

HEARUSA INC
Form 10-Q
June 27, 2011

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 April 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 June 8, 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.
Consolidated Balance Sheets

(unaudited)

	April 2, 2011	December 25, 2010
	(Dollars in thousands, except per share amounts)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,916	\$ 3,902
Short-term marketable securities	-	500
Accounts and notes receivable, less allowance for doubtful accounts of \$453 and \$484	3,850	4,485
Inventories	1,424	1,493
Prepaid expenses and other	550	354
Total current assets	7,740	10,734
Property and equipment, net	3,234	3,317
Goodwill	-	51,927
Intangible assets, net	11,901	12,123
Deposits and other	632	664
Restricted cash and cash equivalents	2,263	2,261
Total Assets	\$ 25,770	\$ 81,026
LIABILITIES AND STOCKHOLDERS' EQUITY (Deficit)		
Current liabilities		
Accounts payable	\$ 9,557	\$ 10,928
Accrued expenses	2,248	1,623
Accrued salaries and other compensation	2,962	3,097
Current maturities of long-term debt	33,573	34,928
Dividends payable	38	35
Total current liabilities	48,378	50,611
Long-term debt	846	1,134
Deferred income taxes	2,261	8,215
Total long-term liabilities	3,107	9,349
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)	-	-
Total preferred stock	-	-
Common stock: \$.10 par; 75,000,000 shares authorized 45,491,702 and 45,451,160 shares issued		
	4,549	4,545

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Additional paid-in capital	139,139	138,931
Accumulated deficit	(170,205)	(122,858)
Treasury stock, at cost: 523,662 common shares	(2,485)	(2,485)
Total HearUSA, Inc. Stockholders' Equity (Deficit)	(29,002)	18,133
Noncontrolling interest	3,287	2,933
Total Stockholders' equity (deficit)	(25,715)	21,066
Total Liabilities and Stockholders' Equity (Deficit)	\$ 25,770	\$ 81,026

See accompanying notes to consolidated financial statements

HearUSA, Inc
 Consolidated Statements of Operations
 Three Months Ended April 2, 2011 and March 27, 2010

(unaudited)

	April 2, 2011	March 27, 2010
	(Dollars in thousands, except per share amounts)	
Net revenues		
Hearing aids and other products	\$ 19,928	\$ 17,993
Services	1,396	1,600
Total net revenues	21,324	19,593
Operating costs and expenses		
Hearing aids and other products	5,813	