

AMHN, Inc.  
Form 10-Q  
November 05, 2010  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2010

**TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 000-16731

**AMHN, INC.**

(Exact Name of Small Business Issuer as Specified in Its Charter)

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**Nevada**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**87-0233535**  
(I.R.S. Employer  
Identification No.)

**100 North First Street, Suite 104, Burbank, California 91502**  
(Address of Principal Executive Offices)

**(424) 239-6781**  
(Issuer's Telephone Number)

N/A

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

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

**APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS**

**DURING THE PRECEDING FIVE YEARS:**

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

The number of shares outstanding of the Issuer's Common Stock as of November 5, 2010 was 16,290,209.

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**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

In the opinion of management, the accompanying unaudited financial statements included in this Form 10-Q reflect all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the results of operations for the periods presented. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year.

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**AMHN, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

	September 30, 2010 (Unaudited)	December 31, 2009
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 23,946	\$ 165
Accounts receivable	4,080	
Prepaid expense		3,000
Assets of discontinued operations-current		66,708
<b>Total current assets</b>	<b>28,026</b>	<b>69,873</b>
<b>Fixed Assets:</b>		
Fixed assets, net of accumulated depreciation of \$88,642 and \$0 at September 30, 2010 and December 31, 2009, respectively	192,380	
Assets of discontinued operations-non-current		779,893
<b>Other Assets:</b>		
Segment library, net of accumulated amortization of \$11,246 and \$0 at September 30, 2010 and December 31, 2009, respectively	2,249	
Goodwill	288,443	
<b>Total other assets</b>	<b>290,692</b>	
<b>Total assets</b>	<b>\$ 511,098</b>	<b>\$ 849,766</b>

**LIABILITIES AND STOCKHOLDERS DEFICIT**

<b>Current Liabilities:</b>		
Accounts payable	\$ 1,007,824	\$ 90,186
Accrued expenses	324,854	217,216
Advances from related party	26,000	
Liabilities of discontinued operations-current		853,416
<b>Total current liabilities</b>	<b>1,358,678</b>	<b>1,160,818</b>
<b>Total liabilities</b>	<b>1,358,678</b>	<b>1,160,818</b>

**Commitments and Contingencies**

**Stockholders Deficit:**

Preferred stock - par value \$0.001; 10,000,000 shares authorized; no shares issued and outstanding

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Common stock - par value \$0.001; 50,000,000 shares authorized; 16,290,209 and 15,790,209 shares issued and outstanding at September 30, 2010 and December 31, 2009, respectively	16,290	15,790
Additional paid in capital	1,612,731	1,563,231
Accumulated deficit	(2,476,601)	(1,890,073)
Total stockholders' deficit	(847,580)	(311,052)
Total liabilities and stockholders' deficit	\$ 511,098	\$ 849,766

The accompanying footnotes are an integral part of these financial statements.

**Table of Contents****AMHN, INC. AND SUBSIDIARIES****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

	Three Months Ended September 30,		Nine Months Ended September 30,	For the Period April 2, 2009 through September 30, 2009
	2010	2009	2010	
Operating revenues	\$ 22,120	\$	\$ 27,854	\$
Operating expenses:				
Operating costs	32,625		39,568	
General and administration	82,270	350,911	286,618	350,911
Depreciation and amortization	29,909		38,642	
Total operating expense	144,804	350,911	364,828	350,911
Other income and (expense):				
Gain on disposal of discontinued operation	59,664		59,664	
Interest expense	(64,086)		(64,086)	
	(4,422)		(4,422)	
Loss from continuing operations before taxes	(127,106)	(350,911)	(341,396)	(350,911)
Provision for income taxes				
Loss from continuing operations	(127,106)	(350,911)	(341,396)	(350,911)
Discontinued operations:				
Loss from discontinued operations	(42,972)	(140,349)	(445,161)	(672,319)
Gain from disposal of America's Minority Health Network, Inc.	200,029		200,029	
Loss from discontinued operations	157,057	(140,349)	(245,132)	(672,319)
Net income (loss)	\$ 29,951	\$ (491,260)	\$ (586,528)	\$ (1,023,230)
Net loss per share:				
From continuing operations, basic and diluted	\$ (0.01)	\$ (0.03)	\$ (0.02)	\$ (0.06)
From discontinued operations, basic and diluted	0.01	(0.01)	(0.02)	(0.11)
Net loss per share, basic and diluted	\$ 0.00	\$ (0.04)	\$ (0.04)	\$ (0.17)
Weighted average number of shares outstanding	16,290,209	11,655,566	15,995,337	5,951,846

The accompanying footnotes are an integral part of these financial statements.



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## AMHN, INC. AND SUBSIDIARIES

## UNAUDITED CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY (DEFICIT)

## FOR THE PERIOD FROM JANUARY 1, 2008 TO SEPTEMBER 30, 2010

	Common Stock Shares	Common Stock Amount	Additional Paid in Capital	Treasury Stock	Accumulated Deficit	Total
<b>Balance, January 1, 2008</b>	620,743	\$ 620	\$ 501,059	\$ (107,794)	\$ 23,653	\$ 417,538
Issuance of common stock for deferred consulting fees	500,000	500	249,500			250,000
Purchase of treasury stock				(46,570)		(46,570)
Treasury shares cancellation	(103,170)	(103)	(154,261)	154,364		
Dividend					(206,719)	(206,719)
Net loss					(395,552)	(395,552)
<b>Balance, December 31, 2008</b>	1,017,573	1,017	596,298		(578,618)	18,697
Effect of merger and recapitalization pursuant to execution of Security Exchange Agreement	14,197,636	14,198	690,008		343,086	1,047,292
Stock issued for services	575,000	575	276,925			277,500
Net loss					(1,654,541)	(1,654,541)
<b>Balance, December 31, 2009</b>	15,790,209	15,790	1,563,231		(1,890,073)	(311,052)
Stock issued to acquire Spectrum Health Network, Inc.	500,000	500	49,500			50,000
Net loss					(586,528)	(586,528)
<b>Balance, September 30, 2010</b>	16,290,209	\$ 16,290	\$ 1,612,731	\$	\$ (2,476,601)	\$ (847,580)

The accompanying footnotes are an integral part of these financial statements.



**Table of Contents****AMHN, INC. AND SUBSIDIARIES****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Nine Months Ended September 30, 2010	For the Period April 2, 2009 through September 30, 2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES - CONTINUING OPERATIONS</b>		
Net loss	\$ (586,528)	\$ (1,023,230)
Adjustments to reconcile net loss to net cash flows from operating activities - continuing operations:		
Depreciation	34,556	
Amortization of intangible assets	4,086	
Cash received in acquisition of Spectrum Health Network, Inc.	2,844	
Shares issued for services		579,168
Liabilities assumed in reverse merger with Croff		42,079
Effect of recapitalization		(100,679)
Changes in assets and liabilities		
Accounts receivable	5,033	
Prepaid expense	9,023	
Accounts payable	451,798	2,205
Accrued expenses and other liabilities	109,784	295,006
Net cash flows used in operating activities	30,596	(205,451)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of common shares		700,000
Net cash flows provided by financing activities		700,000
<b>DISCONTINUED OPERATIONS:</b>		
Operating activities	1,028,714	(136,224)
Investing activities	(285,500)	(638,500)
Financing activities	(550,000)	300,000
Gain from disposal	(200,029)	
Net cash flows provided by discontinued operations	(6,815)	(474,724)
Increase in cash	23,781	19,825
Cash, beginning of period	165	
Cash, end of period	\$ 23,946	\$ 19,825

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:**

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Interest paid	\$	\$
Income taxes paid	\$	\$

SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING ACTIVITIES:

Accounts receivable	\$	5,793	\$
Fixed assets		231,580	
Intangible assets		6,748	
Accounts payable		(461,272)	
Accrued expenses		(18,448)	
Goodwill		288,443	
Common stock issued by AMHN, Inc.		(50,000)	
Cash from acquisition of Spectrum Health Network, Inc.	\$	2,844	\$

The accompanying footnotes are an integral part of these financial statements.

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**AMHN, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2010**

**NOTE 1 ORGANIZATION AND BASIS OF PRESENTATION**

The unaudited financial statements included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ( SEC ). These unaudited financial statements reflect all adjustments, including normal recurring adjustments which, in the opinion of management, are necessary to present fairly the operations and cash flows for the periods presented.

The Company was incorporated in Utah in 1907 under the name Croff Mining Company ( Croff ). The Company changed its name to Croff Oil Company in 1952 and in 1996 changed its name to Croff Enterprises, Inc. In the twenty (20) years prior to 2008, the Company's operations consisted entirely of oil and natural gas production. Due to a spin-off of its operations in December 2007, Croff had no business operations or revenue source and had reduced its operations to a minimal level, although it continued to file reports required under the Securities Exchange Act of 1934. As a result of the spin-off, Croff was a shell company under the rules of the Securities and Exchange Commission ( SEC ).

**Agreement and Plan of Reorganization**

On July 6, 2009, Croff entered into an Agreement and Plan of Reorganization (the Agreement ) with AMHN Acquisition Corp., a newly formed Delaware corporation and wholly owned subsidiary of Croff ( Merger Sub ), America's Minority Health Network, Inc., a Delaware corporation ( America's Minority Health Network ) and the major shareholders of the America's Minority Health Network (the Major Shareholders ). The terms of the Agreement provide for (i) the transfer of 100% of the issued and outstanding shares of common stock of America's Minority Health Network in exchange for the issuance to the shareholders of America's Minority Health Network of an aggregate of 13,693,689 shares of common stock of Croff (the Croff Common Stock ) at a conversion ratio where one share of America's Minority Health Network is converted into 13,693.689 shares of Croff; (ii) the resignations of the Company's officers and directors prior to the consummation of the Agreement and the election and appointment of officers and directors as directed by America's Minority Health Network; and (iii) America's Minority Health Network to become a wholly owned subsidiary of Croff. A full description of the terms of the Agreement (the Transaction ) is set forth in the Agreement as filed as an exhibit to the Report on Form 8-K filed with the Securities and Exchange Commission on July 10, 2009.

On July 27, 2009, the Closing Date of the Transaction pursuant to the terms and conditions of the Agreement, Croff acquired 100% of the issued and outstanding shares of America's Minority Health Network in exchange for the issuance of an aggregate of 13,693,689 shares of Croff Common Stock. In accordance with the provisions of this triangulated merger, Merger Sub merged with and into America's Minority Health Network as of the Effective Date of the Agreement, as that term is defined therein. Upon consummation of the Agreement and all transactions contemplated therein, the separate existence of Merger Sub ceased, Croff became the surviving parent corporation, and America's Minority Health Network became its wholly owned subsidiary (the Company's subsidiary ).

As a result of the Transaction, Croff ceased being a shell company. The sole business of Croff became that of its operating subsidiary, America's Minority Health Network. Croff experienced a change in control and the former shareholders of America's Minority Health Network acquired control of the Company. For accounting purposes, the Transaction was treated as a reverse merger. As a result of the Transaction, the figures contained in the financial statements are those of America's Minority Health Network, the operating company.

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**AMHN, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2010**

**NOTE 1 ORGANIZATION AND BASIS OF PRESENTATION (Continued)**

Agreement with Global Arena Capital Corp.

On September 11, 2009, the Company's Board of Directors approved an agreement with Global Arena Capital Corp. (the "Global Agreement") through which Global Arena Capital Corp. ("Global") would serve as the Company's exclusive placement agent in an attempt to raise up to five million dollars (\$5,000,000) through the offer and sale by the Company of its securities. Under a related private placement memorandum ("PPM"), the Company offered twenty-five (25) units for the purchase price of two hundred thousand dollars (\$200,000) each (the "Offering"). Each unit consisted of 200,000 shares of the Company's Common Stock and a detachable, transferable Warrant to purchase 70,000 shares of the Company's Common Stock. The Warrant was exercisable in whole or in part during the five-year period following issuance at an exercise price of \$1.10 per share. The Offering period was for sixty (60) days and could be extended for an additional sixty (60) day period. No funds were raised under the Offering and the Offering was closed on January 9, 2010.

Upon execution of the Global Agreement, the Company agreed to pay a retainer to Global through the issuance of 76,075 Warrants exercisable for one cent (\$0.01) which represented one half of one percent (0.50%) of the then issued and outstanding shares of Common Stock of the Company. The Warrants were accounted for in the third quarter of 2009, but have not yet been issued. The Warrants have not been registered under the Securities Act or the securities laws of any state, and such securities will be issued in reliance upon exemptions from the registration requirements of such laws, which depend in part, on the intent of the warrant holder not to make distribution of such securities.

Name Change/Redomicile

On September 14, 2009, the Company changed its name to AMHN, Inc. Unless otherwise stated or unless the context otherwise requires, the description of our business set forth below is provided on a combined basis. The Company's office is located at 100 North First Street, Suite 104, Burbank, California 91502.

On September 23, 2009, the Company's Board of Directors approved the redomicile of the Company from Utah to Nevada and approved the AMHN, Inc. 2009 Long Term Incentive Compensation Plan ("LTIP"). On March 28, 2010, the Company's Board of Directors approved a revision to the Plan to increase the number of shares available for issuance to an aggregate of 1,500,000 shares. All other provisions of the Plan remain unchanged. The Company subsequently approved a change in the par value of the Company's Common and Preferred Stock to \$0.001 per share. On July 20, 2010, the Company's shareholders who own an aggregate of 8,900,898 shares (or 55%) of the Company's outstanding shares approved the actions.

Acquisition of Spectrum Health Network, Inc.

On June 1, 2010, AMHN entered into an Agreement and Plan of Reorganization (the "Spectrum Acquisition Agreement") with Spectrum Acquisition Corp., a newly formed Delaware corporation and wholly owned subsidiary of AMHN ("Merger Sub"), Spectrum Health Network, Inc., a Delaware corporation ("Spectrum") and the sole shareholder of Spectrum (the "Sole Shareholder"). The terms of the Spectrum Acquisition Agreement provided for (i) the transfer of 100% of the issued and outstanding shares of common stock of Spectrum to AMHN in exchange for the issuance to the Sole Shareholder of Spectrum of an aggregate of 500,000 shares of common stock of AMHN (the "AMHN Common Stock") at a conversion ratio where one share of Spectrum is converted into 500 shares of AMHN; (ii) AMHN's assumption of all the assets and liabilities of Spectrum; (iii) the officers and directors of Spectrum to retain their respective positions in the Merger Sub; and (iv) Spectrum to become a wholly owned subsidiary of AMHN. On June 11, 2010, the Closing



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**AMHN, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2010**

**NOTE 1 ORGANIZATION AND BASIS OF PRESENTATION (Continued)**

Acquisition of Spectrum Health Network, Inc. (Continued)

Date of the Transaction pursuant to the terms and conditions of the Acquisition Agreement, AMHN acquired 100% of the issued and outstanding shares of Spectrum in exchange for the issuance of an aggregate of 500,000 shares of AMHN Common Stock. In accordance with the provisions of this triangulated merger, Merger Sub was merged with and into Spectrum as of the Effective Date of the Acquisition Agreement, the separate existence of Merger Sub ceased, and Spectrum became a wholly owned subsidiary of AMHN. In conjunction with the Acquisition Agreement, AMHN assumed the assets and liabilities of Spectrum totaling approximately \$247,000 and \$480,000, respectively. The excess of the purchase price over the net liabilities assumed was recorded as goodwill on the consolidated balance sheet.

Spectrum sells its network to independent physician associations ( IPAs ) and is supported by ad revenue. Currently the company has 148 offices subscribed to the service with 124 live sites. Spectrum's new business plan has been to market as a subscription service for a one-time fee of \$3,500 per location for each system, plus an ongoing monthly service fee ranging from \$102 to \$250 per month per location. To date, Spectrum has not converted any of its existing clients to the subscription service. Spectrum has developed a primary target list of prospective IPAs, which if subscribed, would represent a minimum of 640 potential locations, with each location supporting its own system. There are approximately 3,500 IPAs operating in the United States. Of this total, an estimated 2,000 fall under the category of the Staff Model where staff are fulltime employees directed under a corporate management structure; another 1,500 are considered a Staff/Hybrid Model where the IPA is created to facilitate a Primary Care Group and still enable specialized physicians to maintain their own practices, but also the benefits of achieving economies of scale from the formation of an association to operate and help manage their practice.

Discontinued Operations

On July 30, 2010, the Company and Seatac sent joint instruction to the escrow agent, pursuant to which the escrow agent was instructed to transfer the stock certificate representing all of the outstanding shares of America's Minority Health Network being held in escrow to Seatac. The Company also entered into a trademark assignment with Seatac whereby the Company transferred all rights, title and interest in the mark America's Minority Health Network, Inc. and the goodwill associated with such mark. The Company's settlement with Seatac did not include the surrender of Spectrum or the satisfaction of a trade payable to Seatac in the amount of \$480,465. (See Note 5). As of the transfer of America's Minority Health Network, the Company's sole business became that of Spectrum. The Company recognized a gain on disposal the assets and liabilities of America's Minority health Network, Inc. of \$200,029. This amount has been recorded in the statements of operations.

Business Overview

Spectrum sells its network to independent physician associations ( IPAs ) and currently has 148 offices subscribed to the service with 124 live sites. Spectrum's new business plan is to market as a subscription service for a one-time fee of \$3,500 per location for each system, plus an ongoing monthly service fee ranging from \$102 to \$250 per month per location. To date, Spectrum has not converted any of its existing clients to a subscription service. If Spectrum is able to convert its existing client base to a subscription service, then at the lowest price threshold, Spectrum expects to net approximately \$13,000 per month in network maintenance revenue. Spectrum has developed a primary target list of prospective IPAs which, if subscribed, would represent a minimum of 640 potential locations, with each location supporting its own system. There are approximately 3,500 IPAs operating in the United States. Of this total, an estimated 2,000 fall under the

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**AMHN, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2010**

**NOTE 1 ORGANIZATION AND BASIS OF PRESENTATION (Continued)**

**Business Overview (Continued)**

category of the Staff Model where staff are fulltime employees directed under a corporate management structure; another 1,500 are considered a Staff/Hybrid Model where the IPA is created to facilitate a Primary Care Group and still enable specialized physicians to maintain their own practices, but also the benefits of achieving economies of scale from the formation of an association to operate and help manage their practice.

**Accounting Standard Codification**

Effective July 1, 2009, the Company adopted the Financial Accounting Standards Board ( FASB ) Accounting Standards Codification ( ASC ) 105-10, Generally Accepted Accounting Principles Overall ( ASC 105-10 ). ASC 105-10 establishes the FASB Accounting Standards Codification (the Codification ) as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. GAAP. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants. All guidance contained in the Codification carries an equal level of authority. The Codification superseded all existing non-SEC accounting and reporting standards. All other non-grandfathered, non-SEC accounting literature not included in the Codification is non-authoritative. The FASB will not issue new standards in the form of Statements, FASB Positions or Emerging Issue Task Force Abstracts. Instead, it will issue Accounting Standards Updates ( ASUs ).

The FASB will not consider ASUs as authoritative in their own right. ASUs will serve only to update the Codification, provide background information about the guidance and provide the bases for conclusions on the change(s) in the Codification. References made to FASB guidance throughout this document have been updated for the Codification.

**Going Concern**

The financial statements of the Company have been prepared in conformity with generally accepted accounting principles in the United States of America, and assume that the Company will continue as a going concern. Due to the start-up nature of the Company's business, the Company expects to incur losses as it expands. To date, the Company's cash flow requirements have been entirely met with funds raised through loans from a strategic vendor and shareholder of the Company. There is no assurance that additional funds will be available for the Company to finance its operations should the Company be unable to realize profitable operations. These conditions, among others, give rise to substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should the Company be unable to continue in operation.

These financial statements have been prepared on a going concern basis which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company has generated revenues of only \$27,854 since the acquisition of Spectrum and has an accumulated deficit of \$2,476,601 through September 30, 2010. The Company needs to raise additional funds to carry out its business plan.

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**AMHN, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2010**

**NOTE 1 ORGANIZATION AND BASIS OF PRESENTATION (Continued)**

Going Concern (Continued)

Besides generating revenues from proposed operations, the Company may need to raise additional capital to expand operations to the point at which the Company can achieve profitability. The terms of financing that may be raised may not be on terms acceptable by the Company. If adequate funds cannot be raised outside of the Company, the Company's current shareholders may need to contribute funds to sustain operations.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments and other short-term investments with maturity of three months or less, when purchased, to be cash equivalents. The Company maintains cash and cash equivalent balances at one financial institution that is insured by the Federal Deposit Insurance Corporation.

Fixed Assets

The Company currently has 148 offices subscribed and 124 live sites commissioned as of this filing. Depreciation commences on the first day of the month following the installation of the sites and is calculated using the straight-line method over the estimated useful lives of the related assets. Costs of maintenance and repairs will be charged to expense as incurred. Depreciation of \$88,642 for continuing operations was recorded for the period from April 2, 2009 (Inception) through September 30, 2010.

Segment Library

The segment library is reflected as intangible assets on the accompanying condensed consolidated balance sheet with a useful life of 5 years. These costs represent the production costs relating to producing the segments that will be presented in the professional offices. Management has determined the life of the segment library to be 5 years. The Company amortizes the segments commencing on the first day of the month following the segments placed into service. Amortization expense was \$11,246 for continuing operations for the period April 2, 2009 (Inception) through September 30, 2010.

Recoverability of Long-Lived Assets

The Company will review their recoverability on a periodic basis whenever events and changes in circumstances have occurred which may indicate a possible impairment. The assessment for potential impairment will be based primarily on the Company's ability to recover the carrying value of its long-lived assets from expected future cash flows from its operations on an undiscounted basis. If such assets are determined to be impaired; the impairment recognized is the amount by which the carrying value of the assets exceeds the fair value of the assets. Fixed assets to be disposed of by sale will be carried at the lower of the then current carrying value or fair value less estimated costs to sell.



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AMHN, INC.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2010**

**NOTE 1 ORGANIZATION AND BASIS OF PRESENTATION (Continued)**

Fair Value of Financial Instruments

The carrying amount reported in the balance sheet for cash and cash equivalents, accounts payable, and accrued expenses approximate fair value because of the immediate or short-term maturity of these financial instruments. The Company does not utilize derivative instruments.

Stock-Based Compensation

The Company adopted the provisions of ASC 718-10 *Share Based Payments* . The adoption of this principle had no effect on the Company's operations.

ASC 718-10 requires recognition of stock-based compensation expense for all share-based payments based on fair value.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Company has elected to use the modified-prospective approach method. Stock-based compensation expense for all awards granted is based on the grant-date fair values. The Company recognizes these compensation costs, net of an estimated forfeiture rate, on a pro rata basis over the requisite service period of each vesting tranche of each award. The Company considers voluntary termination behavior as well as trends of actual option forfeitures when estimating the forfeiture rate.

The Company measures compensation expense for its non-employee stock-based compensation under ASC 505-50, *Accounting for Equity Instruments that are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services* . The fair value of the option issued is used to measure the transaction, as this is more reliable than the fair value of the services received. The fair value is measured at the value of the Company's common stock on the date that the commitment for performance by the counterparty has been reached or the counterparty's performance is complete. The fair value of the equity instrument is charged directly to compensation expense and additional paid-in capital. For common stock issuances to non-employees that are fully vested and are for future periods, the Company classifies these issuances as prepaid expenses and expenses the prepaid expenses over the service period. At no time has the Company issued common stock for a period that exceeds one year.

Income Taxes

The Company accounts for income taxes utilizing the liability method of accounting. Under the liability method, deferred taxes are determined based on differences between financial statement and tax bases of assets and liabilities at enacted tax rates in effect in years in which differences are expected to reverse.

Valuation allowances are established, when necessary, to reduce deferred tax assets to amounts that are expected to be realized.

**Table of Contents****AMHN, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2010****NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Discontinued Operations**

The gains and losses from the disposition of certain income-producing assets and associated liabilities, operating results, and cash flows are reflected as discontinued operations in the consolidated financial statements for all periods presented. Although net earnings are not affected, the Company has reclassified results that were previously included in continuing operations as discontinued operations for qualifying dispositions. The Company has also recognized a gain (loss) on disposal of any discontinued operations in the period the operations were disposed.

**Revenue Recognition**

The Company generates revenue from the sale of advertising spots on its network. The revenue will be recognized in the month in which the spots run.

**Loss per Share of Common Stock**

Basic net loss per common share is computed using the weighted average number of common shares outstanding. Diluted earnings per share (EPS) include additional dilution from common stock equivalents, such as stock issuable pursuant to the exercise of stock options and warrants. Common stock equivalents are not included in the computation of diluted earnings per share when the Company reports a loss because to do so would be anti-dilutive. The following is a reconciliation of the computation for basic and diluted EPS.

	Nine Months Ended September 30, 2010	For the Period April 2, 2009 through September 30, 2009
Net loss	\$ (586,528)	\$ (1,023,230)
Weighted-average common shares outstanding (Basic)	15,995,337	5,951,846
Weighted-average common stock equivalents:		
Stock options	-0-	-0-
Warrants	-0-	-0-
Weighted-average common shares outstanding (Diluted)	15,995,337	5,951,846-

**Uncertainty in Income Taxes**

The Company follows ASC 740-10, Accounting for Uncertainty in Income Taxes (ASC 740-10). This interpretation requires recognition and measurement of uncertain income tax positions using a more-likely-than-not approach. ASC 740-10 is effective for fiscal years beginning after December 15, 2006. Management will evaluate their tax positions on an annual basis.



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**AMHN, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2010**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Recently Issued Accounting Standards

In September 2006, ASC issued 820, *Fair Value Measurements*. ASC 820 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosure about fair value measurements. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. Early adoption is encouraged. The adoption of ASC 820 is not expected to have a material impact on the financial statements.

In February 2007, ASC issued 825-10, *The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of ASC 320-10*, ( ASC 825-10 ) which permits entities to choose to measure many financial instruments and certain other items at fair value at specified election dates. A business entity is required to report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. This statement is expected to expand the use of fair value measurement. ASC 825-10 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years.

In December 2007, the ASC issued ASC 810-10-65, *Noncontrolling Interests in Consolidated Financial Statements*. ASC 810-10-65 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, changes in a parent's ownership of a noncontrolling interest, calculation and disclosure of the consolidated net income attributable to the parent and the noncontrolling interest, changes in a parent's ownership interest while the parent retains its controlling financial interest and fair value measurement of any retained noncontrolling equity investment.

ASC 810-10-65 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is prohibited. Management is determining the impact that the adoption of ASC 810-10-65 will have on the Company's financial position, results of operations or cash flows.

In December 2007, the Company adopted ASC 805, *Business Combinations* ( ASC 805 ). ASC 805 retains the fundamental requirements that the acquisition method of accounting be used for all business combinations and for an acquirer to be identified for each business combination. ASC 805 defines the acquirer as the entity that obtains control of one or more businesses in the business combination and establishes the acquisition date as the date that the acquirer achieves control. ASC 805 will require an entity to record separately from the business combination the direct costs, where previously these costs were included in the total allocated cost of the acquisition. ASC 805 will require an entity to recognize the assets acquired, liabilities assumed, and any non-controlling interest in the acquired at the acquisition date, at their fair values as of that date.

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**AMHN, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2010**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Recently Issued Accounting Standards (Continued)**

ASC 805 will require an entity to recognize as an asset or liability at fair value for certain contingencies, either contractual or non-contractual, if certain criteria are met. Finally, ASC 805 will require an entity to recognize contingent consideration at the date of acquisition, based on the fair value at that date. This will be effective for business combinations completed on or after the first annual reporting period beginning on or after December 15, 2008. Early adoption is not permitted and the ASC is to be applied prospectively only. Upon adoption of this ASC, there would be no impact to the Company's results of operations and financial condition for acquisitions previously completed. The adoption of ASC 805 is not expected to have a material effect on the Company's financial position, results of operations or cash flows.

In March 2008, ASC issued ASC 815, *Disclosures about Derivative Instruments and Hedging Activities*, (ASC 815). ASC 815 requires enhanced disclosures about an entity's derivative and hedging activities. These enhanced disclosures will discuss: how and why an entity uses derivative instruments; how derivative instruments and related hedged items are accounted for and its related interpretations; and how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. ASC 815 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The Company does not believe that ASC 815 will have an impact on their results of operations or financial position.

In April 2008, ASC issued ASC 350, *Determination of the Useful Life of Intangible Assets*. This amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under ASC 350. The guidance is used for determining the useful life of a recognized intangible asset shall be applied prospectively to intangible assets acquired after adoption, and the disclosure requirements shall be applied prospectively to all intangible assets recognized as of, and subsequent to, adoption. The Company does not believe ASC 350 will materially impact their financial position, results of operations or cash flows.

Effective April 1, 2009, the Company adopted ASC 855, *Subsequent Events* (ASC 855). ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. It requires disclosure of the date through which an entity has evaluated subsequent events and the basis for that date—that is, whether that date represents the date the financial statements were issued or were available to be issued. This disclosure should alert all users of financial statements that an entity has not evaluated subsequent events after that date in the set of financial statements being presented. Adoption of ASC 855 did not have a material impact on the Company's results of operations or financial condition.

Effective July 1, 2009, the Company adopted FASB ASU No. 2009-05, *Fair Value Measurement and Disclosures (Topic 820)* (ASU 2009-05). ASU 2009-05 provided amendments to ASC 820-10, *Fair Value Measurements and Disclosures—Overall*, for the fair value measurement of liabilities. ASU 2009-05 provides clarification that in circumstances in which a quoted market price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using certain techniques. ASU 2009-05 also clarifies that when estimating the fair value of a liability, a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of a liability. ASU 2009-05 also clarifies that both a quoted price in an active market for the identical liability at the measurement date and the quoted price for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required for Level 1 fair value measurements. Adoption of ASU 2009-05 did not have a material impact on the Company's results of operations or financial condition.



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AMHN, INC.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2010**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Recently Issued Accounting Standards (Continued)

In January 2010, the Company adopted FASB ASU No. 2010-06, *Fair Value Measurement and Disclosures (Topic 820) - Improving Disclosures about Fair Value Measurements* ( ASU 2010-06 ). These standards require new disclosures on the amount and reason for transfers in and out of Level 1 and 2 fair value measurements. The standards also require new disclosures of activities, including purchases, sales, issuances, and settlements within the Level 3 fair value measurements. The standard also clarifies existing disclosure requirements on levels of disaggregation and disclosures about inputs and valuation techniques. These new disclosures are effective beginning with the first interim filing in 2010. The disclosures about the roll-forward of information in Level 3 are required for the Company with its first interim filing in 2011. The Company does not believe this standard will impact their financial statements.

Other ASU s that have been issued or proposed by the FASB ASC that do not require adoption until a future date and are not expected to have a material impact on the financial statements upon adoption.

**NOTE 3 STOCKHOLDERS EQUITY (DEFICIT)**

Preferred Stock

The Company has 10,000,000 shares of no par value preferred stock authorized. No preferred shares have been issued. On July 20, 2010, the Company s shareholders approved a change in the par value of the Company s Preferred Stock to \$0.001 per share.

Common Stock

The Company was authorized to issue up to 50,000,000 shares of common stock at \$0.10 par value per share ( Common Stock ) and as of September 30, 2010 and as of the date of this filing has 16,290,209 shares of Common Stock issued and outstanding. On July 20, 2010, the Company s shareholders approved a change in the par value of the Company s Common Stock to \$0.001 per share. All par value amounts and additional paid in capital amounts prior to the change have been reclassified in accordance with the staff accounting bulletin rules.

On July 27, 2009, as part of the acquisition of the Company s former subsidiary (America s Minority Health Network, Inc.), the Company:

- (i) effected a forward stock split on a basis of 3:1 which increased the issued and outstanding shares of Common Stock from 1,017,573 to 3,052,719, and this change was reflected retroactive in accordance with rules and regulations of SAB Topic 4C,
- (ii) accepted from a shareholder the surrender of and canceled 1,935,000 shares of Common Stock which were returned to the Company s authorized but unissued shares,

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- (iii) issued 403,802 shares to the same shareholder who surrendered the above-mentioned shares, and
  
- (iv) issued 13,693,689 shares of its Common Stock to the shareholders of America's Minority Health Network in exchange for 100% of the shares of America's Minority Health Network.



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**AMHN, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2010**

**NOTE 3 STOCKHOLDERS EQUITY (DEFICIT) (Continued)**

Common Stock (Continued)

On September 25, 2009, the Company authorized the issuance of 350,000 shares of restricted Common Stock valued at \$105,000 in exchange for consulting services and authorized the issuance of an aggregate of 510,000 shares of its Common Stock valued at \$153,000 pursuant to a Form S-8 registration statement ( Form S-8 ). The restricted shares have not yet been issued, and the Company has not yet filed the Form S-8. Related to these shares, the Company has included \$258,000 in accrued expenses on the accompanying financial statements and anticipates the filing of the Form S-8 and the issuance of the restricted common stock in the fourth quarter of 2010.

On September 28, 2009, the Company issued 450,000 shares of stock valued at \$112,500 in exchange for consulting services.

On October 20, 2009, the Company issued 125,000 shares of its restricted Common Stock to Alliance Advisors, LLC pursuant to an Investor Relations Consulting Agreement.

On June 11, 2010, AMHN acquired 100% of the issued and outstanding shares of Spectrum in exchange for the issuance of an aggregate of 500,000 shares of AMHN Common Stock. See NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION for further details of the transaction.

2009 Long Term Incentive Compensation Plan

The Company's Board of Directors and shareholders approved the LTIP on September 25, 2009 and July 20, 2010 respectively. The LTIP contains one million five hundred thousand shares that may be issued to provide financial incentives to employees, members of the Board, and advisers and consultants of the Company. In conjunction with approval of the Plan by the Company's shareholders, the Board of Directors approved the granting of non-qualified stock options (the Options ) to officers and employees of the Company for an aggregate of 900,000 underlying shares. The exercise price of the Options is fixed at \$0.30 per share with the underlying shares vesting at the rate of one-third on the date of the grant and one-third on each of the first and second anniversary dates of the grant. The Options expire five (5) years from the date that the Options are fully vested.

**Table of Contents****AMHN, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2010****NOTE 3 STOCKHOLDERS EQUITY (DEFICIT) (Continued)****Warrant(s) to Purchase Common Stock**

A summary of the Company's Warrant(s) to Purchase Common Stock (the Warrant(s)) and related information as of September 30, 2010 follows:

	Number of Shares Under Warrant(s)	Range of Warrant(s) Price Per Share	Weighted Average Exercise Price
Balance at December 31, 2008	-0-	\$ -0-	\$ -0-
Granted <sup>(1)</sup>	76,075	0.01	0.01
Exercised	-0-	-0-	-0-
Cancelled	-0-	-0-	-0-
Balance at December 31, 2009	76,075	0.01	0.01
Granted <sup>(1)</sup>	-0-	-0-	-0-
Exercised	-0-	-0-	-0-
Cancelled	-0-	-0-	-0-
Balance at September 30, 2010	76,075	\$ 0.01	\$ 0.01

<sup>(1)</sup> Granted and accrued for but not issued.

The valuation methodology used to determine the fair value of the Warrant(s) issued was the Black-Scholes-Merton option-pricing model. The Black-Scholes-Merton model requires the use of a number of assumptions including volatility of the stock price, the weighted average risk-free interest rate, and the weighted average expected life of the Warrant(s).

The risk-free interest rate assumption is based upon observed interest rates on zero coupon U.S. Treasury bonds whose maturity period is appropriate for the term of the Warrant(s) and is calculated by using the average daily historical stock prices through the day preceding the grant date. Estimated volatility is a measure of the amount by which the Company's stock price is expected to fluctuate each year during the expected life of the award. The Company's estimated volatility is an average of the historical volatility of peer entities whose stock prices were publicly available. The Company's calculation of estimated volatility is based on historical stock prices of these peer entities over a period equal to the expected life of the awards. The Company uses the historical volatility of peer entities due to the lack of sufficient historical data of its stock price.



**Table of Contents****AMHN, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2010****NOTE 3 STOCKHOLDERS EQUITY (DEFICIT) (Continued)****Warrant(s) to Purchase Common Stock (Continued)**

The weighted average fair value of the Warrant(s) granted and the assumptions used in the Black-Scholes-Merton model used to value the 76,075 Warrant(s) listed in the table above are set forth in the table below.

Weighted average fair value of Warrant(s) granted	\$ 0.30
Risk-free interest rate	0.98%
Volatility	129.39%
Expected life	2
Dividend yield	0.00%

\$22,138 is included in accrued expenses reflecting the value of the 76,075 Warrant(s).

**NOTE 4 ADVANCES RELATED PARTY**

The Company had unsecured advances outstanding with Seatac Digital Resources, Inc. ( Seatac ), the Company s systems integrator and a major shareholder. From time to time Seatac has provided necessary working capital for the Company in the form of advances. There was no interest on these advances. On September 1 and September 27, 2010, Seatac advanced the Company an aggregate of \$26,000.

**NOTE 5 DISCONTINUED OPERATIONS**

On July 1, 2010, pursuant to the terms of the 4% Secured Promissory Note ( April 2010 Note ), Seatac made demand for the aggregated amount of \$925,885, including principal of \$900,000 and interest through June 30, 2010. On July 11, 2010, Seatac added a one-time late charge equivalent to six percent (6%) of the unpaid amount, or \$55,553, bringing the amount payable and past due under the April 2010 Note to \$981,438. The Company s obligation to repay the April 2010 Note is (i) secured by a pledge by the Company of all of the capital stock of the Company s subsidiaries owned as of or acquired after the date of the April 2010 Note, pursuant to the terms of a Stock Pledge and Escrow Agreement dated April 1, 2010; (ii) guaranteed by the Company s subsidiary, America s Minority Health Network pursuant to a Guaranty Agreement dated April 1, 2010; and (iii) secured by a blanket lien encumbering the assets of the Company and the Company s subsidiaries pursuant to Security Agreements dated April 1, 2010.

Payment of principal, interest and late charges under the April 2010 Note became past due, and as a result of the default, on July 30, 2010, Seatac informed the Company that it intended to exercise its remedies pursuant to which it may accept collateral in satisfaction of the Company s obligations. More particularly, Seatac stated that it intended to accept the following collateral in full satisfaction of the \$981,438 due under the April 2010 Note: (i) all rights, title and interest of AMHN in the 1,000 shares of common stock of America s Minority Health Network, (ii) all rights, title and interest of AMHN in the mark America s Minority Health Network, Inc. and the goodwill associated with such mark, and (iii) all books and records of America s Minority Health Network held by AMHN (collectively, the Collateral ).



**Table of Contents****AMHN, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2010****NOTE 5 DISCONTINUED OPERATIONS (Continued)**

Given the Company's unsuccessful attempts to obtain additional financing or agree to alternative arrangements with Seatac, it agreed and consented to Seatac's exercise of its remedies under the April 2010 Note and the foreclosure upon the Collateral. As part of the agreement and consent, the Company and its Subsidiaries acknowledged that the Company and its Subsidiaries are in default in payment of principal, interest, and late fees under the April 2010 Note and related loan documents in the aggregate of \$981,438, and that the debt is secured by a first priority security interest in all of the assets of the Company and its subsidiaries. Accordingly, on July 30, 2010, the Company and Seatac sent joint instruction to the escrow agent, pursuant to which the escrow agent was instructed to transfer the stock certificate representing all of the outstanding shares of America's Minority Health Network being held in escrow to Seatac. The Company also entered into a trademark assignment with Seatac whereby the Company transferred all rights, title and interest in the mark America's Minority Health Network, Inc. and the goodwill associated with such mark. The Company's settlement with Seatac did not include the surrender of Spectrum or the satisfaction of a trade payable to Seatac in the amount of \$480,465. The Company recorded a gain of \$200,029 on the disposal of America's Minority Health Network, Inc. as a result of this transaction.

As a result of this transaction, the Company's financial statements have been prepared with the results of operations and cash flows of this disposed property shown as discontinued operations. All historical statements have been restated in accordance with GAAP. Summarized financial information for discontinued operations for the nine month period ended September 30, 2010 and year ended December 31, 2009.

	Balances at	
	September 30, 2010	December 31, 2009
<b>Assets of discontinued operations</b>		
Cash	\$ -0-	\$ 41,901
Accounts receivable	-0-	10,569
Other current assets	-0-	14,238
<b>Total current assets</b>	<b>-0-</b>	<b>66,708</b>
Fixed assets, net	-0-	382,760
Intangible assets, net	-0-	382,333
Other assets	-0-	14,800
<b>Total non-current assets</b>	<b>-0-</b>	<b>779,893</b>
<b>Total assets of discontinued operations</b>	<b>\$ -0-</b>	<b>\$ 846,601</b>
<b>Liabilities of discontinued operations</b>		
Accounts payable	\$ -0-	\$ 138,860
Note payable	-0-	600,000
Accrued interest	-0-	8,856

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Other current liabilities	-0-	105,700
Total current liabilities	-0-	853,416
Total liabilities of discontinued operations	\$ -0-	\$ 853,416

**Table of Contents****AMHN, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2010****NOTE 6 ACCRUED EXPENSES**

At September 30, 2010 and December 31, 2009, accrued expenses consisted of the following:

	September 30, 2010	December 31, 2009
Accrued consulting fees	\$ 258,000	\$ 153,000
Dividends payable	41,359	42,078
Accrued professional fees	22,138	22,138
Leases payable	3,357	-0-
	<b>\$ 324,854</b>	<b>\$ 217,216</b>

**NOTE 7 COMMITMENTS AND CONTINGENCIES**

On May 1, 2009, the Company's subsidiary entered into an Installation and Remote Transfer Testing Project Management and Service Agreement ( "Service Agreement" ) and a License Agreement ( "License Agreement" ) with Seatac, for an initial term of five (5) years. The Service Agreement provides that (i) Seatac, directly and through sub-contractors, will produce, license and supply certain goods and services as described therein, (ii) Seatac will provide certain goods and services to facilitate the installation and operation of a media information display network within professional offices located in the United States and Canada, and (iii) Seatac will supply the goods and services purchased by the Company's subsidiary and that the Company's subsidiary agrees to purchase and accept the licenses on the terms and conditions set forth in the Service Agreement.

The License Agreement grants Seatac the right to license the software, as defined therein. Seatac will provide the licensee with use of its software components, including the server software, and the software media player that will drive one or more displays and connect back to the server. The fees for the license include (i) an initial one-time fee of \$500 for the remote transfer set up, (ii) hardware and installation fees of \$3,500 per site, and (iii) a standard remote transfer license fee of \$87 per unit per month.

On October 1, 2009, the Company's Board of Directors approved an Investor Relations Consulting Agreement with Alliance Advisors, LLC (the "Agreement" ). The twelve-month Agreement calls for cash payments of \$5,000 per month for months 1-3, \$6,000 per month for months 4-6, and \$7,000 per month for the remaining six (6) months. In addition to the cash payments, the Agreement calls for the issuance of 125,000 restricted shares of the Company's Common Stock during the first thirty days of the Agreement with an additional 125,000 restricted shares of the Company's Common Stock after the successful completion of the first six (6) months of service. The Company issued the first 125,000 shares called for in the Agreement on October 20, 2009. The Agreement expired on September 30, 2010; however, Alliance Advisors, LLC is continuing to provide services on a month-to-month basis for \$5,000 per month.



**Table of Contents****AMHN, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****SEPTEMBER 30, 2010****NOTE 8 PROVISION FOR INCOME TAXES**

Deferred income taxes are determined using the liability method for the temporary differences between the financial reporting basis and income tax basis of the Company's assets and liabilities. Deferred income taxes are measured based on the tax rates expected to be in effect when the temporary differences are included in the Company's tax return. Deferred tax assets and liabilities are recognized based on anticipated future tax consequences attributable to differences between financial statement carrying amounts of assets and liabilities and their respective tax bases. As of September 30, 2010, there is no provision for income taxes, current or deferred.

At September 30, 2010, deferred tax assets consist of the following:

Net operating losses	\$ 842,180
Valuation Allowance	(842,180)
	\$ -0-

At September 30, 2010, the Company had a net operating loss carry forward of approximately \$2,477,000, available to offset future taxable income through 2030. The Company established valuation allowances equal to the full amount of the deferred tax assets due to the uncertainty of the utilization of the operating losses in future periods.

A reconciliation of the Company's effective tax rate as a percentage of income before taxes and federal statutory rate for the period ended September 30, 2010 is summarized as follows:

	2010
Federal statutory rate	(34.0)%
State income taxes, net of federal benefits	3.3
Valuation allowance	30.7
	0%

**NOTE 9 SUBSEQUENT EVENTS**

On October 1, 2010, Jill B. Rollo was named as Spectrum's President and Chief Executive Officer.

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

The following discussion and analysis provides information which management of the Company believes to be relevant to an assessment and understanding of the Company's results of operations and financial condition. This discussion should be read together with the Company's condensed consolidated financial statements and the notes to the financial statements, which are included in this report. This information should also be read in conjunction with the information contained in our Form 10-K filed with the Securities and Exchange Commission (SEC) on March 17, 2010, including the audited financial statements and notes included therein. The reported results will not necessarily reflect future results of operations or financial condition.

**Caution Regarding Forward-Looking Statements**

This Quarterly Report on Form 10-Q contains forward-looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995. These statements relate to future events or our future financial performance. Some discussions in this report may contain forward-looking statements that involve risk and uncertainty. A number of important factors could cause our actual results to differ materially from those expressed in any forward-looking statements made by us in this report. Forward-looking statements are often identified by words like believe, expect, estimate, anticipate, intend, project and similar words or expressions that, by their nature, refer to future events.

In some cases, you can also identify forward-looking statements by terminology such as may, will, should, plans, predicts, potential, or or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, or achievements. You should not place undue certainty on these forward-looking statements, which apply only as of the date of this report. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or our predictions. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements in an effort to conform these statements to actual results.

**Overview**

The Company was incorporated in Utah in 1907 under the name Croff Mining Company (Croff). The Company changed its name to Croff Oil Company in 1952 and in 1996 changed its name to Croff Enterprises, Inc. In the twenty (20) years prior to 2008, Croff's operations consisted entirely of oil and natural gas production. Due to a spin-off of its operations in December 2007, Croff had no business operations or revenue source and had reduced its operations to a minimal level, although it continued to file reports required under the Securities Exchange Act of 1934. As a result of the spin-off, Croff was a shell company under the rules of the SEC.

On July 6, 2009, Croff entered into an Agreement and Plan of Reorganization (the Agreement) with AMHN Acquisition Corp., a newly formed Delaware corporation and wholly owned subsidiary of Croff (Merger Sub), America's Minority Health Network, Inc., a Delaware corporation (America's Minority Health Network) and the major shareholders of the America's Minority Health Network (the

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Major Shareholders ). The terms of the Agreement provide for (i) the transfer of 100% of the issued and outstanding shares of common stock of America s Minority Health Network in exchange for the issuance to the shareholders of American s Minority Health Network of an aggregate of 13,693,689 shares of common stock of Croff (the Croff Common Stock ) at a conversion ratio where one share of America s Minority Health Network is converted into 13,693.689 shares of Croff; (ii) the resignations of Croff s officers and directors prior to the consummation of the Agreement and the election and appointment of officers and directors as directed by America s Minority Health Network; and (iii) America s Minority Health Network to become a wholly owned subsidiary of Croff. A full description of the terms of the Agreement (the Transaction ) is set forth in the Agreement as filed as an exhibit to the Report on Form 8-K filed with the Securities and Exchange Commission on July 10, 2009.

On July 27, 2009, the Closing Date of the Transaction pursuant to the terms and conditions of the Agreement, Croff acquired 100% of the issued and outstanding shares of America s Minority Health Network in exchange for the issuance of an aggregate of 13,693,689 shares of Croff Common Stock. In accordance with the provisions of this triangulated merger, Merger Sub merged with and into America s Minority Health Network as of the Effective Date of the Agreement, as that term is defined therein. Upon consummation of the Agreement and all transactions contemplated therein, the separate existence of Merger Sub ceased, Croff became the surviving parent corporation, and America s Minority Health Network became its wholly owned subsidiary (the Company s subsidiary ). As a result of the Transaction, Croff ceased being a shell company. The sole business of Croff became that of its operating subsidiary, America s Minority Health Network, Croff experienced a change in control and the former shareholders of America s Minority Health Network acquired control of the Company. For accounting purposes, the Transaction was treated as a reverse merger.

On September 11, 2009, the Company s Board of Directors approved an agreement with Global Arena Capital Corp. (the Global Agreement ) through which Global Arena Capital Corp. ( Global ) would serve as the Company s exclusive placement agent in an attempt to raise up to five million dollars (\$5,000,000) through the offer and sale by the Company of its securities. Under a related private placement memorandum ( PPM ), the Company offered twenty-five (25) units for the purchase price of two hundred thousand dollars (\$200,000) each (the Offering ). Each unit consisted of 200,000 shares of the Company s Common Stock and a detachable, transferable Warrant to purchase 70,000 shares of the Company s Common Stock. The Warrant was exercisable in whole or in part during the five-year period following issuance at an exercise price of \$1.10 per share. The Offering period was for sixty (60) days and could be extended for an additional sixty (60) day period. No funds were raised under the Offering and the Offering was not extended.

Upon execution of the Global Agreement, the Company agreed to pay a retainer to Global through the issuance of 76,075 Warrants exercisable for one cent (\$0.01) which represented one half of one percent (0.50%) of the then issued and outstanding shares of Common Stock of the Company. The Warrants were accounted for in the third quarter of 2009, but have not yet been issued. The Warrants have not been registered under the Securities Act or the securities laws of any state, and such securities will be issued in reliance upon exemptions from the registration requirements of such laws, which depend in part, on the intent of the warrant holder not to make distribution of such securities.

On September 14, 2009, the Company changed its name to AMHN, Inc. Unless otherwise stated or unless the context otherwise requires, the description of our business set forth below is provided on a combined basis. The Company s office is located at 100 North First Street, Suite 104, Burbank, California 91502.

On September 23, 2009, the Company s Board of Directors approved the redomicile of the Company from Utah to Nevada and approved the AMHN, Inc. 2009 Long Term Incentive Compensation Plan ( LTIP ). On March 28, 2010, the Company s Board of Directors approved a revision to the Plan to increase the number of shares available for issuance to an aggregate of 1,500,000 shares. All other provisions of the Plan remain unchanged. The Company subsequently approved a change in the par value

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of the Company's Common and Preferred Stock to \$0.001 per share. On July 20, 2010, the Company's shareholders who own an aggregate of 8,900,898 shares (or 55%) of the Company's outstanding shares approved the actions.

On October 1, 2009, the Company's Board of Directors approved an Investor Relations Consulting Agreement with Alliance Advisors, LLC (the Agreement). The twelve-month Agreement calls for cash payments of \$5,000 per month for months 1-3, \$6,000 per month for months 4-6, and \$7,000 per month for the remaining six (6) months. In addition to the cash payments, the Agreement calls for the issuance of 125,000 restricted shares of the Company's Common Stock during the first thirty days of the Agreement with an additional 125,000 restricted shares of the Company's Common Stock after the successful completion of the first six (6) months of service. The Company issued the first 125,000 shares called for in the Agreement on October 20, 2009. The Agreement expired on September 30, 2010; however, Alliance Advisors, LLC will continue to provide services on a month-to-month basis for \$5,000 per month.

On June 1, 2010, AMHN entered into an Agreement and Plan of Reorganization (the Spectrum Acquisition Agreement) with Spectrum Acquisition Corp., a newly formed Delaware corporation and wholly owned subsidiary of AMHN (Merger Sub), Spectrum Health Network, Inc., a Delaware corporation (Spectrum) and the sole shareholder of Spectrum (the Sole Shareholder). The terms of the Spectrum Acquisition Agreement provided for (i) the transfer of 100% of the issued and outstanding shares of common stock of Spectrum to AMHN in exchange for the issuance to the Sole Shareholder of Spectrum of an aggregate of 500,000 shares of common stock of AMHN (the AMHN Common Stock) at a conversion ratio where one share of Spectrum is converted into 500 shares of AMHN; (ii) AMHN's assumption of all the assets and liabilities of Spectrum; (iii) the officers and directors of Spectrum to retain their respective positions in the Merger Sub; and (iv) Spectrum to become a wholly owned subsidiary of AMHN. On June 11, 2010, the Closing Date of the Transaction pursuant to the terms and conditions of the Acquisition Agreement, AMHN acquired 100% of the issued and outstanding shares of Spectrum in exchange for the issuance of an aggregate of 500,000 shares of AMHN Common Stock. In accordance with the provisions of this triangulated merger, Merger Sub was merged with and into Spectrum as of the Effective Date of the Acquisition Agreement, the separate existence of Merger Sub ceased, and Spectrum became a wholly owned subsidiary of AMHN. In conjunction with the Acquisition Agreement, AMHN assumed the assets and liabilities of Spectrum totaling approximately \$237,000 and \$493,000 respectively. The foregoing description of the Spectrum Acquisition Agreement is qualified, in its entirety, by reference to the agreement, a copy of which was attached as an exhibit to the Current Report on Form 8-K filed with the SEC on June 14, 2010, which Form 8-K and exhibit is incorporated herein by reference.

Through June 30, 2010, the Company had two operating, wholly owned subsidiaries; namely America's Minority Health Network and Spectrum Health Network. Upon default to a noteholder, America's Minority Health Network was surrendered as collateral leaving Spectrum Health Network as the Company's sole business. Spectrum Health Network a digital signage waiting room network built for the multispecialty group practice and independent physician associations (IPA). Spectrum was developed to be an extension of the medical practice, enabling the group practice to relay custom produced health-specific educational based content to patients while they waited to see their physician. Spectrum provides its clients with a powerful tool for practice enhancement, patient communications and as a viable method to deliver educational initiatives. Spectrum uses HD 32" LCD flat panel commercial monitors, a digital signage media player, and an EnQii remote transfer platform to manage the playlist content for each site. The right side of the viewing screen is dedicated to the medical group/IPA. Currently, 152 offices have subscribed to the service with 124 live sites installed across seventy-two (72) independent buildings servicing eight (8) different IPAs in the California and New York markets and one location operating as a test site in Atlanta, Georgia. Of these locations, fifty-eight (58) are located in Northern California, ten (10) in Southern California, and two (2) in New York. Spectrum has an additional 26 sites under contract which have not yet been installed.

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Spectrum was originally founded as an ad supported network; however, Spectrum now sells its network to the IPA market as a subscription service for a one-time fee of \$3,500 per location for each system, plus an ongoing monthly service fee ranging from \$102 to \$250 per month per location. To date, Spectrum has not converted any of its existing client base to a subscription service. If Spectrum is able to convert its existing client base to a subscription service, then at the lowest price threshold, Spectrum expects to net \$13,260 per month in network maintenance revenue. Spectrum has developed a primary target list of prospective IPAs which, if subscribed, would represent a minimum of 640 potential locations, with each location supporting its own system. There are approximately 3,500 IPAs operating in the United States. Of this total, an estimated 2,000 fall under the category of the Staff Model where staff are fulltime employees directed under a corporate management structure; another 1,500 are considered a Staff/Hybrid Model where the IPA is created to facilitate a Primary Care Group and still enable specialized physicians to maintain their own practices, but also the benefits of achieving economies of scale from the formation of an association to operate and help manage their practice. According to The IPA Association of America, the average UPA has approximately 450 independent physicians. While the exact number of waiting rooms is unknown, the single most important aspect of the IPA market is its sheer size and number of offices each IPA may grow to manage.

Spectrum implemented a media-buying branded program to offer the Spectrum Health Network Rx Discount Drug Card ( Discount Drug Card ). Spectrum has already distributed 16,200 free Discount Drug Cards to its over 125 medical office locations. These Discount Drug Cards are given to patients by physicians or can be downloaded by patients from Spectrum's website. The Discount Drug Cards have no expiration date, can be activated and used immediately, and allow consumers to save 35-75% off their retail prescriptions at more than 54,000 pharmacies. Each time a Discount Drug Card is used, Spectrum receives a commission. To date, no commissions have been received.

On July 20, 2010, the Company's shareholders approved the redomicile from Utah to Nevada, a change of the par value of the Company's Common and Preferred Stock to \$0.001 per share, and the LTIP. In conjunction with approval of the Plan by the Company's shareholders, the Board of Directors had previously approved the granting of non-qualified stock options (the Options ) to officers and employees of the Company for an aggregate of 900,000 underlying shares. The exercise price of the Options is fixed at \$0.30 per share with the underlying shares vesting at the rate of one-third on the date of the grant and one-third on each of the first and second anniversary dates of the grant. The Options expire five (5) years from the date that the Options are fully vested.

**Default on Seatac Loan**

Pursuant to the terms of the April 2010 Note, on July 1, 2010, Seatac made demand for the aggregated amount of \$925,885, including principal of \$900,000 and interest through June 30, 2010. On July 11, 2010, Seatac added a one-time late charge equivalent to six percent (6%) of the unpaid amount, or \$55,553, bringing the amount payable and past due under the April 2010 Note to \$981,438. The Company's obligation to repay the April 2010 Note is (i) secured by a pledge by the Company of all of the capital stock of the Company's subsidiaries owned as of or acquired after the date of the April 2010 Note, pursuant to the terms of a Stock Pledge and Escrow Agreement dated April 1, 2010; (ii) guaranteed by the Company's subsidiary, America's Minority Health Network pursuant to a Guaranty Agreement dated April 1, 2010; and (iii) secured by a blanket lien encumbering the assets of the Company and the Company's subsidiaries pursuant to Security Agreements dated April 1, 2010.

Payment of principal, interest and late charges under the April 2010 Note became past due, and as a result of the default, Seatac informed us that it intended to exercise its remedies pursuant to which it may accept collateral in satisfaction of the Company's obligations. More particularly, Seatac stated that it intended to accept the following collateral in full satisfaction of the \$981,438 due under the April 2010 Note: (i) all rights, title and interest of AMHN in the 1,000 shares of common stock of America's Minority Health Network, (ii) all rights, title and interest of AMHN in the mark America's Minority Health Network, Inc. and the goodwill associated with such mark, and (iii) all books and records of America's Minority Health Network held by AMHN (collectively, the Collateral ).

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Given our unsuccessful attempts to obtain additional financing or agree to alternative arrangements with Seatac, we agreed and consented to Seatac's exercise of its remedies under the April 2010 Note and the foreclosure upon the Collateral. As part of the agreement and consent, the Company and its Subsidiaries acknowledged that the Company and its Subsidiaries are in default in payment of principal, interest, and late fees under the April 2010 Note and related loan documents in the aggregate of \$981,438 and that the debt is secured by a first priority security interest in all of the assets of the Company and its subsidiaries. Accordingly, on July 30, 2010, the Company and Seatac sent joint instruction to the escrow agent, pursuant to which the escrow agent was instructed to transfer the stock certificate representing all of the outstanding shares of America's Minority Health Network being held in escrow to Seatac. The Company also entered into a trademark assignment with Seatac whereby the Company transferred all rights, title and interest in the mark America's Minority Health Network, Inc. and the goodwill associated with such mark. The Company's settlement with Seatac did not include the surrender of Spectrum or the satisfaction of a trade payable to Seatac in the amount of \$455,061. The foregoing description of the settlement documents are qualified, in its entirety, by reference to each agreement, copies of which are attached as an exhibit hereto and filed herewith, and which are incorporated herein by reference.

In conjunction with the settlement, Robert Cambridge and Charles Richardson resigned their positions as officers and directors of America's Minority Health Network.

On July 30, 2010, Larry Newman resigned as President and a director of Spectrum. His resignation was not the result of a disagreement with the Company or any matter relating to the Company's operations, policies or practices. Robert Cambridge was elected to serve as Interim President until a replacement could be identified and qualified.

On August 2, 2010, Andrew Golden, Charles Richardson, and Kimberly Sarubbi resigned as directors of the Company. Their resignations were not the result of a disagreement with the Company or any matter relating to the Company's operations, policies or practices. After the resignations, Robert Cambridge continued to serve as the Company's sole officer and director.

The Company's Common Stock trades on the Over-the-Counter Bulletin Board under symbol AMHN.

## **Recent Events**

On October 1, 2010, Jill Rollo was appointed as President and Chief Executive Officer of the Spectrum.

## **Results of Operations**

The following discussion of our financial condition and results of operations should be read in conjunction with our financial statements, included herewith. This discussion should not be construed to imply that the results discussed herein will necessarily continue into the future, or that any conclusion reached herein will necessarily be indicative of actual operating results in the future. Such discussion represents only the best present assessment of our management.

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**CONTINUING OPERATIONS**

**Results for the three month periods ended September 30, 2010 and 2009**

**Revenues**

AMHN had revenues of \$22,120 during the three month period ended September 30, 2010 compared to \$0 revenues during the three month period ended September 30, 2009. The increase in revenue is the result of advertising contracts now in place.

**Operating Costs**

AMHN had operating costs of \$32,625 for the three month period ended September 30, 2010 compared to operating costs of \$0 during the three month period ended September 30, 2009. The operating costs are the costs associated with service and maintenance of the programming provided via broadband delivery, and the increase is a reflection of the increase in the number of subscribing offices.

**General and Administration, Professional, and Consulting Expenses**

AMHN's general and administrative expenses consist of accounting and administrative costs, professional fees and other general corporate expenses. General and administrative expenses for the three month period ended September 30, 2010 were \$82,270 compared to \$350,991 for the three month period ended September 30, 2009. The decrease was largely the result of consulting fees associated with the acquisition of America's Minority Health Network, Inc. during the three month period ended September 30, 2009.

**Other Expenses**

AMHN's depreciation and amortization expense for the three month period ended September 30, 2010 was \$29,909 compared to \$0 for the three month period ended September 30, 2009. The increase in depreciation and amortization is the result of the acquisition of Spectrum Health Network, Inc. in June 2010.

AMHN's interest expense for the three month period ended September 30, 2010 was \$64,086 compared to \$0 for the three month period ended September 30, 2009. The increase in interest expense was the result of the note due to Seatac Digital Resources, Inc.

**Results for the nine month period ended September 30, 2010 and the period from inception (April 2, 2009) through September 30, 2009**

**Revenues**

AMHN had revenues of \$27,854 during the nine month period ended September 30, 2010 compared to \$0 revenues during the period from inception through September 30, 2009. The increase in revenue is the result of advertising contracts now in place.

**Operating Costs**

AMHN had operating costs of \$39,568 for the nine month period ended September 30, 2010 compared to operating costs of \$0 during the period from inception through September 30, 2009. The operating costs are the costs associated with service and maintenance of the programming provided via broadband delivery, and the increase is a reflection of the increase in the number of subscribing offices.

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**General and Administration, Professional, and Consulting Expenses**

AMHN's general and administrative expenses consist of accounting and administrative costs, professional fees and other general corporate expenses. General and administrative expenses for the nine month period ended September 30, 2010 were \$286,618 compared to \$350,911 for the period from inception through September 30, 2009. The decrease was largely the result of consulting fees incurred by AMHN associated with the acquisition of America's Minority Health Network, Inc.

**Other Expenses**

AMHN's depreciation and amortization expense for the nine month period ended September 30, 2010 was \$38,642 compared to \$0 for the period from inception through September 30, 2009. The increase in depreciation and amortization is the result of the acquisition of Spectrum Health Network, Inc.

AMHN's interest expense for the nine month period ended September 30, 2010 was \$64,086 compared to \$0 for the period from inception through September 30, 2009. The increase in interest expense was the result of the note due to Seatac Digital Resources, Inc.

**DISCONTINUED OPERATIONS**

The gains and losses from the disposition of certain income-producing assets and associated liabilities, operating results, and cash flows are reflected as discontinued operations in the consolidated financial statements for all periods presented. Although net earnings are not affected, the Company has reclassified results that were previously included in continuing operations as discontinued operations for qualifying dispositions.

**Results for the three month periods ended September 30, 2010 and 2009**

The loss from discontinued operations for the three month period ended September 30, 2010 was \$42,972. The loss from discontinued operations for the three month period ended September 30, 2009 was \$140,349. The decrease of \$97,377 in the loss from discontinued operations between the two periods is the result of an increase in revenue of \$16,381, a reduction of sales and marketing of \$50,308, a reduction in general and administrative of \$12,681, a reduction in operating costs of \$3,654 and a reduction in other expenses of \$14,352.

**Results for the nine month period ended September 30, 2010 and the period from inception (April 2, 2009) through September 30, 2009**

The loss from discontinued operations for the nine month period ended September 30, 2010 was \$445,161. The loss from discontinued operations for the period from inception through September 30, 2009 was \$672,319. The decrease of \$227,158 in the loss from discontinued operations between the two periods is the result of an increase in revenue of \$60,645, an increase of sales and marketing of \$82,795, an increase in operating costs of \$63,858, a decrease in general and administrative expenses of \$434,422, and an increase in other expenses of \$121,255.

**Liquidity and Capital Resources**

The Company began its current operations in 2009 and has not as yet attained a level of operations which allows it to meet its current overhead. We do not know if or when we will attain profitable operations and there is no assurance that a profitable operating level can ever be achieved. We will be dependent upon obtaining additional financing in order to adequately fund working capital, infrastructure, production expenses and significant marketing related expenditures related to Spectrum



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and the conversion of its accounts to subscriptions. These factors raise substantial doubt about our ability to continue as a going concern and the accompanying consolidated financial statements do not include any adjustments related to the recoverability or classification of asset carrying amounts or the amounts and classification of liabilities that may result should we be unable to continue as a going concern.

At September 30, 2010, AMHN's cash balance was \$23,946. Outstanding liabilities as of September 30, 2010 totaled \$1,358,678 including \$1,006,325 in accounts payable to related parties. The Company's working capital deficit as of September 30, 2010 was \$1,330,652.

The Company will need to raise additional capital to expand operations to the point at which the Company can achieve profitability. The terms of financing that may be raised may not be on terms acceptable by the Company. If adequate funds cannot be raised outside of the Company, the Company's current shareholders may need to contribute funds to sustain operations. Currently, we do not have sufficient resources to continue our business plan.

### **Off-Balance Sheet Arrangements**

None.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

Our Company is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act, and as such, is not required to provide the information required under this item.

### **Item 4. Controls and Procedures**

#### **Disclosure Controls and Procedures**

Disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports filed or submitted under the Securities Exchange Act of 1934 (the Exchange Act) is recorded, processed, summarized and reported, within the time period specified in the SEC's rules and forms and is accumulated and communicated to Mr. Robert Cambridge, the Company's President, as appropriate, in order to allow timely decisions in connection with required disclosure.

#### **Evaluation of Disclosure Controls and Procedures**

Mr. Cambridge, currently serving as the Company's sole officer, evaluated the effectiveness of the design and operation of our Company's disclosure controls and procedures (as such term is defined in Rules 13a-15 and 15d-15 under the Exchange Act) as of the end of the period covered by this quarterly report. Based on such evaluation, he concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in SEC's rules and forms. During the most recently completed three-month period ending September 30, 2010, there has been no significant change in the Company's internal control over financial reporting that has affected, or is reasonably likely to affect, the Company's internal control over financial reporting.

#### **Changes in Internal Controls**

During the three months ended September 30, 2010, there were no significant changes in internal controls of the Company, or other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

**Table of Contents****PART II - OTHER INFORMATION****Item 1. Legal Proceedings.**

None.

**Item 1A. Risk Factors.**

AMHN is a smaller reporting company and is not required to provide the information required by this item.

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

None.

**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.**

<b>Exh.</b>	<b>Date</b>	<b>Description</b>
2.1	July 6, 2009	Agreement and Plan of Reorganization among Croff Enterprises, Inc., AMHN Acquisition Corp., America s Minority Health Network, Inc., and the Major Shareholders. <sup>(1)</sup>
2.2	June 11, 2010	Agreement and Plan of Reorganization (for the acquisition of Spectrum Health Network, Inc.) <sup>(8)</sup>
2.3	October 25, 2007	Croff Enterprises, Inc. Plan of Corporate Division and Reorganization <sup>(4)</sup>
3.1	September 14, 2009	Articles of Amendment to Articles of Incorporation (to change name to AMHN, Inc.) <sup>(3)</sup>
3.2	July 27, 2009	Certificate of Merger of AMHN Acquisition Corp. with and into America s Minority Health Network, Inc <sup>(5)</sup>
3.3	December 7, 2007	Articles of Amendment of Croff Enterprises, Inc. (to increase authorized common shares from 20,000,000 to 50,000,000) <sup>(4)</sup>
3.4	July 20, 2010	Articles of Conversion filed in the State of Nevada <sup>(11)</sup>

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3.5	July 20, 2010	Articles of Incorporation filed in the State of Nevada <sup>(11)</sup>
3.6	n/a	Bylaws for the State of Nevada <sup>(7)</sup>
10.00	April 1, 2010	Note Purchase Agreement by and between the Company and Seatac Digital Resources, Inc. for a loan for \$800,00 <sup>(3)</sup>
10.01	April 1, 2010	4% Secured Promissory Note from the Company to Seatac Digital Resources, Inc. for \$800,000 <sup>(6)</sup>
10.02	April 1, 2010	Stock Pledge and Escrow Agreement by and between the Company and Seatac Digital Resources, Inc. <sup>(6)</sup>
10.03	April 1, 2010	Security Agreement by and between the Company and Seatac Digital Resources, Inc. <sup>(6)</sup>
10.04	April 1, 2010	Guarantor Security Agreement by and between America s Minority Health Network, Inc. and Seatac Digital Resources, Inc. <sup>(6)</sup>

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10.05	April 1, 2010	Guaranty Agreement by and between American s Minority Health Network, Inc. and Seatac Digital Resources, Inc. <sup>(6)</sup>
10.06	n/a	AMHN, Inc. 2009 Long Term Incentive Compensation Plan <sup>(7)</sup>
10.07	June 18, 2010	Notice of Non-Renewal of April 2010 Note from Seatac Digital Resources, Inc. <sup>(9)</sup>
10.08	July 1, 2010	Notice of Default from Seatac Digital Resources, Inc. <sup>(10)</sup>
10.09	July 23, 2010	Seatac s Proposal to Accept Collateral <sup>(1)</sup>
10.10	July 30, 2010	Agreement, Acknowledgment and Consent between the Company and Seatac <sup>(11)</sup>
10.11	July 30, 2010	Joint Direction to Release Pledged Interests from Escrow <sup>(11)</sup>
10.12	July 30,2010	Trademark Assignment and Agreement <sup>(11)</sup>
10.13	July 30, 2010	Resignation of Larry Newman <sup>(11)</sup>
10.14	August 2, 2010	Resignation of Andrew Golden <sup>(11)</sup>
10.15	August 2, 2010	Resignation of Charles Richardson <sup>(11)</sup>
10.16	August 2, 2010	Resignation of Kimberly Sarubbi <sup>(11)</sup>
31.1	November 5, 2010	Certification of Chief Executive Officer of Periodic Report pursuant to Rule 13a-14a and Rule 14d-14(a).*
32.1	November 5, 2010	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.*

<sup>(1)</sup> Filed as an exhibit to Form 8-K filed with the Commission on July 10, 2009 and incorporated herein by reference.

<sup>(2)</sup> Filed as an exhibit to Form 8-K filed with the Commission on July 29, 2009 and incorporated herein by reference.

<sup>(3)</sup> Filed as an exhibit to Form 10-Q for quarter ending September 30, 2009 filed with the Commission on November 16, 2009 and incorporated herein by reference.

<sup>(4)</sup> Filed as an exhibit to Form 10-K for the year ended December 31, 2007 filed with the Commission on May 8, 2008 and incorporated herein by reference.

<sup>(5)</sup> Filed as an exhibit to Form 10-K filed with the Commission on March 17, 2010 and incorporated herein by reference.

<sup>(6)</sup> Filed as an exhibit to Current Report on Form 8-K filed with the Commission on April 7, 2010 and incorporated herein by reference.

<sup>(7)</sup> Filed as an exhibit to Definitive 14C Information Statement filed with the Commission on June 29, 2010 and incorporated herein by reference.

<sup>(8)</sup> Filed as an exhibit to Current Report on Form 8-K filed with the Commission on June 14, 2010 and incorporated herein by reference.

<sup>(9)</sup> Filed as an exhibit to Current Report on Form 8-K filed with the Commission on June 25, 2010 and incorporated herein by reference.

<sup>(10)</sup> Filed as an exhibit to Current Report on Form 8-K filed with the Commission on July 2, 2010 and incorporated herein by reference.

<sup>(11)</sup> Filed as an exhibit to Form 10-Q for quarter ending June 30, 2010 filed with the Commission on August 3, 2010 and incorporated herein by reference.

\* Filed herewith.

(Signature page follows)

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**SIGNATURES**

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

DATE: November 5, 2010

AMHN, INC.

By: /s/ Robert Cambridge  
Robert Cambridge  
Principal Executive Officer and  
Principal Financial Officer