I TRAX INC
Form 10QSB/A
February 23, 2001

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB/A

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: March 31, 2000

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT

Commission File Number: 0-30275

I-TRAX.COM, INC.
(Exact name of small business issuer in its charter)

Delaware	13-3212593
(State or other jurisdiction)	(I.R.S. Employer Identification No.)

One Logan Square, 130 N. 18th Street, Philadelphia, PA 19103
(Address of principal executive offices)

(215) 557-7488
(Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 [X]

State the number of shares outstanding of each of the issuer's classes of common equity, as of the last practicable date: As of March 31, 2000, the Registrant had 17,828,084 shares of its $0.001 par value Common Stock outstanding.

Transitional Small Business Disclosure Format (check one): Yes [ ] No [X]

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PART I Financial Statements

Item 1. Financial Statements

I-TRAX.COM, INC.
INDEX TO FINANCIAL STATEMENTS
(UNAUDITED)

I-TRAX.COM, INC.
BALANCE SHEETS

ASSETS

	March 31, 2000 (unaudited)
Current assets:	
Cash	$ 1,387,547
Accounts receivable	213,183
Prepaid expenses and other costs	169,524
Total current assets	1,770,254
Property and equipment, net	56,129
Security deposits	49,662
Total assets	$ 1,876,045

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:	
Accounts payable and accrued expenses	$ 144,865
Convertible note payable	-
Due to related parties	48,048

Total current liabilities		192,913
Commitments & Contingencies (Note 5)		-
Stockholders' Equity:		
Preferred Stock - $.001 par value, 2,000,000 shares authorized, -0- issued and outstanding		-
Common Stock - $.001 par value, 50,000,000 shares authorized, 17,828,084 and 16,028,084 issued and outstanding, respectively		17,828
Additional paid-in capital		2,948,879
Accumulated deficit		(1,283,575
Total stockholders' equity		1,683,132
Total Liabilities and Stockholders' Equity	$	1,876,045

See accompanying notes to financial statements (unaudited)

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I-TRAX.COM, INC.
STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2000 AND 1999
(UNAUDITED)

	Three months ended March 31, 2000	Three months ended March 31, 1999
Revenue	$ --	$ 223,950
Operating expenses:		
Cost of revenue	--	124,083
Selling, general and administrative	647,586	108,992
Research and development	583	41,707
Total operating expenses	648,169	274,782
Loss before other income (expenses) and provision for income tax	(648,169)	(50,832)
Other income (expenses):		
Miscellaneous income	11,253	

Interest expense	(24)	(168)
Total other income (expenses)	11,229	(168)
Loss before provision for income taxes	(636,940)	(51,000)
Provision for income taxes	--	--
Net loss	$ (636,940)	$ (51,000)
Basic:		
Net loss	$ (.04)	$ (.06)
Weighted average number of shares outstanding	16,928,084	853,000

See accompanying notes to financial statements (unaudited)

I-TRAX.COM, INC.
STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIENCY)
FOR THE THREE MONTHS ENDED MARCH 31, 2000
(UNAUDITED)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumula Defici
Balances at December 31, 1999	16,028,084	$ 16,028	$ 1,043,299	$(646,
Sale of common stock, net of costs	1,800,000	1,800	1,793,080	
Grant of Non-Qualified and Non-Plan options to consultants as consideration for services rendered	-	-	112,500	
Net loss for the three months ended March 31, 2000	-	-	-	(636,

Balances at March 31, 2000	17,828,084	$ 17,828	$ 2,948,879	$ (1,283,

See accompanying notes to financial statements (unaudited)

I-TRAX.COM, INC
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2000 AND 1999
(UNAUDITED)

	Three months ended March 31, 2000	Three months ended March 31, 1999
Operating activities:		
Net loss	$ (636,940)	$ (53,804)
Adjustments to reconcile net loss to net cash used for operating activities:		
Depreciation and amortization	7,204	542
Grant of non-qualified and non-plan options to consultants for services	112,500	--
Decrease (increase) in:		
Accounts receivable	198,855	42,550
Prepaid expenses and other current assets	(144,754)	(16,150)
Security deposits	(9,500)	--
(Decrease) increase in:		
Accounts payable and accrued expenses	(47,713)	(72,231)
Net cash used for operating activities	(520,348)	(99,093)
Investing activities:		
Purchase of property and equipment	(27,213)	(3,298)
Net cash used for investing activities	(27,213)	(3,298)
Financing activities:		
(Repayment of) proceeds from notes payable	(37,500)	150,000
Repayments to related parties	(18,000)	--
Net proceeds from sale of common stock	1,794,880	--
Net cash provided by financing activities	1,739,380	150,000

Net increase in cash	1,191,819	47,609
Cash and cash equivalents at beginning of year	195,728	52,882
Cash and cash equivalents at end of year	$ 1,387,547	$ 100,491
Supplemental disclosure of non-cash flow information:		
Cash paid during the year for:		
Interest	$ 24	$ 168
Income taxes	$ --	$ --

See accompanying notes to financial statements (unaudited).

I-TRAX.COM, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2000 AND 1999
(UNAUDITED)

NOTE 1-- ORGANIZATION AND NATURE OF BUSINESS

I-Trax.com, Inc (the "Company") was incorporated in the state of Delaware on May 23, 1969 under the name Marmac Corporation. During December 1979, the Company changed its name to Ibex Industries International, Inc. During April 1996, in connection with the acquisition of assets and the assumption of liabilities of various medical practices (which reverted back to the original owners during 1997 as a result of cash flow deficiencies), the Company changed its name to U.S. Medical Alliance, Inc. The Company, on August 27, 1999 changed its name to I-Trax.com, Inc. prior to the merger discussed below.

Prior to the Company's considering a merger with Memberlink, on September 3, 1999, it had entered into a Software and Proprietary Product Corporate License Agreement ("License Agreement), a Technical Service Agreement ("Technical Agreement") and a Management Service Agreement ("Management Agreement") with Memberlink for the use and exploitation of certain proprietary software created by Memberlink. In consideration for the technical and management support from Memberlink, the Company paid a $10,000 per month management fee to Memberlink and issued an aggregate of 2,000,000 shares of its common stock to it's officers and to key personnel responsible for the successful implementation and customization of the proprietary software. As consideration for the license, the Company issued 3,000,000 shares to Member Link Systems, Inc. ("Memberlink"), which were subsequently cancelled as a result of the merger discussed below

Pursuant to a merger agreement dated as of December 14, 1999 (with an effective date of December 30, 1999), the Company issued 8,000,082 shares of its common stock in exchange for all the issued and outstanding common stock of Member-Link Systems, Inc. ("Memberlink"). Memberlink, which is also a Delaware corporation, is a health information technology company which has developed certain software technology which it sells and licenses to various organizations, including but not limited to governmental agencies.

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I-TRAX.COM, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2000 AND 1999
(UNAUDITED)

NOTE 1-- ORGANIZATION AND NATURE OF BUSINESS (cont'd)

The merger of the Company and Memberlink has been treated as a recapitalization of Memberlink with Memberlink as the accounting acquirer (reverse acquisition). The accompanying financial statements reflect this transaction as if it had occurred on January 1, 1998. Such transaction is considered a capital transaction whereby Memberlink contributed its stock for the net assets of the Company. Upon consummation of the merger on December 30, 1999, the shareholders of Memberlink received 8,000,082 shares of the Company's common stock, which in addition to the previously owned shares represented 60% of the outstanding common stock immediately after the merger. Simultaneously with the merger, Memberlink's former President was elected as the Company's President. Upon consummation of the merger transaction the Company was recapitalized and Memberlink ceased to exist with the Company being the surviving entity. No goodwill or intangibles were recorded as the public shell (the Company) only had nominal assets and based on the reverse acquisition accounting rules, the merger is valued at the net tangible assets of the Company.

The Company has incurred substantial losses since incorporation. As of March 31, 2000, the accumulated deficit was $1,283,575. Moreover, the Company expects that its operating losses will continue for the foreseeable future. The Company's ability to continue as a going concern is primarily based on raising sufficient equity to meet its objectives.

NOTE 2-- INTERIM RESULTS AND BASIS OF PRESENTATION

The unaudited financial statements as of March 31, 2000 and for the three month periods ended March 31, 2000 and 1999 have been prepared by us and are unaudited. In our opinion, the unaudited financial statements have been prepared on the same basis as the annual financial statements and reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the financial position as of March 31, 2000 and the results of our operations and cash flows for the three month periods ended March 31, 2000 and 1999.

The results for the three month period ended March 31, 2000 are not necessarily indicative of the results to be expected for any subsequent quarter or the entire fiscal year ending December 31, 2000. The balance sheet at December 31, 1999 has been derived from the audited financial statements at that date.

I-TRAX.COM, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2000 AND 1999
(UNAUDITED)

NOTE 2-- INTERIM RESULTS AND BASIS OF PRESENTATION (cont'd)

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the Securities and Exchange Commission's rules and regulations. It is suggested that these unaudited financial statements be read in conjunction with our audited financial statements and notes thereto for the year ended December 31, 1999 as included in our report on Form 10-SB filed on April 10, 2000.

The Company recognizes revenues in accordance with Statement of Position 97-2 "Software Revenue Recognition" as further modified by Statement of Position 98-9 "Modification of SOP 97-2, "Software Revenue Recognition with Respect to Certain Transactions". SOP 97-2 was effective January 1, 1998 and generally requires revenue earned on software arrangements involving multiple elements such as software products, upgrades, enhancements, post-contract customer support, installation and training to be allocated to each element based on the relative fair value of the elements. SOP 98-9 amends SOP 97-2 to require that an entity recognize revenue for multiple element arrangements by means of the "residual method" when (1) there is vendor-specific objective evidence ("VSOE") of the fair values of all the undelivered elements that are not accounted for by means of long-term contract accounting, (2) VSOE of fair value does not exist for one or more of the delivered elements, and (3) all revenue recognition criteria of SOP 97-2 (other than the requirement for VSOE of the fair value of each delivered element) are satisfied.

Revenue from software development contracts is recognized on a percentage-of-completion method with progress to completion measured based upon labor hours incurred or achievement of contract milestones.

Revenue from re-sale of hardware and software, obtained from vendors, is recognized at the time hardware and software is delivered to customers.

Deferred revenue represents funds received in advance in excess of revenue recognized.

NOTE 3-- CONVERTIBLE NOTE PAYABLE

During 1996, the Company issued subordinated convertible promissory notes to investors, accruing interest at an annual rate of 10% which were convertible into shares of common stock at a conversion rate of one share for each $5 of principal and accrued and unpaid interest.

I-TRAX.COM, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2000 AND 1999
(UNAUDITED)

NOTE 3-- CONVERTIBLE NOTE PAYABLE (cont'd)

During October 1999, all such noteholders, except one, agreed to convert their principal balance on the notes which amounted to $405,500 at $1.50 per share. Accordingly, the Company issued 270,333 shares of its common stock to certain noteholders. All interest due pursuant to the notes was waived by all noteholders. The convertible note balance at December 31, 1999 amounting to $37,500 represents one noteholder who did not convert the note to common stock, and accordingly, was repaid the principal balance in full during the quarter ended March 31, 2000.

NOTE 4-- DUE TO RELATED PARTIES

Due to related parties as of March 31, 2000 amounting to $48,048 is comprised of the following:

i) Advances made by a former officer of Memberlink amounting to $35,683. The former officer and current shareholder of the Company has agreed to a repayment of the advances at a rate of $3,000 per month until fully paid, without interest, commencing April 2000.

ii) Advances made by a current officer of the Company (previously an officer of Memberlink) amounting to $679. The amount is due on demand and is non-interest bearing.

iii) Advances made by a relative of the officer discussed in (ii) above amounting to $11,686. The amount is also due on demand and is non-interest bearing.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

a) Lack of Insurance

The Company through March 14, 2000, did not maintain any liability insurance or any other form of general insurance. Although the Company is not aware of any claims resulting from product malfunctions or any other type, there is no assurance that none exists.

b) Significant customers and vendors.

For the three months ended March 31, 1999, the Company had one unrelated customer, which accounted for 100%, of total revenues. As of March 31, 2000, the Company had one unrelated customer, which accounted for 76% of accounts receivables.

I-TRAX.COM, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2000 AND 1999
(UNAUDITED)

NOTE 5 - COMMITMENTS AND CONTINGENCIES (cont'd)

c) Office Lease

On October 22, 1999, the Company entered into a non-cancelable lease agreement for its administrative offices pursuant to a five year lease expiring October 31, 2004 with annual rent at approximately $162,000 before annual escalations.

The Company's approximate future minimum rental payments under non-cancelable operating leases in effect on December 31, 1999 are as follows:

2000	$ 161,376
2001	166,212
2002	171,192
2003	176,352
2004	151,370
	$ 826,502

Prior to October 1999, the Company rented office space on a month to month basis at a rate of approximately $2,500 per month for a portion of the year ended December 31, 1999.

Rent expense for the three months ended March 31, 2000 and 1999 amounted to approximately $43,439 and $7,500, respectively.

d) Employment Agreements

i) On June 1, 1999, Member-Link entered into four employment agreements with certain officers' of the Company. The employment agreements terminate on May 31, 2000 with annual salaries ranging from $125,000 to $175,000. Subsequent to year end, the Company began renegotiating the remaining three employment agreements (since one was terminated) due to the merger effectuated on December 30, 1999.

ii) Effective April 4, 2000, the Company and an employee responsible to act as in-house counsel for the Company, executed an agreement of settlement for the termination of the underlying employment agreement entered on June 1, 1999. The Company agreed to pay $50,000, payable in $10,000 monthly installments commencing April 15, 2000 as settlement payments. The Company also agreed to arrange for the sale of 70,000 shares of the employee's common stock in the Company at a price of not less than $1.25 per share.

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I-TRAX.COM, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2000 AND 1999
(UNAUDITED)

NOTE 5 - COMMITMENTS AND CONTINGENCIES (cont'd)

d) Employment Agreements (contd)

iii) The Company entered into an employment agreement on November 29, 1999, with an individual to act as the Company's Chief Medical Officer at an annual salary of $85,000. In addition, the Company agreed to grant options to purchase 100,000 shares of common stock in accordance with the Company's newly established 2000 Equity Compensation Plan (see note 9(c)). Such options will vest in increments to be determined, but in no event no later than November 29, 2002. Such individual also received additional 100,000 common shares, valued at $12,500 for past services rendered to the Company during the year ended December 31, 1999. Lastly, the individual is also entitled to a sales bonus for sales (after costs and related expenses) of the Company's application systems for which he is primarily responsible.

e) Judgments

During 1998, several judgments were entered against U.S. Medical Alliance, the predecessor to the Company, relating among other things, the Company's prior line of business of managing physician practices. The allegations made in the underlying suits relate to wrongful discharge, general breach of contract, breach of equipment lease agreements and miscellaneous vendor claims. The aggregate amount of such judgments entered against the Company and certain associated physicians is approximately $600,000. None of the plaintiffs in the underlying suits have attempted to collect on the entered judgments. While it remains unclear whether the Company can successfully satisfy the judgments in a favorable manner, based on a reasoned opinion issued by the Company's special counsel retained to resolve these matters, the Company accrued, as of December 31, 1999, $22,500 as a reserve for satisfying such judgments.

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I-TRAX.COM, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2000 AND 1999
(UNAUDITED)

NOTE 6-- STOCKHOLDERS' EQUITY

a) Issuance of common stock for settlement of debt

During 1996, the Company issued subordinated convertible promissory notes to investors accruing interest at an annual rate of 10% which were convertible into shares of common stock at a conversion rate of one share for each $5 of principal and accrued and unpaid interest.

During October 1999, all such noteholders, except one, agreed to convert their principal balance on the notes which amounted to $405,500 at $1.50 per share. Accordingly, the Company issued 270,333 shares of its common stock to certain noteholders. All accrued and unpaid interest on such notes was waived by all noteholders. The convertible note balance at December 31, 1999 amounting to $37,500 represents one noteholder who did not convert the note to common stock, and accordingly, was repaid the principal balance in full during the quarter ended March 31, 2000.

b) Sale of common stock

During January and February 2000, the Company sold an aggregate of 1,800,000 shares of its common stock at $1 per share yielding net proceeds of approximately $1,794,880 after certain offering expenses. Such shares were sold pursuant to Rule 506 of Regulation D promulgated under the Securities Act of 1933.

c) 2000 Equity Compensation Plan

During February 2000, the Company established the 2000 Equity Compensation Plan (the "Plan") to provide (i) designated employees of the Company and its subsidiaries, (ii) certain consultants and advisors who perform services for the Company or its subsidiaries, and (iii) non-employee members of the Board of Directors of the Company with the opportunity to receive grants of incentive stock options, non-qualified stock options and restricted stock. The aggregate number of shares of common stock of the Company that may be issued or transferred under the Plan is 3,000,000 shares. The maximum aggregate number of shares of that shall be subject to grants made under the Plan to any individual during any calendar year shall be 350,000 shares.

NOTE 6-- STOCKHOLDERS' EQUITY (cont'd)

c) 2000 Equity Compensation Plan (cont'd)

As of March 31, 2000, the Company has granted an aggregate of 550,000 incentive and non-qualified stock options pursuant to the above plan with exercise prices ranging between $1 and $2 per shares pursuant to a vesting period commencing June 12, 2000 through March 14, 2002.

In addition, during the three months ended March 31, 2000, the Company granted 250,000 non-plan options to a consultant which vest over a period of six months commencing January 1, 2000. For the three months ended March 31, 2000, the Company recorded $112,500 of consulting expenses on account of such options.

NOTE 7-- SUBSEQUENT EVENT

On April 10, 2000, the Company entered into a non-cancelable lease agreement for its executive offices pursuant to a five-year lease expiring June 29, 2005 with annual rent of approximately $123,000 per year before annual escalations.

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

Basis of Presentation

The following discussion of the financial condition and related results of operations of I-Trax.com, Inc. (the "Company") should be reviewed in conjunction with the financial statements of the Company and related notes appearing on the preceding pages as well as the Company's audited financial statement for the fiscal year ended December 31, 1999, attached to our Registration Statement on Form 10-SB, filed on April 10, 2000. The Company believes that the merger of Member-Link Systems, Inc., into the Company effective as of December 30, 1999 will have substantial impact on its future operating results.

Introduction

We were incorporated in the State of Delaware under the name of Marmac Corporation in May 1969. In December 1979, we changed the Company's name to Ibex Industries International, Inc. On April 1, 1996, we purchased the assets of certain physician practices, changed the Company's name to U.S. Medical Alliance, Inc., and commenced operations as a physician practice management company.

As U.S. Medical Alliance, we completed one additional physician practice acquisition. However, we did not have adequate liquidity and capital resources to withstand the downturn in the physician practice management industry, nor the ability to acquire profitable physician practices.

During 1997, the Company, formerly known as US Medical Alliance, Inc., ceased doing its business activities as a physician practice management company and embarked on a program of winding down such activities, returning physician practice assets to physicians in exchange for cancellation of stock in the Company issued for such assets, and settling its obligations. During 1998, the Company had no operations. In August, 1999, six principal stockholders of the Company purchased 4,000,000 shares of the Company's Common Stock for $400,000 to raise working capital which enabled the Company to enter into a license agreement, a technical services agreement and a management services agreement with Member-Link Systems, Inc., a health information technology company, to own and develop the Internet application of an immunization tracking system known as "I-Trax." As consideration for these agreements, we issued 3,000,000 shares of our Common Stock to Member-Link and an aggregate of 2,000,000 shares of our Common Stock to certain executive officers of Member-Link. We also changed our name to "I-Trax.com, Inc." on August 27, 1999.

Effective as of December 30, 1999, Member-Link merged with and into us pursuant to a Merger Agreement dated as of December 14, 1999. In the merger, each of the 1,809,686 outstanding shares of Common Stock of Member-Link was converted into a right to receive 4.4207 shares of our Common Stock. An aggregate of 8,000,082 shares of our Common Stock was issued in the merger. The 3,000,000 shares of our Common Stock held of record by Member-Link at the time of the merger were canceled. As a further consequence of the merger, each of the license agreement, the technical services agreement and management services agreement were canceled.

Overview

The Company has historically developed enterprise or client server applications for collecting disease specific data at the point of care. The Company has just begun the development of its Internet applications and no revenues have been generated from these applications. The Company intends to increase significantly its expenditures primarily in the areas of product development, client services, business development, and sales and marketing. As a result, the Company expects to incur substantial operating losses over the next twelve months.

The Company's current primary sources of revenues are license fees and product development fees it charges its customers. In the future, the Company expects to generate a significant portion of its revenue from subscriptions to the Company's products delivered over the Internet.

Results of Operations

Three Months Ended March 31, 2000 Compared to Three Months Ended March 31, 1999.

Total revenues for quarter ended March 31, 2000 were $0.00 as compared to $223,950 for the quarter ended March 31, 1999.

Cost of Revenue was $0.00 for the quarter ended March 31, 2000 as compared to $124,083 for the same items in the first quarter of 1999, consisting primarily of computer hardware, networking and consulting.

Research and development expenses amounted to $583 for the quarter ended March 31, 2000, as compared to $41,707 for the quarter ended March 31, 1999, which consisted primarily of employee compensation and information systems personnel. Although the Company has expensed its R&D costs in the past, it will likely capitalize a significant percentage of the costs associated with the development of its web-based versions of its existing products in the future.

Selling, general and administrative expenses consist primarily of compensation for legal, finance, sales, management, travel, rent, telephone and consulting services. Selling, general and administrative expenses were $647,586 for the quarter ended March 31, 2000 and $108,992 for the quarter ended March 31, 1999. The increase resulted primarily from increased costs necessary to support the growth of the Company's business activities. The Company intends to increase the amounts it spent in these categories to support continued growth and expansion in future periods.

Liquidity and Capital Resources

The Company's accumulated deficit of $1,283,575 from inception has been funded through capital contributions from the sale of common stock of the Company. On February 20, 2000, the Company completed a private placement of 1,800,000 shares of its Common Stock at $1.00 per share to fund the next phase of the Company's planned expansion. The Company believes that these funds, together with anticipated revenue, will be sufficient to meet the Company's present business expansion requirements until the end of the third quarter of 2000. Although the Company plans to seek additional capital during that period, there can be no assurance that such financing will be available on acceptable terms, if at all.

At March 31, 2000, the Company's cash and cash equivalents were $1,387,547. The Company's principal source of liquidity is the cash obtained from the private placement transaction. The Company currently has no available credit facilities to fund operating cash flow or investment opportunities.

During 1998, several judgments were entered against U.S. Medical Alliance, the predecessor to the Company, relating among other things, to the Company's prior line of business of managing physician practices. The allegations made in the underlying suits relate to wrongful discharge, general breach of contract, breach of equipment lease agreements and miscellaneous vendor claims. The aggregate amount of such judgments entered against the Company and certain associated physicians is approximately $600,000. None of the plaintiffs in the underlying suits has attempted to collect on the judgments. While it remains unclear whether the Company can successfully satisfy the judgments in a favorable manner, based on a reasoned opinion issued by the Company's special counsel retained to resolve these matters, the Company has accrued, as of December 31, 1999, approximately $22,500, with a related charge to operations, as a reserve for satisfying such judgments.

Factors Affecting the Company's Business and Prospects

The Company expects to experience significant fluctuations in its future quarterly operating results due to a variety of factors, many of which are outside the Company's control. These issues are discussed more fully in the Risk Factors section in Item 1 of this Form 10-SB.

Market Risk

The Company has no material interest-bearing assets or liabilities, nor does the Company have any current exposure for changes in foreign currency exchange rates. The Company does not use derivatives or other financial instruments. The Company's financial instruments consist of cash and receivables. The market values of these financial instruments approximate book value.

Inflation

The financial statements are presented on a historical cost basis and do not fully reflect the impact of prior years' inflation. While the U.S. inflation rate has been modest for several years, inflation issues may impact the Company's business in the future. The ability to pass on inflation costs is an uncertainty due to general economic conditions and competitive situations.

Year 2000 Preparation

Software failures due to calculations using Year 2000 dates are a known risk. Although the most critical date (January 1, 2000) has occurred without incident in our software, problems with Year 2000 software could nonetheless result in system failures or miscalculations causing disruptions of operations, including, among others, a temporary inability to process transactions, send invoices or engage in similar normal business activities. To date, the Company has experienced very few problems related to Year 2000 testing and those requiring modification have been fixed. The Company does not believe that there is material exposure to the Year 2000 issue with respect to its electronic commerce transaction processing and online activity since these systems correctly define the Year 2000. The Company is nonetheless conducting an analysis to determine whether others with whom the Company does business have Year 2000 issues on a continual basis.

The Company has not incurred any material expenses in addressing Year 2000 compliance to date.

PART II Other Information

Item 1. Legal Proceedings

None.

Item 2. Change in Securities

On February 20, 2000, we completed the sale of 1,800,000 shares of our Common Stock for an aggregate consideration of $1,800,000, at a price of $1.00 per share, in a series of closings pursuant to a private placement to accredited investors. The entire proceeds of the Private Placement, $1,794,880 (net of costs), is being used by the Company for working capital. In issuing such private placement shares, we relied on an exemption from registration under Section 4(2) of the Securities Act and Regulation D thereunder. We filed with the SEC a Form D in connection with the issuance of our shares in this private placement.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

27.1 Financial data schedule.

SIGNATURES

In accordance with Section 12 of the Securities Exchange Act of 1934, the registrant caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

I-TRAX.COM, INC.

Date: February 23, 2001

By: /s/ Frank A. Martin

Name: Frank A. Martin
Title: Chief Executive Officer