

HEARUSA INC
Form 10-Q
September 07, 2011

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended July 2, 2011

OR

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

For the transition period from _____ to _____

Commission file number 001-11655

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

Delaware
(State of Other Jurisdiction of
Incorporation or Organization)

22-2748248
(I.R.S. Employer
Identification No.)

1250 Northpoint Parkway, West Palm Beach, Florida
(Address of Principal Executive Offices)

33407
(Zip Code)

Registrant's Telephone Number, Including Area Code (561) 478-8770

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 Securities Exchange Act of 1934 during the preceding 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).

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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 definition of "large accelerated filer," and "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer
Smaller reporting Company

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

On September 2, 2011, 45,609,757 shares of the Registrant's Common Stock were outstanding.

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Part I – Financial Information

Item 1. Financial Statements

HearUSA, Inc.
(Debtor in Possession)
Consolidated Balance Sheets
(unaudited)

	July 2, 2011	December 25, 2010
	(Dollars in thousands, except per share amounts)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,641	\$ 3,902
Short-term marketable securities	-	500
Accounts and notes receivable, less allowance for doubtful accounts of \$401 and \$484	3,735	4,485
Inventories	1,440	1,493
Prepaid expenses and other	1,375	354
Escrow for debtor-in-possession payments	899	-
Total current assets	11,090	10,734
Property and equipment, net	3,022	3,317
Goodwill	-	51,927
Intangible assets, net	11,707	12,123
Deposits and other	656	664
Restricted cash and cash equivalents	2,265	2,261
Total Assets	\$ 28,740	\$ 81,026
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable	\$ 7,723	\$ 10,928
Accrued expenses	1,730	1,623
Accrued salaries and other compensation	2,463	3,097
Debtor-in-possession loan	5,019	-
Current maturities of long-term debt	31,112	34,928
Dividends payable	46	35
Total current liabilities	48,093	50,611
Long-term debt	78	1,134
Liabilities subject to compromise	5,665	-
Deferred income taxes	2,261	8,215
Total liabilities	56,097	59,960
Commitments and contingencies	-	-
Stockholders' equity (deficit)		
Preferred stock (aggregate liquidation preference \$2,330, \$1 par, 7,500,000 shares authorized)		
Series H Junior Participating (none outstanding)	-	-
Series J (233 shares outstanding)	-	-

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Total preferred stock	-	-
Common stock: \$.10 par; 75,000,000 shares authorized 45,533,611 and 45,451,160 shares issued	4,553	4,545
Additional paid-in capital	139,339	138,931
Accumulated deficit	(172,342)	(122,858)
Treasury stock, at cost: 523,662 common shares	(2,485)	(2,485)
Total HearUSA, Inc. Stockholders' Equity (Deficit)	(30,935)	18,133
Noncontrolling interest	3,578	2,933
Total Stockholders' equity (deficit)	(27,357)	21,066
Total Liabilities and Stockholders' Equity (Deficit)	\$ 28,740	\$ 81,026

See accompanying notes to consolidated financial statements

HearUSA, Inc
(Debtor in Possession)
Consolidated Statements of Operations
Six Months Ended July 2, 2011 and June 26, 2010
(unaudited)

July 2, June 26,
2011 2010
(Dollars in thousands, except per
share amounts)

Net revenues		
Hearing aids and other products	\$ 38,892	\$ 37,791
Services	2,780	3,213
Total net revenues	41,672	41,004
Operating costs and expenses		