our directors, agreed to extend the maturity of their $500,000 Senior Secured Note until 2009. As consideration for this, they each are to receive a warrant entitling them to purchase 100,000 shares of common stock at a price of $0.35 per share until 2015. These warrants representing debt discount, were valued at $44,000 and will be expensed over the new maturity life of thirty months commencing August 2006.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

None in the third quarter 2006

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

(a) Current Reports on Form 8-K: None

(b) The following exhibits are filed as part of this report:

EXHIBIT NO.	DESCRIPTION
31.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the small business issuer caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NUVIM, INC.

Date: November 30, 2006 By: /s/ RICHARD P. KUNDRAT

Richard P. Kundrat
Chief Executive Officer and
Chairman of the Board
(Principal Executive Officer)

Date: November 30, 2006 By: /s/ RICHARD P. KUNDRAT

Richard P. Kundrat
Chief Financial Officer
(Principal Financial and
Accounting Officer)

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