

America's Suppliers, Inc.
Form 10-Q
November 14, 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: September 30, 2011

Or

☐

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

Commission File Number: 0-27012

AMERICA'S SUPPLIERS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation
or organization)

27-1445090

(I.R.S. Employer Identification No.)

7575 E. Redfield Road

Suite 201

Scottsdale, AZ

(Address of principal executive offices)

85260

(Zip Code)

(480) 922-8155

(Registrant's telephone number, including area code)

Not applicable

(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). 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 ☐

Smaller reporting company ☒

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(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 ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 13,970,339 shares of common stock as of October 31, 2011.

AMERICA'S SUPPLIERS, INC.

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PART I – FINANCIAL INFORMATION

Forward-Looking Information

Unless otherwise indicated, the terms “America’s Suppliers,” “ASI,” “Insignia Solutions plc,” “Insignia,” the “Company,” “we,” and “our” refer to America’s Suppliers, Inc. and its subsidiaries. In this Quarterly Report on Form 10-Q, we may make certain forward-looking statements, including statements regarding our plans, strategies, objectives, expectations, intentions and resources that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. We do not undertake to update, revise or correct any of the forward-looking information. The following discussion should also be read in conjunction with the audited consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2010.

The statements contained in this Quarterly Report on Form 10-Q that are not historical fact are forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995), within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The forward-looking statements contained herein are based on current expectations that involve a number of risks and uncertainties. These statements can be identified by the use of forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” “intend,” “plan,” “could,” “is likely,” or “anticipates,” or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. The Company wishes to caution the reader that these forward-looking statements are not historical facts but only predictions. No assurances can be given that the future results indicated, whether expressed or implied, will be achieved. While sometimes presented with numerical specificity, these projections and other forward-looking statements are based upon a variety of assumptions relating to the business of the Company, which, although considered reasonable by the Company, may not be realized. Because of the number and range of assumptions underlying the Company’s projections and forward-looking statements, many of which are subject to significant uncertainties and contingencies that are beyond the reasonable control of the Company, some of the assumptions inevitably will not materialize, and unanticipated events and circumstances may occur subsequent to the date of this report. These forward-looking statements are based on current expectations and the Company assumes no obligation to update this information. Therefore, the actual experience of the Company and the results achieved during the period covered by any particular projections or forward-looking statements may differ substantially from those projected. Consequently, the inclusion of projections and other forward-looking statements should not be regarded as a representation by the Company or any other person that these estimates and projections will be realized, and actual results may vary materially. There can be no assurance that any of these expectations will be realized or that any of the forward-looking statements contained herein will prove to be accurate.

Item 1.

Financial Statements.

AMERICA'S SUPPLIERS, INC.
CONSOLIDATED BALANCE SHEETS

| | September 30, 2011 (unaudited) | December 31, 2010 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 311,150 | \$ 397,209 |
| Certificates of deposit | 800,000 | 900,000 |
| Accounts receivable, net | 204,540 | 85,479 |
| Inventory | 3,345 | 1,318 |
| Prepaid expenses and other current assets | 102,941 | 71,273 |
| Total current assets | 1,421,976 | 1,455,279 |
| Property and equipment, net | 316,389 | 355,760 |
| Deferred financing costs | - | 40,000 |
| Deposits and other assets | 92,273 | 57,264 |
| Total assets | \$ 1,830,638 | \$ 1,908,303 |
| Liabilities and Shareholders' Deficit | | |
| Accounts payable | \$ 1,612,854 | \$ 1,540,510 |
| Accrued expenses | 358,263 | 504,902 |
| Deferred revenue | - | 8,569 |
| Other liabilities | 4,051 | 4,487 |
| Total current liabilities | 1,975,168 | 2,058,468 |
| ASI shareholders' deficit: | | |
| Preferred shares, \$0.001 par value, 1,000,000 shares authorized, no shares outstanding at September 30, 2011 and December 31, 2010 | - | - |
| Common stock, \$0.001 par value, 50,000,000 shares authorized, 13,970,339 and 14,255,857 shares issued and outstanding at September 30, 2011 and December 31, 2010, respectively | 13,970 | 14,256 |
| Additional paid in capital | 6,688,693 | 6,550,963 |
| Accumulated deficit | (6,847,193) | (6,715,384) |
| Total shareholders' deficit | (144,530) | (150,165) |
| Total liabilities and shareholders' deficit | \$ 1,830,638 | \$ 1,908,303 |

See accompanying notes to unaudited consolidated financial statements.

AMERICA'S SUPPLIERS, INC.
Consolidated Statements of Operations
(unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|-------------------------------------------------------------|----------------------------------|--------------|---------------------------------|---------------|
| | 2011 | 2010 | 2011 | 2010 |
| Net revenues | \$ 4,916,984 | \$ 4,542,949 | \$ 12,337,610 | \$ 11,300,347 |
| Advertising revenue | 43,355 | 55,356 | 152,932 | 168,080 |
| Cost of goods sold | 3,308,138 | 3,081,502 | 8,350,988 | 7,567,726 |
| Gross profit | 1,652,201 | 1,516,803 | 4,139,554 | 3,900,701 |
| Operating expenses: | | | | |
| Sales and marketing | 921,898 | 858,888 | 2,587,581 | 2,248,846 |
| General and administrative | 515,589 | 461,012 | 1,682,740 | 1,411,822 |
| Total operating expenses | 1,437,487 | 1,319,900 | 4,270,321 | 3,660,668 |
| Operating income (loss): | 214,714 | 196,903 | (130,767) | 240,033 |
| Other income (expense): | | | | |
| Loss from equity investment | - | - | - | (24,055) |
| Other income (expense) | 1,708 | (14,172) | 4,697 | (5,656) |
| Total other income (expense) | 1,708 | (14,172) | 4,697 | (29,711) |
| Income (loss) before income taxes | 216,422 | 182,731 | (126,070) | 210,322 |
| Income tax expense | (694) | - | (5,739) | - |
| Net income (loss) | 215,728 | 182,731 | (131,809) | 210,322 |
| Less: net loss attributable to noncontrolling interest | - | (1,043) | - | (9,187) |
| Net income (loss) attributable to America's Suppliers, Inc. | \$ 215,728 | \$ 183,774 | \$ (131,809) | \$ 219,509 |
| Net income (loss) per share: | | | | |
| Basic | \$ 0.02 | \$ 0.01 | \$ (0.01) | \$ 0.02 |
| Diluted | \$ 0.02 | \$ 0.01 | \$ (0.01) | \$ 0.02 |
| Weighted average common shares outstanding | | | | |
| Basic | 13,709,993 | 12,925,348 | 13,335,715 | 12,925,348 |
| Diluted | 14,065,783 | 13,172,308 | 13,335,715 | 13,061,921 |

See accompanying notes to unaudited consolidated financial statements.

AMERICA'S SUPPLIERS, INC.
Consolidated Statements of Cash Flows
(unaudited)

| | Nine Months Ended September 30, | |
|-----------------------------------------------------------------------------|---------------------------------|------------|
| | 2011 | 2010 |
| Cash flows from operating activities: | | |
| Net income (loss) | \$ (131,809) | \$ 219,509 |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Loss from equity investment | - | 24,055 |
| Loss attributable to noncontrolling interest | - | (9,187) |
| Depreciation and amortization | 64,816 | 60,309 |
| Bad debt expense | 7,347 | 4,645 |
| Loss on disposal of fixed assets | - | 8,708 |
| Stock-based compensation | 137,444 | 35,131 |
| Write-off of deferred financing costs | 40,000 | - |
| Changes in assets and liabilities: | | |
| Accounts receivable | (126,408) | (26,493) |
| Inventory | (2,027) | (1,237) |
| Prepaid and other current assets | (39,668) | 14,603 |
| Deposits and other assets | 2,991 | (25,009) |
| Accounts payable | 72,344 | 632,834 |
| Accrued expenses | (146,639) | (195,663) |
| Deferred revenue | (8,569) | (250) |
| Other liabilities | (436) | (1,049) |
| Net cash used in operating activities | (130,614) | 740,906 |
| Cash flows from investing activities: | | |
| Maturities of certificates of deposit | 100,000 | 85,000 |
| Investment in Business Calcium | - | (100,395) |
| Loans to Business Calcium | (30,000) | - |
| Purchases of property and equipment | (25,445) | (151,170) |
| Net cash provided by investing activities | 44,555 | (166,565) |
| Change in cash and cash equivalents | (86,059) | 574,341 |
| Cash and cash equivalents, beginning of period | 397,209 | 78,095 |
| Cash and cash equivalents, end of period | \$ 311,150 | \$ 652,436 |
| Supplemental cash flow disclosures: | | |
| Cash paid for interest | \$ - | \$ - |

See accompanying notes to unaudited consolidated financial statements.

AMERICA'S SUPPLIERS, INC.
Notes to the Consolidated Financial Statements
(unaudited)

Note 1: Organization and Basis of Presentation

Background

America's Suppliers, Inc. (the "Company") is an Internet based provider of general merchandise through our wholly owned subsidiaries, DollarDays International, Inc. ("DollarDays"), and WowMyUniverse.com ("Wow"). DollarDays is a wholesaler of general merchandise to small independent resellers through its website www.DollarDays.com. Wow targets general consumers through its website WowMyUniverse.com. Orders are placed by customers through the Company's websites where, upon successful payment, the merchandise is shipped directly from the vendors' warehouses.

Basis of Presentation

In the opinion of management, the accompanying unaudited consolidated financial statements include all adjustments, consisting of only normal recurring accruals, necessary for a fair statement of financial position, results of operations, and cash flows. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the consolidated financial statements and the accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2010. The accounting policies are described in the "Notes to the Consolidated Financial Statements" in the 2010 Annual Report on Form 10-K and updated, as necessary, in this Form 10-Q. The year end consolidated balance sheet data presented for comparative purposes was derived from audited consolidated financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States. The results of operations for the three and nine months ended September 30, 2011 are not necessarily indicative of the operating results for the full year or for any other subsequent interim period.

Certain reclassifications have been made to prior period reported amounts to conform to current year presentation.

Note 2: Balance Sheet Information

Deferred Financing Costs

At December 31, 2010, the Company maintained a balance of \$40,000 of deferred financing costs paid to a third party to assist with raising capital to expand the Company's WowMyUniverse.com. By March 31, 2011, it was determined that these capital efforts were unsuccessful, and the Company wrote off its \$40,000 asset during the three months ended March 31, 2011.

Note Receivable

On October 1, 2010, the Company entered into an agreement to exchange its 25% ownership in Business Calcium Inc. ("Business Calcium") for its 10% interest in our consolidated subsidiary, WowMyUniverse.com, thereby making WowMyUniverse a wholly-owned subsidiary. As part of the consideration in the transaction, the Company agreed to loan Business Calcium \$50,000 with interest at 6%. In accordance with the terms of the note, the Company funded \$20,000 during the quarter ended December 31, 2010 and \$30,000 during the quarter ended June 30, 2011. Of the \$50,000 that was outstanding at September 30, 2011, \$15,000 was reflected as part of other current assets and \$35,000 was included in noncurrent assets in the accompanying unaudited consolidated balance sheet. Pursuant to the terms of the note repayments were to commence in July 2011 with the remaining balance due December 31, 2012. As of

September 30, 2011, the Company had not received any repayments on this note receivable. On October 6, 2011, representatives of the Company sent Business Calcium a notice of default and demand for immediate payment of all amounts due and owing under the note. The Company received a response from Business Calcium indicating that payment is expected to begin in late November 2011.

Note 3: Equity Compensation

Restricted Stock

On February 25, 2009, the Company granted of an aggregate of 1,475,636 common shares that vested in part based upon the Company achieving certain performance criteria as stipulated in the agreement. On June 10, 2011, 894,991 shares were still outstanding but had yet to be vested.. On June 10, 2011, as consideration for services rendered, the Company modified the award to waive the performance criteria and establish a time-based vesting schedule, with 634,645 shares immediately vested and the remaining to be vested in February 2012.

The Company accounted for this as a share-based payment modification in accordance with the provisions of the FASB Accounting Standards Codification ("ASC") Section 718. As such, the Company computed the fair value of the restricted stock immediately before and after the modification, and is expensing the incremental difference of \$120,824, together with the unrecognized compensation cost attributable to the original grant of \$1,738 on a pro rata basis over the remaining service period. As of September 30, 2011, 260,345 shares remain unvested. The unvested shares are included in shares outstanding at September 30, 2011, but are excluded from the weighted average shares outstanding computation for basic earnings per share in accordance with ASC 260.

The Company recognized total expense of \$101,227 during the nine months ended September 30, 2011 related to restricted stock awards, inclusive of the effects of the modification. The Company has an aggregate of \$22,283 of future expense related to nonvested awards which will be recognized over the next five months. An aggregate of 285,518 shares were cancelled during the nine months ended September 30, 2011 as the respective individuals were terminated.

Stock Options

The Company has historically granted stock options to certain vendors and employees as well as in connection with certain financing transactions. During the three months ended March 31, 2011, the Company granted 180,000 stock options at a strike price of \$0.20 to members of its Board of Directors. The grant date fair value of the awards was \$19,856, which was determined using a Black Scholes option pricing model using the following assumptions: volatility of 64%, risk-free rate of return of 1.15%-1.24%, stock price of \$0.20 and expected term of 5 years. The options expire in 2016. As these awards were immediately vested, the Company expensed the entire grant date fair value of the award during the three months ended March 31, 2011. No other awards were granted during the nine months ended September 30, 2011.

The following table summarizes the Company's stock option activity during the nine months ended September 30, 2011:

| | Number of Units | Weighted- Average Exercise Price | Weighted- Average Remaining Contractual Term (in years) |
|----------------------------------|--------------------|-------------------------------------------|------------------------------------------------------------------------|
| Outstanding at December 31, 2010 | 886,176 | \$ 1.03 | 3.1 |
| Grants | 180,000 | 0.20 | |
| Forfeitures | (41,698) | 2.82 | |
| Exercises | - | - | |

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| | | | | |
|------------------------------------|-----------|----|------|-----|
| Outstanding at September 30, 2011 | 1,024,478 | \$ | 0.81 | 2.8 |
| Exerciseable at September 30, 2011 | 748,426 | \$ | 1.04 | 2.4 |

The Company recognized expense of \$24,544 during the nine months ended September 30, 2011 related to stock option awards, including expense associated with awards granted in 2010. The Company has an aggregate of \$12,502 of future expense (net of estimated forfeitures) related to nonvested awards which will be recognized over a weighted average period of 1.1 years. The options had no intrinsic value at September 30, 2011.

The following table sets forth exercise prices of outstanding options at September 30, 2011:

| Exercise Price | Number of Shares | |
|------------------|------------------|--------------|
| | Outstanding | Exerciseable |
| \$0.01 - \$0.89 | 640,086 | 364,034 |
| \$0.90 - \$2.00 | 374,599 | 374,599 |
| \$2.01 - \$4.00 | 7,193 | 7,193 |
| \$4.01 - \$7.00 | - | - |
| \$7.01 - \$10.00 | 1,000 | 1,000 |
| \$10.01 + | 1,600 | 1,600 |
| | 1,024,478 | 748,426 |

Warrants

During the quarter ended September 30, 2011, the Company granted 150,000 fully vested warrants to its Chief Executive Officer for prior services rendered. The grant date fair value of these warrants was \$11,673 using the following assumptions: volatility of 70%, risk-free rate of return of 1.7%, stock price of \$0.18 and expected term of 2.5 years. The following table summarizes the Company's warrant activity during the nine months ended September 30, 2011:

| | Number of Units | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term (in years) | Intrinsic value |
|------------------------------------|-----------------|---------------------------------|--------------------------------------------------------|-----------------|
| Outstanding at December 31, 2010 | 1,572,628 | \$ 0.44 | 2.9 | \$ 68,412 |
| Grants | 150,000 | 0.18 | | |
| Forfeitures | - | - | | |
| Exercises | - | - | | |
| Outstanding at September 30, 2011 | 1,722,628 | \$ 0.41 | 2.4 | \$ 17,103 |
| Exerciseable at September 30, 2011 | 1,722,628 | \$ 0.41 | 2.4 | \$ 17,103 |

All warrants have been fully expensed as of September 30, 2011.

The following table sets forth exercise prices of outstanding warrants at September 30, 2011:

| Exercise Price | Number of Shares |
|-----------------|---------------------|
| \$0.10 | 855,145 |
| \$0.18 | 150,000 |
| \$0.20 | 300,000 |
| \$1.20 - \$1.30 | 417,483 |
| | 1,722,628 |

Note 4: Net Income (Loss) Per Share

Basic income (loss) per share is computed based on the weighted average number of common shares outstanding and excludes any potential dilution. Diluted loss per share reflects potential dilution from the exercise or conversion of securities into common stock. The effects of certain stock options and warrants are excluded from the determination of the weighted average common shares outstanding for diluted income per share in each of the periods presented as the effects were antidilutive and as the exercise price for the outstanding instruments exceeded or was equal to the average market price for the Company's common stock.

Computation of net income (loss) per share is as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|-------------------------------------------------------|-------------------------------------|------------|------------------------------------|------------|
| | 2011 | 2010 | 2011 | 2010 |
| Net income (loss) attributable to America's Suppliers | \$ 215,728 | \$ 183,774 | \$ (131,809) | \$ 219,509 |
| Basic weighted average common shares outstanding | 13,709,993 | 12,925,348 | 13,335,715 | 12,925,348 |
| Add incremental shares for: | | | | |
| Stock options | - | - | - | - |
| Warrants | 355,790 | 246,960 | - | 136,573 |
| Diluted weighted average common shares outstanding | 14,065,783 | 13,172,308 | 13,335,715 | 13,061,921 |
| Net income (loss) per share: | | | | |
| Basic | \$ 0.02 | \$ 0.01 | \$ (0.01) | \$ 0.02 |
| Diluted | \$ 0.02 | \$ 0.01 | \$ (0.01) | \$ 0.02 |

The following potentially dilutive securities were excluded from the computation of diluted net income (loss) per share because their effect would have been anti-dilutive:

| | Nine Months Ended September 30, | |
|------------------|---------------------------------|-----------|
| | 2011 | 2010 |
| Stock options | 1,024,478 | 886,176 |
| Warrants | 1,722,628 | 787,328 |
| Restricted stock | 260,345 | 1,180,509 |

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis provides information that management believes is relevant for an assessment and understanding of our results of operations and financial condition. The following selected financial information is derived from our historical consolidated financial statements and should be read in conjunction with such consolidated financial statements and notes thereto set forth elsewhere herein and the "Forward-Looking Statements" explanation included herein. This information should also be read in conjunction with our audited historical consolidated financial statements which are included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, filed with the Securities and Exchange Commission on March 3, 2011.

Overview

We develop software programs that allow us to provide general merchandise for resale to businesses through our website at www.DollarDays.com. We have been recognized as a leader in the Internet wholesale market of discounted merchandise by a leading business periodical and trade associations. Our objective is to provide a one-stop discount shopping destination for general merchandise for smaller distributors, retailers and non-profits nationwide seeking single and small case-sized lots at bulk prices. We launched our first website in October 2001. The site offers customers an opportunity to shop for bargains conveniently, while offering our suppliers an alternative sales channel. We believe our website offers a unique benefit to smaller businesses in that they are able to purchase goods from wholesalers and importers in single and small case lots, with no minimum purchase requirements at discounted prices. We believe the prevailing reason our business has been able to obtain bulk pricing for single case lots is our ability to reach smaller distributors, retailers and non-profits that most general merchandise suppliers cannot economically reach. We provide all the logistics and customer support to serve this sales channel and grow our customer base.

We continually add new, limited inventory products to our website in order to create an atmosphere that encourages customers to visit frequently and purchase products before the inventory sells out. Through our Internet catalog, we offer approximately 150,000 products, including up to 10,000 closeout items at further discounted prices. Closeout merchandise is typically available in inconsistent quantities and prices.

We accept orders, either online or via telephone sales staff, collect payment in the form of credit or debit card, PayPal or similar means, and coordinate with manufacturers, importers and close-out specialists regarding delivery particulars. PayPal refers to the online payment platform located at www.paypal.com and its localized counterparts. Our proprietary software and service procedures allow us to sell merchandise to a single customer, and bill as a single order, items purchased and delivered from multiple suppliers. We do not take possession of inventory, but we are responsible for processing customer claims and returns.

Our website has a registered base of approximately 2,000,000 small businesses and receives approximately 3 million monthly page views. We receive an average of approximately 5,500 orders per month. Our target audience is smaller businesses.

Recent Operating Performance

Loss from Coupon Promotion

We have been utilizing various promotional campaigns over the past twelve months that have yielded substantial increases in revenues. However, we encountered unforeseen losses during the three months ended June 30, 2011 related to one of these campaigns. On April 12, 2011, we launched a promotional campaign on our website (www.dollardays.com) providing for free shipping in connection with orders of school supplies. On that date, certain

coupon sites suggested that their patrons combine the free shipping offer with coupons previously distributed in March for \$20 for a Facebook promotion. Within 90 minutes, 23 coupon sites picked up this social marketing, which resulted in an overwhelming and unexpected customer response. We honored customer orders that were placed while we were addressing the error in our ordering system. This error resulted in losses of approximately \$214,000 during the three months ended June 30, 2011 comprised of coupon redemption costs and shipping costs of the products. We have implemented additional operational controls to prevent similar occurrences in the future.

Results of Operations

Net Revenues

| Net Revenues | 2011 | 2010 | Change from Prior Year | Percent Change from Prior Year | |
|----------------------------------|--------------|--------------|---------------------------|-----------------------------------|---|
| Three months ended September 30, | \$4,916,984 | \$4,542,949 | \$ 374,035 | 8.2 | % |
| Nine months ended September 30, | \$12,337,610 | \$11,300,347 | \$ 1,037,263 | 9.2 | % |

Net revenues increased for the three and nine months ended September 30, 2011, as compared to the three and nine months ended September 30, 2010, respectively, as a result of our continuing marketing efforts and increased business development programs, including new relationships with remarketing companies. Factors that influence future revenue growth include general economic conditions, our ability to attract vendors that offer compelling products and the impact of our marketing activities.

Advertising Revenue

| Advertising Revenue | 2011 | 2010 | Change from Prior Year | Percent Change from Prior Year | |
|----------------------------------|-----------|-----------|---------------------------|-----------------------------------|----|
| Three months ended September 30, | \$43,355 | \$55,356 | \$ (12,001) | (21.7 |)% |
| Nine months ended September 30, | \$152,932 | \$168,080 | \$ (15,148) | (9.0 |)% |

Advertising revenue decreased during the three and nine months ended September 30, 2011, as compared to the three and nine months ended September 30, 2010, respectively, as a result of strategic shifts in our marketing strategies to reduce the number of ads shown on each webpage.

Cost of Goods Sold

| Cost of Goods Sold | 2011 | 2010 | Change from Prior Year | Percent Change from Prior Year | |
|----------------------------------|-------------|-------------|---------------------------|-----------------------------------|---|
| Three months ended September 30, | \$3,308,138 | \$3,081,502 | \$ 226,636 | 7.4 | % |
| Nine months ended September 30, | \$8,350,988 | \$7,567,726 | \$ 783,262 | 10.4 | % |

Cost of goods sold increased during the three months ended September 30, 2011, as compared to the three months ended September 30, 2010, due primarily to the increase in net revenues as discussed above. Gross margins as a percentage of total revenue were relatively consistent at 33.3% for the three months ended September 30, 2011 as compared to 33.0% for the three months ended September 30, 2010.

Cost of goods sold increased during the nine months ended September 30, 2011, as compared to the nine months ended September 30, 2010, due primarily to the increase in net revenues and the negative impacts of the coupon promotion described in "Recent Operating Performance" above, which added approximately \$214,000 to the cost of goods sold during the nine months ended September 30, 2011. Gross margins as a percentage of total revenue were 33.1% during the nine months ended September 30, 2011 as compared to 34.0% during the nine months ended September 30, 2010. Factors which may influence the cost of goods sold include our general sales volumes, negotiated terms with vendors and general economic conditions.

Sales and Marketing

| Sales and Marketing | 2011 | 2010 | Change from Prior Year | Percent Change from Prior Year | |
|----------------------------------|-------------|-------------|---------------------------|-----------------------------------|---|
| Three months ended September 30, | \$921,898 | \$858,888 | \$ 63,010 | 7.3 | % |
| Nine months ended September 30, | \$2,587,581 | \$2,248,846 | \$ 338,735 | 15.1 | % |

Sales and marketing expenses include fees for attracting users to our site, including search engine optimization, telemarketing and other marketing efforts as well as promotional activities to increase sales by end users. Sales and marketing expenses increased in the three months ended September 30, 2011 as compared to the three months ended September 30, 2010 due to increased efforts to generate revenues through increased pay-per-click advertising, marketing promotions, trade show appearances, and increased sales and telemarketing personnel. Additionally, we added new sales associates to generate additional revenues.

Factors influencing sales and marketing expenses include strategic decisions with respect to the cost-effectiveness of each of our marketing activities.

Sales and marketing expenses increased in the nine months ended September 30, 2011 as compared to the nine months ended September 30, 2010 for similar reasons as described above, although the increase was more dramatic due to strong sales and marketing efforts during the three months ended June 30, 2011 as we ran additional campaigns to promote sales of back to school merchandise.

General and Administrative

| General and Administrative | 2011 | 2010 | Change from Prior Year | Percent Change from Prior Year | |
|----------------------------------|-------------|-------------|---------------------------|-----------------------------------|---|
| Three months ended September 30, | \$515,589 | \$461,012 | \$ 54,577 | 11.8 | % |
| Nine months ended September 30, | \$1,682,740 | \$1,411,822 | \$ 270,918 | 19.2 | % |

General and administrative expenses increased in the three months ended September 30, 2011, as compared to the three months ended September 30, 2010, due primarily to increased information technology salaries, noncapitalizable software costs and board fees, partially offset by reduced corporate salaries.

Factors that influence the amount of general and administrative expenses include the amount and extent by which we compensate our consultants, executives and directors with stock-based or other compensation, the rate of growth of our business and the extent to which we outsource or bring certain activities in-house.

General and administrative expenses increased in the nine months ended September 30, 2011, as compared to the nine months ended September 30, 2010, due primarily to increased stock-based compensation charges, information technology salaries, noncapitalizable software costs, board fees, and a write off of deferred financing costs, partially offset by reduced corporate salaries.

Other Income (Expense)

| Other Income (Expense) | 2011 | 2010 | Change from Prior Year | Percent Change from Prior Year | |
|----------------------------------|---------|-------------|---------------------------|-----------------------------------|---|
| Three months ended September 30, | \$1,708 | \$(14,172) | \$ 15,880 | 112.1 | % |
| Nine months ended September 30, | \$4,697 | \$(29,711) | \$ 34,408 | 115.8 | % |

Other income (expense) for the three months ended September 30, 2011 consisted of interest income on cash balances, short-term investments, notes receivable and other miscellaneous income. Other income (expense) for the three months ended September 30, 2010 included \$15,251 of losses on our investment in Business Calcium, partially offset by \$1,079 of interest income.

Other expense for the nine months ended September 30, 2011 consisted of interest income on cash balances, short-term investments, notes receivable and other miscellaneous income. Other income (expense) for the nine

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months ended September 30, 2010 included \$24,055 of losses on our investment in Business Calcium and \$8,708 of losses on the disposal of property and equipment, partially offset by \$3,052 of interest income.

Net Income (Loss)

| Net Income (Loss) | 2011 | 2010 | Change from Prior Year | Percent Change from Prior Year | |
|----------------------------------|--------------|-----------|---------------------------|-----------------------------------|----|
| Three months ended September 30, | \$215,728 | \$183,774 | \$ 31,954 | 17.4 | % |
| Nine months ended September 30, | \$(131,809) | \$219,509 | \$ (351,318) | (160.0 |)% |

Our net income for the three months ended September 30, 2011 increased as compared to our net income the three months ended September 30, 2010 resulted primarily due to revenue growth partially offset by cost of sales, increases in sales and marketing and general and administrative expenses, each of which is described above.

Our net loss for the nine months ended September 30, 2011, as compared to our net income for the nine months ended September 30, 2010, resulted primarily due to revenue growth fully offset by cost of sales, increases in sales and marketing and general and administrative expenses, and the impacts of the loss from coupon promotion, each of which is described above.

Liquidity and Capital Resources

Our operating cash outflows were \$130,614 for the nine months ended September 30, 2011, as compared to inflows of \$740,906 for the nine months ended September 30, 2010, constituting an increase in cash used by operations of \$871,520. The change in net operating cash outflows is attributable to our \$131,809 net loss for the first nine months of 2011 (as compared to \$219,509 net income during the first nine months of 2010), a decrease in changes in working capital and other operating assets and liabilities of \$646,148, offset by increased non-cash charges of \$125,946. A portion of the significant cash flows from operations for the nine months ended September 30, 2010 was the result of an extension of our payment terms which resulted in an increase in accounts payable of \$632,834. Our cash flows were negatively affected in the nine months ended September 30, 2011 by the negative impacts of the coupon promotion described in "Recent Operating Performance" above.

Investing cash inflows for the nine months ended September 30, 2011 consisted of \$100,000 of cash received from the maturities of certificates of deposit, partially offset by \$30,000 of loans to Business Calcium, and \$25,445 of investments in equipment and website development costs to support our business operations and expansion into the consumer marketplace. Investing cash outflows for the nine months ended September 30, 2010 consisted of \$85,000 of cash from the sale of short-term investments, offset by a net cash outlay of \$100,395 for our investment in Business Calcium and \$151,170 of investments in equipment and website development costs to support our business operations and expansion into the consumer marketplace.

Our consolidated financial statements have been prepared assuming we will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. We have a recent history of operating losses and operating cash outflows. These factors raise substantial doubt about our ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from this uncertainty.

We intend to generate operating cash flows through the growth of our existing business, the improvement of operating margins and by growth through acquisitions. Although there can be no assurance, management believes such measures will provide enough liquidity to operate our current business and continue as a going concern in the short term.

Off-balance sheet arrangements

We did not have any off-balance sheet arrangements at September 30, 2011.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4.

Controls and Procedures.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed with an objective of ensuring that information required to be disclosed in our periodic reports filed with the Securities and Exchange Commission, such as this Quarterly Report on Form 10-Q, is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission. Disclosure controls are also designed with an objective of ensuring that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, in order to allow timely consideration regarding required disclosures.

The evaluation of our disclosure controls by our principal executive officer and principal financial officer included a review of the controls' objectives and design, the operation of the controls, and the effect of the controls on the information presented in this Quarterly Report. Our management, including our principal executive officer and principal financial officer, does not expect that disclosure controls can or will prevent or detect all errors and all fraud, if any. Also, projections of any evaluation of the disclosure controls and procedures to future periods are subject to the risk that the disclosure controls and procedures may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on their review and evaluation as of the end of the period covered by this Quarterly Report, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) are effective as of the end of the period covered by this report.

Changes In Internal Controls Over Financial Reporting

There have not been any changes in internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the fiscal quarter ending September 30, 2011, that have materially affected, or are reasonably likely to affect, our internal controls over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors.

There have been no material updates to the risk factors disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. (Removed and Reserved).

Item 5. Other Information.

None.

Item 6. Exhibits.

| Exhibit Number | Description |
|-------------------|-------------------------------------------------------------------------------------------------------------------------|
| 31.1 | Certification of Principal Executive Officer Pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934 |
| 31.2 | Certification of Principal Financial Officer Pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934 |
| 32.1 | Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 32.2 | Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERICA'S SUPPLIERS, INC.

By: /s/ Marc Joseph
Marc Joseph
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ Michael Moore
Michael Moore
Chief Financial Officer, Treasurer and
Secretary
(Principal Financial Officer)