

HealthWarehouse.com, Inc.
Form 10-Q
November 17, 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 September 30, 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.)

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

41042
(Zip Code)

(513) 618-0912
(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

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

Large Accelerated Filer

Accelerated Filer

Non-accelerated Filer

Smaller Reporting Company

(Do not check if a 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 November 8, 2011, there were 9,935,472 shares of common stock outstanding.

HEALTHWAREHOUSE.COM, INC.

QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2011

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

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

	September 30, 2011 (Unaudited)	December 31, 2010
Assets		
Current assets		
Cash	\$ 213,143	\$ 1,397,583
Accounts receivable, net of allowance for doubtful accounts of \$150,000 and \$120,000, respectively	797,757	604,524
Inventories – finished goods	651,273	374,519
Employee advances	108,718	51,429
Prepaid expenses and other current assets	52,747	126,708
Total current assets	\$ 1,823,638	\$ 2,554,763
Property and equipment, net	913,946	320,328
Website development costs, net of accumulated amortization of \$200,396 and \$139,475, respectively	-	60,921
Intangible assets, net of accumulated amortization of \$66,033 and \$0, respectively	627,302	-
Total assets	\$ 3,364,886	\$ 2,936,012
Liabilities and Stockholders' (Deficit)Equity		
Current liabilities		
Accounts payable – related parties	\$ -	\$ 232,858
Accounts payable – trade	1,480,550	807,481
Accrued expenses and other current liabilities	317,038	240,098
Convertible notes, net of deferred debt discount of \$0 and \$9,658, respectively	-	215,342
Notes payable	300,000	-
Total current liabilities	\$ 2,097,588	\$ 1,495,779
Notes payable, net of deferred debt discount of \$1,075,203 and \$0, respectively	1,924,798	-
Convertible notes payable, net of deferred debt discount of \$358,004 and \$600,354, respectively	641,996	399,646
Total liabilities	\$ 4,664,382	\$ 1,895,425
Commitments and contingencies		
Stockholders' (deficit) equity		
	-	-

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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 (aggregate liquidation preference \$0)		
Convertible preferred stock - Series B – par value \$.001 per share; authorized 1,000,000 shares; 625,000 shares designated Series B; 368,862 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; 11,082,926 and 10,278,934 shares issued, respectively; 9,903,648 and 10,278,934 shares outstanding, respectively	11,083	10,279
Shares subscribed	490,000	-
Additional paid-in capital	13,820,091	9,540,036
Treasury stock, at cost, 1,179,212 and 0 shares, respectively	(3,419,715)	-
Accumulated deficit	(12,201,324)	(8,510,093)
Total stockholders' (deficit) equity	(1,299,496)	1,040,587
Total liabilities and stockholders' (deficit) equity	\$ 3,364,886	\$ 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 September 30, 2011	For the Three Months Ended September 30, 2010	For the Nine Months Ended September 30, 2011	For the Nine Months Ended September 30, 2010
Net sales	\$ 2,783,240	\$ 1,215,476	\$ 7,587,513	\$ 4,217,652
Cost of sales	1,545,970	709,999	4,248,305	2,600,245
Gross profit	1,237,270	505,477	3,339,208	1,617,407
Operating expenses:				
Selling, general and administrative expenses				