

HealthWarehouse.com, Inc.
Form 10-Q
May 23, 2011

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2011

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

For the transition period from _____ to _____

Commission File Number 0-13117

HealthWarehouse.com, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation or Organization)

22-2413505
(I.R.S. Employer
Identification No.)

100 Commerce Boulevard, Cincinnati, Ohio
(Address of Principal Executive Offices)

45140
(Zip Code)

(513) 618-0911
(Registrant's Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Edgar Filing: HealthWarehouse.com, Inc. - Form 10-Q

Large Accelerated Filer

Accelerated Filer

Non-accelerated Filer
(Do not check if a smaller reporting company)

Smaller Reporting Company

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

As of May 20, 2011, there were 10,604,354 shares of common stock outstanding.

HEALTHWAREHOUSE.COM, INC.

QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2011

TABLE OF CONTENTS

	Page
PART I. FINANCIAL INFORMATION	
ITEM 1. Financial Statements	1
ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	11
ITEM 3. Quantitative and Qualitative Disclosures About Market Risk	15
ITEM 4. Controls and Procedures	15
PART II. OTHER INFORMATION	
ITEM 1. Legal Proceedings	18
ITEM 1A. Risk Factors	18
ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds	18
ITEM 3. Defaults upon Senior Securities	18
ITEM 4. (Removed and Reserved)	
ITEM 5. Other Information	18
ITEM 6. Exhibits	18
SIGNATURES	19

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

HEALTHWAREHOUSE.COM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETSMarch 31, 2011 December 31, 2010
(Unaudited)

Assets		
Current assets		
Cash	\$ 828,528	\$ 1,397,583
Accounts receivable, net of allowance for doubtful accounts of \$150,000 and \$120,000, respectively	707,338	604,524
Inventories – finished goods	508,762	374,519
Employee advances	57,571	51,429
Prepaid expenses and other current assets	124,263	126,708
Total current assets	\$ 2,226,462	\$ 2,554,763
Property and equipment, net	306,142	320,328
Website development costs, net of accumulated amortization of \$164,525 and \$139,475, respectively	35,871	60,921
Intangible assets, net of accumulated amortization of \$16,508 and \$0, respectively	676,827	-
Total assets	\$ 3,245,302	\$ 2,936,012
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable – related parties	\$ 266,708	\$ 232,858
Accounts payable – trade	1,286,840	807,481
Accrued expenses and other current liabilities	142,642	240,098
Convertible notes, net of deferred debt discount of \$0 and \$9,658, respectively	25,000	215,342
Total current liabilities	\$ 1,721,190	\$ 1,495,779
Convertible notes payable, net of deferred debt discount of \$523,237 and \$600,354, respectively	476,763	399,646
Total liabilities	\$ 2,197,953	\$ 1,895,425
Commitments and contingencies		
Stockholders' equity		
Convertible preferred stock - Series A – par value \$.001 per share; authorized 1,000,000 shares; 200,000 shares designated Series A; no shares issued, and outstanding	-	-

Edgar Filing: HealthWarehouse.com, Inc. - Form 10-Q

Convertible preferred stock - Series B – par value \$.001 per share; authorized 1,000,000 shares; 625,000 shares designated Series B; 368,837 and 365,265 shares issued, and outstanding respectively (aggregate liquidation preference \$3,485,746 and \$3,451,754, respectively)	369	365
Common stock – par value \$.001 per share; authorized 50,000,000 shares; 10,577,719 and 10,278,934 shares issued and outstanding	10,578	10,279
Additional paid-in capital	10,678,774	9,540,036
Accumulated deficit	(9,642,372)	(8,510,093)
Total stockholders' equity	1,047,349	1,040,587
Total liabilities and stockholders' equity	\$ 3,245,302	\$ 2,936,012

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

HEALTHWAREHOUSE.COM, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (Unaudited)

	For the Three Months Ended March 31, 2011	For the Three Months Ended March 31, 2010
Net sales	\$ 2,284,552	\$ 1,253,549
Cost of sales	1,298,143	607,415
Gross profit	986,409	646,134
Operating expenses:		
Selling, general and administrative expenses	1,953,698	898,818
Loss from operations	(967,289)	(252,684)
Other income (expense):		
Interest income	1,162	166
Interest expense	(105,152)	(66,388)
Total other expense	(103,990)	(66,222)
Net loss	\$ (1,071,279)	\$ (318,906)
Series B Convertible Preferred Stock:		
Contractual dividends	(61,000)	