



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

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

There were 42,160,786 shares of Common Stock outstanding as of August 5, 2016

---

TABLE OF CONTENTS

HEALTHWAREHOUSE.COM, INC.

QUARTERLY REPORT ON FORM 10-Q  
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2016

TABLE OF CONTENTS

	Page
<u>PART I – FINANCIAL INFORMATION</u>	3
Item 1. <u>Financial Statements.</u>	3
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations.</u>	13
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk.</u>	19
Item 4. <u>Controls and Procedures.</u>	19
<u>PART II – OTHER INFORMATION</u>	20
Item 1. <u>Legal Proceedings.</u>	20
Item 1A. <u>Risk Factors.</u>	20
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds.</u>	20
Item 3. <u>Defaults upon Senior Securities.</u>	20
Item 4. <u>Mine Safety Disclosures.</u>	21
Item 5. <u>Other Information.</u>	21
Item 6. <u>Exhibits.</u>	21
<u>SIGNATURES</u>	22

TABLE OF CONTENTS

## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements.

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

	June 30, 2016 (unaudited)	December 31, 2015
Assets		
Current assets:		
Cash	\$2,199	\$11,217
Restricted cash	144,929	145,088
Accounts receivable, net of allowance of \$47,143 as of June 30, 2016 and December 31, 2015	47,473	51,627
Inventories - finished goods, net	250,081	182,647
Prepaid expenses and other current assets	69,020	81,718
Total current assets	513,702	472,297
Property and equipment, net of accumulated depreciation of \$853,270 and \$801,270 as of June 30, 2016 and December 31, 2015	357,248	409,248
Web development costs, net of accumulated amortization of \$182,825 and \$146,448 as of June 30, 2016 and December 31, 2015	48,185	84,562
Total assets	\$919,135	\$966,107
Liabilities and Stockholders' Deficiency		
Current liabilities:		
Accounts payable – trade	\$2,321,519	\$2,189,649
Accounts payable – related parties	-	862
Accrued expenses and other current liabilities	428,120	597,665
Equipment lease payable	11,951	46,143
Notes payable and other advances, net of debt discount of \$6,889 as of June 30, 2016	1,093,111	991,089
Note payable and other advances – related parties	4,065	23,889
Redeemable preferred stock - Series C; par value \$0.001 per share; 10,000 designated Series C: 10,000 issued and outstanding as of June 30, 2016 and December 31, 2015 (aggregate liquidation preference of \$1,000,000)	1,000,000	1,000,000
Total current liabilities	4,858,766	4,849,297
Total liabilities	4,858,766	4,849,297
Commitments and contingencies		
Stockholders' deficiency:		

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

Preferred stock – par value \$0.001 per share; authorized 1,000,000 shares; issued and outstanding as of June 30, 2016 and December 31, 2015 as follows:

Convertible preferred stock - Series A – 200,000 shares designated Series A; 44,443 shares available to be issued; no shares issued and outstanding - -

Convertible preferred stock - Series B – 625,000 shares designated Series B; 517,359 and 483,512

shares issued and outstanding as of June 30, 2016 and December 31, 2015, respectively (aggregate liquidation preference of \$5,060,159 and \$4,889,043 as of June 30, 2016 and 517 484  
December 31, 2015, respectively)

Common stock – par value \$0.001 per share; authorized 100,000,000 shares; 38,872,616 and 38,844,374

shares issued and 37,693,404 and 37,665,162 shares outstanding as of June 30, 2016 and

December 31, 2015, respectively	38,872	38,844
Additional paid-in capital	31,104,329	30,656,598
Treasury stock, at cost, 1,179,212 shares as of June 30, 2016 and December 31, 2015	(3,419,715 )	(3,419,715 )
Accumulated deficit	(31,663,634)	(31,159,401)
Total stockholders' deficiency	(3,939,631 )	(3,883,190 )
Total liabilities and stockholders' deficiency	\$919,135	\$966,107

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

TABLE OF CONTENTS

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

	For the Three Months		For the Six Months	
	Ended June 30 2016	2015	Ended June 30 2016	2015
Net sales	\$2,403,974	\$1,870,840	\$4,751,772	\$3,483,517
Cost of sales	858,836	618,391	1,750,656	1,249,554
Gross profit	1,545,138	1,252,449	3,001,116	2,233,963
Operating expenses:				
Selling, general and administrative expenses				