

HealthWarehouse.com, Inc.
Form 10-Q
September 05, 2012

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, 2012

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.)

7107 Industrial Road, Florence, Kentucky
(Address of Principal Executive Offices)

41042
(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.

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

There were 11,743,611 shares of Common Stock outstanding as of August 10, 2012.

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HEALTHWAREHOUSE.COM, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2012

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

HEALTHWAREHOUSE.COM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	Assets	
	March 31, 2012 (unaudited)	December 31, 2011
Current assets		
Cash	\$ 3	\$ 40
Accounts receivable, net	188,563	220,626
Inventories – finished goods, net	447,691	553,897
Employee advances	379,750	298,707
Prepaid expenses and other current assets	37,094	54,480
Total current assets	1,053,101	1,127,750
Property and equipment, net	873,956	943,849
Intangible assets, net of accumulated amortization of \$161,778 and \$90,794 as of March 31, 2012 and as of December 31, 2011, respectively	531,557	602,541
Total assets	\$ 2,458,614	\$ 2,674,140
	Liabilities and Stockholders' Deficiency	
Current liabilities		
Accounts payable – trade	\$ 1,837,427	\$ 1,547,657
Accounts payable – related parties	9,307	14,209
Cash overdraft	83,911	239,567
Accrued expenses and other current liabilities	429,095	549,011
Current portion of capital leases	44,350	3,346
Convertible notes, net of deferred debt discount of \$192,772 and \$275,388, as of March 31, 2012 and December 31, 2011, respectively	807,228	724,612
Note payable, net of deferred debt discount of \$443,646 and \$0, as of March 31, 2012 and December 31, 2011, respectively	1,556,354	-
Note payable and other advances – from stockholders	765,000	453,812
Total current liabilities	\$ 5,532,672	\$ 3,532,214
Long term liabilities		
Notes payable, net of deferred debt discount of \$0 and \$576,741 as	-	1,423,259

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of March 31, 2012 and December 31, 2011, respectively		
Long term portion of capital leases	203,649	9,201
Total liabilities	5,736,321	4,964,674
Commitments and contingencies		
Redeemable preferred stock – Series C ; net of discount \$340,690 and \$433,606 as of March 31, 2012 and December 31, 2011, respectively, par value \$.001 per share; authorized 1,000,000 shares; 10,000 designated Series C: 10,000 issued and outstanding as of March 31, 2012 and December 31, 2011(aggregate liquidation preference \$1,000,000)	659,310	566,394
Stockholders' deficiency		
Preferred Stock par value \$.001 per share; authorized 1,000,000 shares; issued and outstanding as of March 31, 2012 and December 31, 2011, as follows:		
Convertible preferred stock - Series A –200,000 shares designated Series A; no shares issued and outstanding	-	-
Convertible preferred stock - Series B –625,000 shares designated Series B; 394,685 and 368,862 shares issued, and outstanding, respectively (aggregate liquidation preference \$3,729,773)	395	369
Common stock – par value \$.001 per share; authorized 50,000,000 shares; 11,376,688 and 11,283,830 shares issued, respectively and 10,197,476 and 10,104,618 shares outstanding, respectively	11,377	11,284
Shares issuable	125,000	-
Additional paid-in capital	15,613,634	15,110,343
Treasury stock, at cost, 1,179,212 shares as of March 31, 2012 and December 31, 2011	(3,419,715)	(3,419,715)
Accumulated deficit	(16,267,708)	(14,559,209)
Total stockholders' deficiency	(3,937,017)	(2,856,928)
Total liabilities and stockholders' deficiency	\$ 2,458,614	\$ 2,674,140

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

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

	For the Three Months Ended March 31, 2012	For the Three Months Ended March 31, 2011
Net sales	\$ 3,153,607	\$ 2,284,552
Cost of sales	1,704,647	1,298,143
Gross profit	1,448,960	986,409
Operating expenses:		
Selling, general and administrative expenses	2,684,478	1,953,698
Loss from operations	(1,235,518)	(967,289)