

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

FORM 10-Q

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

For the quarterly period ended March 31, 2009

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

Commission file number 000-29315

INSTACARE CORP.

(Exact name of registrant as specified in its charter)

Nevada

91-2105842

(State or other jurisdiction of incorporation or organization)

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

**2660 Townsgate Road, Suite 300
Westlake Village, California 91361**

(Address of principal executive offices)

(805) 446-1973

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant 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 (Do not check if a smaller reporting company)

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

The number of shares of Common Stock, \$0.001 par value, outstanding on May 18, 2009, was 53,241,986 shares.

PART 1 – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

instaCare, Corp.
Condensed Consolidated Balance Sheets

	March 31, 2009	December 31, 2008
	(Unaudited)	Audited
Assets		
Current assets:		
Cash	\$ 81,093	\$ 111,208
Accounts receivable	2,229,155	2,056,606
Inventory	226,435	677,961
Prepaid expenses	18,381	11,016
Total current assets	<u>2,555,064</u>	<u>2,856,791</u>
Fixed assets:		
Furniture and fixtures	2,530	2,530
Computer equipment	232,365	232,365
Less accumulated depreciation	(234,895)	(234,895)
Fixed assets, net	<u>-</u>	<u>-</u>
Other assets		
Deposits	3,412	3,412
Amortizable loan fees	-	10,421
Total other assets	<u>3,412</u>	<u>13,833</u>
Total assets	<u>\$ 2,558,476</u>	<u>\$ 2,870,624</u>
Liabilities and Stockholders' (Deficit)		
Current liabilities:		
Accounts payable	\$ 100,079	\$ 37,105
Accrued liabilities	282,428	321,506
Accrued interest	656,972	606,537
Line of credit	1,034,573	1,533,599
Demand note – related party	1,830	1,780
Notes payable, current portion	236,926	236,926
Convertible notes payable	1,452,688	1,452,688
Total current liabilities	<u>3,765,496</u>	<u>4,190,141</u>
Long-term debt, net of current portion	-	-
Stockholders' (deficit)		
Preferred stock, \$0.001 par value, 3,249,000 shares authorized, 207,526 shares issued and outstanding as of March 31, 2009 and December 31, 2008, respectively	207	207
Preferred series "A" stock, \$0.001 par value, 750,000 shares authorized no shares issued and outstanding as of March 31, 2009 and December 31, 2008, respectively	-	-
Preferred series "C" stock, \$0.001 par value, 1,000,000 shares authorized, 17,860 shares issued and outstanding as of March 31, 2009 and December 31, 2008, respectively	18	18
Preferred series "D" stock, \$0.001 par value, 1,000 shares authorized, no shares issued and outstanding as of March 31, 2009 and December 31, 2008, respectively	-	-
Preferred series "E" stock, \$0.001 par value, 1,000,000 shares authorized, 163,800 and 67,000 shares issued and outstanding as of March 31, 2009 and December 31, 2008, respectively	164	67
Common stock, \$0.001 par value, 1,750,000,000 shares authorized, 46,977,140 and 46,844,498 shares issued and outstanding as of March 31, 2009 and December 31, 2008, respectively	46,977	46,845
Shares of common stock authorized and unissued, 745,000 and 2,046,000 as of March 31, 2009 and December 31, 2008, respectively	745	2,046
Additional paid in capital	17,881,432	17,860,882

Dividends payable	507,642	471,310
Accumulated (deficit)	<u>(19,644,205)</u>	<u>(19,700,892)</u>
Total stockholders' (deficit)	<u>(1,207,020)</u>	<u>(1,319,517)</u>
Total liabilities and stockholders' (deficit)	<u>\$ 2,558,476</u>	<u>\$ 2,870,624</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended March 31,	
	2009	2008
Revenue	\$ 5,058,735	\$ 2,797,382
Cost of sales	4,782,197	2,349,883
Gross profit	276,538	447,499
Expenses:		
General and administrative	42,691	60,745
Consulting	32,384	65,293
Payroll expense	12,158	120,520
Professional fees	5,936	45,356
Depreciation expense	-	9,063
Total operating expenses	93,169	300,977
Net operating income (loss)	183,369	146,522
Other income (expense):		
Finance costs	(29,898)	(49,474)
Interest expense	(57,113)	(55,318)
Total other income (expense)	(87,011)	(104,792)
Net income (loss)	\$ 96,358	\$ 41,730
Add: Dividends declared on preferred stock	-	-
Income (loss) available to common stockholders'	\$ 96,358	\$ 41,730
Weighted average number of common shares outstanding - basic and fully diluted	46,971,739	34,048,005
Net income (loss) per share – basic and fully diluted	\$ 0.00	\$ 0.00

The accompanying notes are an integral part of these condensed consolidated financial statements.

instaCare, Corp.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For the Three Months Ended	
	March, 31	
	2009	2008
Cash flows from operating activities		
Net income (loss)	\$ 96,358	\$ 41,730
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		
Shares issued for services	-	73,653
Shares and warrants issued for financing	29,898	46,672
Options and warrants issued for services	-	12,853
Amortization of share-based compensation	-	52,500
Depreciation	-	9,063
Changes in operating assets and liabilities:		
Accounts receivable	(172,549)	(29,503)
Inventory	451,526	(65,475)
Prepaid expenses	(7,365)	(2,645)
Accounts payable	62,974	(98,330)
Accrued liabilities	(42,416)	(4,470)
Accrued interest	50,434	42,173
Net cash provided (used) by operating activities	468,860	78,221
Cash flows from financing activities		
Proceeds from line of credit	4,134,250	1,923,102
Payments on line of credit	(4,633,275)	(1,940,840)
Proceeds from note payable – related party	50	-
Payments on notes payable	-	(12,330)
Proceeds from convertible note payable	-	75,000
Net cash provided by financing activities	(498,975)	44,931
Net increase (decrease) in cash	(30,115)	123,152
Cash – beginning	111,208	4,353
Cash – ending	\$ 81,093	\$ 127,505
Supplemental disclosures:		
Interest paid	\$ 3,000	\$ 11,971
Income taxes paid	\$ -	\$ -
Non-cash transactions:		
Shares issued for services	\$ -	\$ 73,653
Options and warrants issued for services	\$ -	\$ 12,853
Shares and warrants issued for financing activities	\$ 29,898	\$ 46,672

The accompanying notes are an integral part of these condensed consolidated financial statements.

instaCare, Corp.
Notes to Condensed Consolidated Financial Statements

Note 1 – Basis of presentation

The condensed consolidated interim financial statements included herein, presented in accordance with United States generally accepted accounting principles and stated in US dollars, have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading.

These statements reflect all adjustments, consisting of normal recurring adjustments, which, in the opinion of management, are necessary for fair presentation of the information contained therein. It is suggested that these consolidated interim financial statements be read in conjunction with the consolidated financial statements of the Company for the period ended December 31, 2008 and notes thereto included in the Company's Form 10-K. The Company follows the same accounting policies in the preparation of consolidated interim reports.

The Company was organized March 2, 2001 (Date of Inception) under the laws of the State of Nevada as ATR Search Corporation. On June 21, 2002, the Company merged with Medicius, Inc. and filed amended articles of incorporation changing its name to CareDecision Corporation and subsequently changed its name to instaCare Corp. effective February 17, 2005.

Results of operations for the interim periods are not indicative of annual results.

Note 2 – Going concern

The Company has an accumulated deficit of \$19,644,205 as of March 31, 2009. These accumulated conditions have raised substantial doubt about the Company's ability to continue as a going concern. Although the Company's recent growth have greatly improved its cash flows, the Company nonetheless needs to obtain additional financing to fund payment of obligations and to provide working capital for operations. Management is seeking additional financing, and is now looking for a merger or acquisition candidate. The Company intends to acquire interests in various business opportunities, which in the opinion of management will provide a profit to the Company. Management believes these efforts will generate sufficient cash flows from future operations to pay the Company's obligations and working capital needs. There is no assurance any of these transactions will occur. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

Note 3 – Notes payable

Notes payable consisted of the following:

	<u>March 31, 2009</u>	<u>December 31, 2008</u>
Demand note from a related party, bearing interest at 9.5%	\$ 1,830	\$ 1,780
Promissory note, bearing interest at 9.5% per annum, Matured August 25, 2006, currently in default.	87,309	87,309
Convertible promissory note, bearing interest at 12% per annum, matured December 24, 2006, currently in default.	920,379	920,379
Convertible promissory note, bearing interest at 1.25% per month, matured on October 31, 2007, currently in default.	170,000	170,000
Promissory note, bearing interest at 12% per annum, Matured July 31, 2006, currently in default.	130,000	130,000
Convertible promissory note, bearing interest at 1.5% Monthly, matured December 31, 2007, currently in default.	200,000	200,000
Promissory note, bearing interest at 18% per annum, matured March 31, 2009, currently in default.	75,000	75,000
Promissory note, bearing interest at 9% per annum, maturing June 20, 2010.	106,926	106,926
Line of credit, with interest being paid in shares equal to 5% of each advance.	<u>1,034,573</u>	<u>1,533,599</u>
Total notes payable	2,726,017	3,224,993
Less current portion	<u>2,726,017</u>	<u>3,224,993</u>
Total long-term notes payable	<u>\$ -0-</u>	<u>\$ -0-</u>

The Company recorded interest expense totaling \$57,113 and \$55,318 during the three-months ended March 31, 2009 and 2008, respectively.

On March 1, 2008, the Company entered into a Convertible Promissory Note Purchase Agreement with Cragmont Capital, LLC (“Cragmont”) wherein Cragmont agreed to loan the Company an aggregate sum of \$250,000. The one and only loan made by Cragmont was for \$75,000 and matured on February 28, 2009. The total amount owing pursuant to the agreement, is convertible at the option of the lender, at a strike price equal to \$0.015 per share.

On March 27, 2009, the Company was sued in connection with the 2008 transaction with Cragmont. The Cragmont Complaint claims it is entitled to recover the unpaid balance of \$75,000 on a Promissory Note allegedly due in February, 2009, plus interest of \$2,812.50, and attorneys fees. Cragmont also has made claims of fraudulent misrepresentations in connection with that Note, including personal claims against the Company's directors. A demurrer to the Complaint was filed by the Company and the directors as to all misrepresentation claims. This demurrer was granted as to the directors on May 19, 2008. Cragmont has been allowed by the court leave to amend its complaint.

Note 4 – Stockholder’s equity

We are authorized to issue 5,000,000 shares of \$0.001 par value preferred stock; of which 750,000 shares are designated as Series A, 20,000 shares are designated as Series C, 1,000 shares are designated as Series D and 1,000,000 shares are designated as Series E. The Company is authorized to issue 1,750,000,000 shares of \$0.001 par value common stock.

On January 15, 2009, we issued 110,202 shares of our restricted common stock to Centurion Credit Resources as financing fees in connection with our line of credit.

On January 15, 2009, we issued 40,000 shares of our Series E Preferred Stock to Centurion Credit Resources as financing fees in connection with our line of credit.

On March 31, 2009, we issued 21,762 shares of our restricted common stock to Centurion Credit Resources as financing fees in connection with our line of credit.

On March 31, 2009, we issued 42,000 shares of our Series E Preferred Stock to Centurion Credit Resources as financing fees in connection with our line of credit.

On April 1, 2009 Centurion Credit Resources converted 14,900 Series E Preferred stock into 745,000 shares of \$0.001 par value common stock.

Note 5 – Warrants

A summary of outstanding warrants as of March 31, 2009 is as follows:

Outstanding 01/01/09	9,268,340	\$ 0.05
Granted	-	-
Cancelled	-	-
Exercised	-	-
Outstanding 03/31/09	<u>9,268,340</u>	\$ 0.05

As of March 31, 2009 there were 2,662,090 of the outstanding warrants exercisable into 2,662,090 shares of the company’s par value \$0.001 par value common stock.

Note 6 – Subsequent events

On April 1, 2009, we issued 745,000 shares of our restricted common stock to Centurion Credit Resources upon the conversion of 14,900 shares of Series E Preferred Stock.

On April 20, 2009, we issued 770,524 shares of our restricted common stock to Centurion Credit Resources as financing fees in connection with our line of credit.

On April 20, 2009, we issued 1,500,000 shares each of our restricted common stock to two of our officers for services to the Company.

On April 20, 2009, we issued 1,750,000 shares of our common stock for services rendered to the Company by Accuity Financial Inc., an accounting services provider.

FORWARD-LOOKING STATEMENTS

This document contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact are “forward-looking statements” for purposes of federal and state securities laws, including, but not limited to, any projections of earnings, revenue or other financial items; any statements of the plans, strategies and objections of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing.

Forward-looking statements may include the words “may,” “could,” “estimate,” “intend,” “continue,” “believe,” “expect” or “anticipate” or other similar words. These forward-looking statements present our estimates and assumptions only as of the date of this report. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the dates on which they are made. We do not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the dates they are made. You should, however, consult further disclosures we make in future filings of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties. The factors impacting these risks and uncertainties include, but are not limited to:

- increased competitive pressures from existing competitors and new entrants;
- increases in interest rates or our cost of borrowing or a default under any material debt agreements;
- deterioration in general or regional economic conditions;
- adverse state or federal legislation or regulation that increases the costs of compliance, or adverse findings by a regulator with respect to existing operations;
- loss of customers or sales weakness;
- inability to achieve future sales levels or other operating results;
- the unavailability of funds for capital expenditures and/or general working capital;
- operational inefficiencies in distribution or other systems;
- our ability to recruit and hire key employees;
- the inability of management to effectively implement our strategies and business plans; and
- the other risks and uncertainties detailed in this report.

For a detailed description of these and other factors that could cause actual results to differ materially from those expressed in any forward-looking statement, please see “Risk Factors” in this document and in our Annual Report on Form 10-K for the year ended December 31, 2008.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Overview of Current Operations

We are a publicly-traded distributor of life-saving and life-enhancing prescription drugs and diagnostics to several channels in the healthcare industry, a developer of patent-pending technologies for e-health and EMR applications that we employ to leverage and add value to our prescription drug and diagnostics business, and a Wi-Fi PDA technology provider to the lodging industry. We have recently added modules to our medical and EMR applications that allow for the management of medical products distribution and reporting management. We are in the initial stages of marketing these new modules under the trade name Decision IT.

Our proprietary ResidenceWare, MD@Hand and Practice Probe technologies manage critical data, enhance productivity and e-commerce, and facilitate communication with applications in the healthcare, medical distribution and hotel/motel markets and industries. We have recently focused our business attention towards providing prescription drugs and medical diagnostics through several medical distribution channels.

All of our business is transacted in the United States. We do not sell or ship for export.

During the next 12 months we plan to continue to focus our efforts on the following primary businesses:

- Providing medical communication devices based on networks of personal digital assistants (PDA). These products are believed to provide benefits of on demand medical information to private practice physicians, licensed medical service

providers such as diagnostic testing laboratories, and medical insurers;

- The distribution of medical diagnostic products primarily aimed at institutions that service patients with diabetic and asthma related diseases and ailments. Our current market focus for these products is the assisted living and long term care sector of the larger healthcare market, however we plan to expand into additional sectors where we can service certain chronic ambulatory disease states;
- Providing medical communication devices based on networks of personal digital assistants (PDA) and desktop computers with software that manages decision, control, audit and fulfillment for the medical products distribution markets. These products are believed to provide benefits of on demand medical information to medical products manufacturers as part of their financial management of distribution contracts;
- The distribution and fulfillment of prescriptions for ethical pharmaceuticals primarily aimed at the indigent and uninsured sectors of the greater medical service markets. Our first market focus for these products will be those state Medicaid and Federally chartered clinics (and initiatives) where funding for pharmaceutical fulfillment enterprises exists;
- Building electronic commerce networks based on personal digital assistants (PDA) to the hotels, motels and single building, multi-unit apartment buildings with a desire to offer local advertising and electronic services to their tenants/guests.

Seasonality

The distribution of medical products and medical diagnostics in aggregate account for the overwhelming percentage of our revenues. Our experiences point to a business that displays certain seasonal trends. In each of the last three operating years our order intake was concentrated in the first five months of the calendar year and to an identifiable degree in the last two months of the calendar year. One explanation is that these months correspond with the beginning of a prescription drug plan years where new prescription drug cards are distributed by insurers to their insured in January along with new plan formularies (price schedules). This in turn trends to influence “stocking up” buying/ordering behavior on the part of the insured.

Results of Operations for the three months ended March 31, 2009 and 2008 compared.

The following tables summarize selected items from the statement of operations for the three months ended March 31, 2009 compared to the three months ended March 31, 2008.

INCOME:

	For the three months ended March 31,		Increase (Decrease)	
	2009	2008	\$	%
Revenue	5,058,735	\$ 2,797,382	2,261,353	81%
Cost of Sales	4,782,197	2,349,883	2,432,314	103%
Gross Profit	276,538	447,499	(170,961)	(38%)
Gross Profit Percentage of Sales	6%	16%		

Revenue

Our revenue for the three months ended March 31, 2009 was \$5,058,735 compared to revenue of \$2,797,382 in the three months ended March 31, 2008. This resulted in an increase in revenue of \$2,261,353, or 81%, from the same period a year ago. The increase in revenue over the three months ended March 31, 2008 was a result of our market focus towards the direct sale of diabetic test strips and medical-surgical products into several prescription drug channels.

Cost of sales / Gross profit percentage of sales

Our cost of sales for the three months ended March 31, 2009 was \$4,782,197, an increase of \$2,432,314, or 103% from \$2,349,883 for the three months ended March 31, 2008. The increase in cost of sales during the current period was expected due to our increased sales over the prior quarter and an increase in our direct to patient market sales.

Gross profit as a percentage of sales decreased from 16% for the three months ended March 31, 2008 to 6% for the three months ended March 31, 2009. The decrease in gross profit margin was caused by three market forces; (a) a change in our product mix whereby we increased our sales levels in medical surgical sales markets to extended care facilities, which historically have a lower profit margin, (b) a lowered reimbursement allowed by the federal Medicare program and private insurers, and (c) a deteriorated economy which has lowered our ability to “stock up” patients with our products.

EXPENSES:

	For the Three Months Ended March 31,		Increase / (Decrease)	
	2009	2008		
	Amount	Amount	\$	%
Expenses:				
General & administrative expenses	\$ 42,691	\$ 60,745	\$ (18,054)	(30%)
Consulting services	32,384	65,293	(32,909)	(50%)
Payroll expense	12,158	120,520	(108,362)	(90%)
Professional fees	5,936	45,356	(39,420)	(87%)
Depreciation	-	9,063	(9,063)	-
Total expenses	<u>93,169</u>	<u>300,977</u>	<u>(207,808)</u>	<u>(69%)</u>
Net operating income (loss)	183,369	146,522	36,847	25%
Other income (expense):				
Financing costs	(29,898)	(49,474)	(19,576)	(40%)
Interest (expense)	<u>(57,113)</u>	<u>(55,318)</u>	<u>1,796</u>	<u>3%</u>
Net income (loss)	<u>\$ 96,358</u>	<u>\$ 41,730</u>	<u>54,628</u>	<u>131%</u>

General and Administrative Expenses

General and administrative expenses for the three months ended March 31, 2009 were \$42,691, a decrease of \$18,054, or 30%, from \$60,745 for the three months ended March 31, 2008. We have focused our business development towards targeted market areas for our diabetic testing products, as a result of this focused agenda, we have been able to streamline overhead utilizing only those resources that directly attribute to our sales growth thereby allowing us to eliminate unnecessary general and administrative expenditures. It is the goal of management to continue efforts in limiting redundant overhead. In addition due to the deteriorated economy management has foregone salaries.

Consulting Services

We have historically relied on outside consultants for assistance in business development and sales. As we are becoming more seasoned in our pharmaceutical product lines, we have been able to limit the amount of outside services required to build and maintain our market share, evidenced by our decrease in consulting services for the three months ended March 31, 2009. During this quarter we expended \$32,384 for consulting services compared to \$65,293 for the three months ended March 31, 2008, representing a decrease of 50% over the previous period.

Payroll expense

We currently staff five full-time positions. Each of which, assist in sales, marketing and administrative support. We have made tremendous efforts to maintain cash-flow through a reduction in salaries and wages. During the three months ended March 31, 2009 our payroll expense was comprised of cash totaling \$12,158 compared to \$18,250 in cash and \$102,000 in equity for the comparable period in 2008. As our sales continue to grow, we anticipate our payroll expense will also increase at a pro rata rate.

Professional Fees

Our professional fees consist of legal, accounting and expenses associated with being a fully reporting public company. Our fees for these services decreased by \$39,420 compared to the three months ended March 31, 2008 as a result of decreased accounting and audit fees. We anticipate these fees to remain stable throughout the upcoming year.

Depreciation

Our assets were fully depreciated as of March 31, 2009 and we did not incur any capital expenditures during the three months ended March 31, 2009.

Total Expenses

Our operating expenses decreased \$207,808 overall for the three months ended March 31, 2009 compared to \$300,977 for the three months ended March 31, 2008. Our streamlined operational environment and limitations on the use of outside consultants has allowed for the decrease in total operational costs.

Net Operating Income (Loss)

We had net operating income in the amount of \$183,369 for the three months ended March 31, 2009, versus a net operating income of \$146,522 for the three months ended March 31, 2008. As we maintain our business focus toward building sales and minimizing unnecessary overhead, we are hopeful to continue with positive earnings results.

Financing Costs

Financing costs for the three months ended March 31, 2009 were \$29,898, a decrease of \$19,576, or 40%, from \$49,474 for the three months ended March 31, 2008. Our financing costs have increased substantially as a result of our revolving line of credit with Centurion Credit Resources LLC. This agreement allows us the necessary capital to finance and turn our inventory creating an ability to generate revenue we had not previously had due to our significant deficiencies in working capital. Our agreement with Centurion requires an interest payment equal to 5% of each advance. Interest payments are paid to Centurion in shares of our common stock. The ability to pay in shares allows us to build our own working capital through the gross profit received on each sale with the anticipation of limiting the necessity for future working capital financing.

Interest Expense

Our interest expense has remained fairly consistent at \$57,113 with the comparable period one year ago. Until such time as we are able to pay down or convert our existing debt, we anticipate a continued expense of this amount throughout the upcoming year.

Net Income (Loss)

We achieved net income for the three months ended March 31, 2009 in the amount \$96,358, an increase of \$54,628 from our previous year of \$41,730. The decrease in net loss and our resulting profit was attributable to our overall decrease in general and administrative expenses and consulting fees during the quarter, as noted above.

Liquidity and Capital Resources

A critical component of our operating plan impacting our continued existence is the ability to obtain additional capital through additional equity and/or debt financing. We do not anticipate generating sufficient positive internal operating cash flow until such time as we can deliver our product to market, complete additional financial service company acquisitions and generate substantial revenues, which may take the next few years to fully realize. In the event we cannot obtain the necessary capital to pursue our strategic plan, we may have to cease or significantly curtail our operations. This would materially impact our ability to continue operations.

The following table summarizes our current assets, liabilities and working capital at March 31, 2009 compared to December 31, 2008.

	March 31, 2009	December 31, 2008	Increase / (Decrease)	
			\$	%
Current Assets	\$ 2,555,064	\$ 2,856,791	(46,663)	(2%)
Current Liabilities	\$ 3,765,496	\$ 4,189,979	(424,483)	(11%)
Working Capital Deficit	\$ (1,210,432)	\$ (1,333,188)		

Internal and External Sources of Liquidity

MAG Entities Agreement

On February 7, 2005, we entered into agreements with Mercator Momentum Fund, LP and Monarch Pointe Fund, Ltd. (collectively, the “Purchasers”) and Mercator Advisory Group, LLC (“MAG”). Under the terms of the agreement, we agreed to issue and sell to the Purchasers, and the Purchasers agreed to purchase from the Company, 20,000 shares of Series “C” Convertible Preferred Stock at \$100.00 per share. Additionally, we issued 1,250,000 warrants to purchase share of our common stock at \$1.60 per share, all of the warrants expired on February 7, 2008. To date, MAG has converted 2,140 shares of their Series “C” preferred into 1,372,901 shares of our restricted common stock. On October 8, 2008 the company received a letter from Kroll (BVI) Limited of the British Virgin Islands informing the company that the Monarch Pointe Fund, Ltd had lapsed into receivership. On February 11, 2009 the company received a call from the U.S. based agency identified in the Kroll (BVI) letter of October 8, 2008. This agent informed the company that the Mercator Momentum Fund, LP was itself a part of a separate receivership process. To date the company has not received any formal notification concerning the Mercator Momentum Fund, LP and an alleged receiver action. The company was advised by Kroll (BVI) to cease all communications with Mercator Advisory Group, LLC the former managing entity of both of the Mercator investing entities .

Pinnacle Investment Partners, LP Promissory Note

On March 24, 2004, we entered into a Secured Convertible Promissory Note with Pinnacle Investment Partners, LP for the principal amount of \$700,000 with an interest rate of 12% per annum. On February 10, 2005 we entered into a note extension agreement whereby Pinnacle agreed to advance an additional \$400,000 and extend the maturity until April 24, 2006. On July 1, 2006, we entered into a second extension of the note which matured on December 24, 2006. We are accruing interest at a default rate of 12% per annum. The note is convertible at a rate of \$0.30 per share and has been secured by 2,212,500 shares of our common stock which can be sold by the lender as a means to repay the balance due. As of March 31, 2009, Pinnacle has sold 924,948 escrow shares valued at \$406,215 which has been applied to accrued interest and the principal balance of the note.

Since August 3, 2006, the Company has not had contact with any of the Pinnacle fund management or attorney in fact. We have not delivered the shares called for under the July 1, 2006 extension after being advised by the fund management to “stand still.” On September 23, 2008 the company received a phone call from an attorney formerly associated with Pinnacle Investment Partners, LP and was advised that the fund had ceased operations, and was closed. We were also informed that of the two fund principals, one was deceased and the other incarcerated until at least August 2011.

Promissory Notes with Dennis Cantor and Novex International

On May 23, 2006, we entered into a promissory note with Dennis Cantor and Novex International for the principal amount of \$255,000. Pursuant to the note we promised to pay Dennis Cantor and Novex International the sum of \$255,000 together with interest at a rate of one half of one percent (0.5%) every ten days beginning on May 23, 2006 and running through the maturity date of June 30, 2006. In the case of a default in payment of principal, all overdue amounts under the note shall bear a penalty obligation at a rate of twelve percent (12%) per annum accruing from the maturity date. On July 1, 2006, we extended the note to July 31, 2006. We have made principal payments of \$125,000. As of March 31, 2009, the remaining principal balance was \$130,000.

Convertible Loan Payment Agreement

On July 17, 2006, we entered into a convertible loan payment agreement with Wayne G. Knapp wherein Mr. Knapp agreed to loan the Company the sum of \$200,000. The loan is for 120 days. On October 17, 2006, we renewed the note. On January 17, 2007, the parties verbally agreed to a renewal that expires on May 16, 2007. The note accrues monthly interest at a rate of 1.50% and the interest is payable quarterly in cash. The total amount owing pursuant to the agreement, was convertible at the option of Mr. Knapp at any time from July 17, 2006 until November 30, 2006, at the strike price equal to \$0.32 per share or 90% of the final bid price of our common stock on the day prior to conversion with a floor price of \$0.10 per share. We renewed Mr. Knapp’s conversion option on January 17, 2007. We also issued Mr. Knapp a warrant to purchase 50,000 shares of our common stock at \$0.32 per share through December 31, 2008. Mr. Knapp exercised his option on March 30, 2007.

Centurion Credit Resources

On November 17, 2007, we entered into an agreement with Centurion Credit Resources, LLC to secure a \$1,000,000 revolving credit facility that is geared specifically to our business. As of October 2008 the company renewed its agreement with Centurion Credit Resources, LLC until November 17, 2009 and as an inducement to renew the credit line was increased to \$2,000,000. This facility, offered to us at market credit rates. Terms of the credit facility allow us to increase the available credit in increments of \$250,000 as our business grows. We drew down on this credit line for the first time on November 30, 2007. As of March 31, 2009, we have draw down \$4,134,250 and repaid \$4,633,276. We believe that this facility will adequately finance our at home diabetes diagnostics business through revenues rates of \$10.0 million per quarter. We are also entertaining additional proposed credit facilities with various hedge funds, commercial banks and a religious fund.

Cragmont Capital, LLC

On March 1, 2008, we entered into a Convertible Promissory Note Purchase Agreement with Cragmont Capital, LLC (“Cragmont”) wherein Cragmont agreed to loan the Company an aggregate sum of \$250,000. As of December 31, 2008, we have received \$75,000. Each loan made under the agreement to which loans are made is for one year. The one and only loan made, matured on February 28, 2009. The total amount owing pursuant to the agreement, is convertible at the option of the lender, at a strike price equal to \$0.015 per share. Further we have agreed to issues 100 warrants with a strike price of \$0.03 expiring on December 31, 2010 for every dollar loaned by Cragmont. In May 2008, we terminated our relationship with Cragmont for cause. Our agreement with Cragmont is now the subject of litigation in Ventura County, California.

Cash Flow. Since inception, we have primarily financed our cash flow requirements through the issuance of common stock, the issuance of notes and sales generated income. With the growth of our current business in 2009 we may, during our normal course of business, experience net negative cash flows from operations, pending receipt of revenue which often are delayed as a result of the nature of the healthcare industry. Further, we may be required to obtain financing to fund operations through additional common stock offerings and bank or other debt borrowings, to the extent available, or to obtain additional financing to the extent necessary to augment our available working capital.

Satisfaction of our cash obligations for the next 12 months.

As of March 31, 2009, our cash balance was \$81,093. Our plan for satisfying our cash requirements for the next twelve months is through additional equity, third party financing, and/or debt financing. We anticipate sales-generated income during that same period of time, but do not anticipate generating sufficient amounts of positive cash flow to meet our working capital requirements. Consequently, we intend to make appropriate plans to insure sources of additional capital in the future to fund growth and expansion through additional equity or debt financing or credit facilities.

As we expand operational activities, we may continue to experience net negative cash flows from operations, pending receipt of sales or development fees, and will be required to obtain additional financing to fund operations through common stock offerings and debt borrowings to the extent necessary to provide working capital. We received a substantial number of sales orders and refill orders beginning in mid-September 2006 which we could not fill. It was not until the company entered into the agreement with Centurion Credit Resources, LLC that the company could fill orders for patients and customers on a continuous basis. Until the Centurion credit line was put in place we managed to keep a small portion of our distribution activities going when our limited resources allowed us.

Given our recent operating history, predictions of future operating results difficult to ascertain. The recent addition of a credit line has helped but we have found it increasingly difficult to transact commerce in the very cash intensive prescription drug industry. Thus, our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stages of commercial viability, particularly companies in new and rapidly evolving technology markets. Such risks include, but are not limited to, an evolving and unpredictable business model and the management of growth. To address these risks we must, among other things, implement and successfully execute our business and marketing strategy, continue to develop and upgrade technology and products, respond to competitive developments, and continue to attract, retain and motivate qualified personnel. There can be no assurance that we will be successful in addressing such risks, and the failure to do so can have a material adverse effect on our business prospects, financial condition and results of operations.

Expected purchase or sale of plant and significant equipment.

We do not anticipate the purchase or sale of any plant or significant equipment; as such items are not required by us at this time.

Going Concern

The financial statements included in this filing have been prepared in conformity with generally accepted accounting principles that contemplate the continuance of the Company as a going concern. The Company's cash position is currently inadequate to pay all of the costs associated with testing, production and marketing of products. Management intends to use borrowings and security sales to mitigate the effects of its cash position, however no assurance can be given that debt or equity financing, if and when required will be available. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the Company be unable to continue existence.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results or operations, liquidity, capital expenditures or capital resources that is material to investors.

Critical Accounting Policies and Estimates

Stock-based Compensation: In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard No. 123 (revised 2004) "Share-Based Payment" ("SFAS 123R), which is a revision of FASB Statement No. 123, Accounting for Stock-Based Compensation. Statement 123(R) supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees, and amends FASB Statement No. 95, Statement of Cash Flows. Generally, the approach in Statement 123R is similar to the approach described in Statement 123. However, Statement 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative.

Recent Accounting Developments

In May 2008, the FASB issued SFAS No. 162 ("FAS 162"), "The Hierarchy of Generally Accepted Accounting Principles". FAS 162 sets forth the level of authority to a given accounting pronouncement or document by category. Where there might be conflicting guidance between two categories, the more authoritative category will prevail. FAS 162 will become effective 60 days after the SEC approves the PCAOB's amendments to AU Section 411 of the AICPA Professional Standards. FAS 162 has no effect on our financial position, statements of operations, or cash flows at this time.

As of January 1, 2008 we adopted SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS No. 159"). SFAS No. 159 allows the company to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. The adoption of SFAS 159 has not had a material impact on our financial position, results of operation or cash flows.

As of January 1, 2008 we adopted SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"). SFAS No. 157 defines fair value and provides guidance for measuring and disclosing fair value. The adoption of SFAS 157 has not had a material impact on our financial position, results of operation or cash flows.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 4T. CONTROLS AND PROCEDURES.

Our Chief Financial Officer, Keith Berman, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this quarterly report on Form 10-Q. Based on this evaluation, our Chief Financial Officer concluded that, as of March 31, 2009, our disclosure controls and procedures are ineffective in ensuring that the information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. Our conclusions regarding the deficiencies were as follows:

We were unable to meet our requirements to timely file our annual report on Form 10-K for the year ended December 31, 2008. Management evaluated the impact of our inability to timely file periodic reports with the Securities and Exchange Commission on our assessment of our disclosure controls and procedures and has concluded that the control deficiency that resulted in the inability to timely make these filings represented a material weakness.

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II--OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We transact commerce in several medical products market channels. We also transact commerce moving confidential medical data through our proprietary medical information technology devices and networks. Healthcare is a very litigious industry. The industry is also very intertwined. From time to time, we may become involved in claims and litigation that arise out of the normal course of our business or the normal course of the business of our suppliers, payors and customers. Other than as noted below there are no pending matters at the current time that in management's judgment may be considered potentially material to us.

instaCare Corp. vs. Ronald Kelly, et. al. ("Kelly")

In July of 2005, the Company filed a complaint in the United States District Court, for the Central District of California (Case Number CV 05-4932-RSWL), against Ronald Kelly, Linda R. Kelly, Kimberly Kelly, and Kelly Company World Group, Inc., seeking damages for:

1. Fraud;
2. Declaratory Relief;
3. Breach of Fiduciary Duty;
4. RICO violations;
5. Injunctive Relief;
6. Conversion;
7. Breach of Contract/Breach of Corporate Merger Agreement; and
8. Accounting and Ancillary Relief.

On December 18, 2006, the United States District Court, for the Central District of California ordered, adjudged and decreed that the Company shall have judgment against Kelly in the amount of \$200,000, pursuant to the stipulation of the parties.

In addition, pursuant to a mutual release agreement executed by both parties, Kelly waived any right, claim or ownership interest in any shares of common stock of the Company. Kelly returned 31,958,000 (pre-reverse split) shares of common stock to the Company which were placed in one of the Company's majority owned subsidiaries. The Company has recently stepped up its efforts to collect on this judgment.

instaCare Corp. vs. Investor Relations Services Inc. ("IRS"), Summit Trading, Ltd. ("STL")

In August of 2005, the Company filed suit in the Superior Court for the State of California (Case Number BC337976) against IRS and STL, seeking Declaratory Relief and rescission of the alleged December 2004 agreements between the Company and IRS/STL. The complaint also sought damages for Intentional Interference with an Advantageous Business Relationship as a result of actions taken by IRS/STL.

On January 17, 2007, the Superior Court for the State of California in Los Angeles County rendered its tentative decision against Investors Relations Services and Summit Trading, Ltd., finding that the December 2004 agreements were never submitted to the Board of Directors, were never approved or authorized by the Board of Directors, and that the Company has no obligations to either IRS or STL. In March 2007, the Company filed a motion with the Superior Court for the State of California for reimbursement of attorney's fees and costs. We continue to pursue collection avenues.

The company was sued on March 27, 2009, 56-2009-00340925-CU-CL-VTA, in connection with its 2008 transaction with Cragmont Capital, LLC (“Cragmont”). The Cragmont Complaint claims it is entitled to recover the unpaid balance of \$75,000 on a Promissory Note allegedly due in February, 2009, plus interest of \$2,812.50, and attorneys fees. Cragmont also has made claims of fraudulent misrepresentations in connection with that Note, including personal claims against the Company’s directors Keith Berman and Robert Jagunich. A demurrer to the Complaint was filed as to all misrepresentation claims. This demurrer was granted on May 19, 2008 in regards to the misrepresentation claims. Cragmont has been allowed by the court leave to amend its complaint.

The Company terminated its relationship with Cragmont in May 2008 for cause. The Company does not believe that Cragmont Capital lived up to its obligations in connection with the financing transaction, and instead pursued and continues to pursue other agendas detrimental to the Company. The Company anticipates that it will shortly be filing a cross-complaint against Cragmont and its principals for damages.

ITEM 1A. RISK FACTORS.

Our significant business risks are described in Item 1A to Form 10-K for the year ended December 31, 2008 to which reference is made herein.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

On January 15, 2009, we issued 110,202 shares of our restricted common stock to Centurion Credit Resources as financing fees in connection with our line of credit. We believe that the issuance of the shares was exempt from the registration and prospectus delivery requirements of the Securities Act of 1933 by virtue of Section 4(2). The recipient of the shares was afforded an opportunity for effective access to files and records of the Company that contained the relevant information needed to make its investment decision, including the Company’s financial statements and 34 Act reports. We reasonably believe that the recipient, immediately prior to issuing the shares, had such knowledge and experience in our financial and business matters that it was capable of evaluating the merits and risks of its investment. The recipient had the opportunity to speak with our president and directors on several occasions prior to its investment decision.

On January 15, 2009, we issued 40,000 shares of our Series E Preferred Stock to Centurion Credit Resources as financing fees in connection with our line of credit. We believe that the issuance of the shares was exempt from the registration and prospectus delivery requirements of the Securities Act of 1933 by virtue of Section 4(2). The recipient of the shares was afforded an opportunity for effective access to files and records of the Company that contained the relevant information needed to make its investment decision, including the Company’s financial statements and 34 Act reports. We reasonably believe that the recipient, immediately prior to issuing the shares, had such knowledge and experience in our financial and business matters that it was capable of evaluating the merits and risks of its investment. The recipient had the opportunity to speak with our president and directors on several occasions prior to its investment decision.

On March 31, 2009, we issued 21,762 shares of our restricted common stock to Centurion Credit Resources as financing fees in connection with our line of credit. We believe that the issuance of the shares was exempt from the registration and prospectus delivery requirements of the Securities Act of 1933 by virtue of Section 4(2). The recipient of the shares was afforded an opportunity for effective access to files and records of the Company that contained the relevant information needed to make its investment decision, including the Company’s financial statements and 34 Act reports. We reasonably believe that the recipient, immediately prior to issuing the shares, had such knowledge and experience in our financial and business matters that it was capable of evaluating the merits and risks of its investment. The recipient had the opportunity to speak with our president and directors on several occasions prior to its investment decision.

On March 31, 2009, we issued 42,000 shares of our Series E Preferred Stock to Centurion Credit Resources as financing fees in connection with our line of credit. We believe that the issuance of the shares was exempt from the registration and prospectus delivery requirements of the Securities Act of 1933 by virtue of Section 4(2). The recipient of the shares was afforded an opportunity for effective access to files and records of the Company that contained the relevant information needed to make its investment decision, including the Company’s financial statements and 34 Act reports. We reasonably believe that the recipient, immediately prior to issuing the shares, had such knowledge and experience in our financial and business matters that it was capable of evaluating the merits and risks of its investment. The recipient had the opportunity to speak with our president and directors on several occasions prior to its investment decision.

Subsequent Issuances After Quarter End

On April 1, 2009, we issued 745,000 shares of our restricted common stock to Centurion Credit Resources upon the conversion of 14,900 shares of Series E Preferred Stock. We believe that the issuance of the shares was exempt from the registration and prospectus delivery requirements of the Securities Act of 1933 by virtue of Section 4(2). The recipient of the shares was afforded an opportunity for effective access to files and records of the Company that contained the relevant information needed to make its investment decision, including the Company's financial statements and 34 Act reports. We reasonably believe that the recipient, immediately prior to issuing the shares, had such knowledge and experience in our financial and business matters that it was capable of evaluating the merits and risks of its investment. The recipient had the opportunity to speak with our president and directors on several occasions prior to its investment decision.

On April 20, 2009, we issued 770,524 shares of our restricted common stock to Centurion Credit Resources as financing fees in connection with our line of credit. We believe that the issuance of the shares was exempt from the registration and prospectus delivery requirements of the Securities Act of 1933 by virtue of Section 4(2). The recipient of the shares was afforded an opportunity for effective access to files and records of the Company that contained the relevant information needed to make its investment decision, including the Company's financial statements and 34 Act reports. We reasonably believe that the recipient, immediately prior to issuing the shares, had such knowledge and experience in our financial and business matters that it was capable of evaluating the merits and risks of its investment. The recipient had the opportunity to speak with our president and directors on several occasions prior to its investment decision.

On April 20, 2009, we issued 1,500,000 shares each of our restricted common stock to two of our officers for services to the Company. We believe that the issuance of the shares was exempt from the registration and prospectus delivery requirements of the Securities Act of 1933 by virtue of Section 4(2). The recipients of the shares were afforded an opportunity for effective access to files and records of the Company that contained the relevant information needed to make their investment decisions, including the Company's financial statements and 34 Act reports. We reasonably believed that the recipients, immediately prior to issuing the shares, had such knowledge and experience in our financial and business matters that they were capable of evaluating the merits and risks of their respective investments.

On April 20, 2009, we issued 1,750,000 shares of our common stock for services rendered to the Company by Accuity Financial Inc., an accounting services provider. The shares were registered in a Registration Statement on Form S-8POS filed on August 31, 2007.

Issuer Purchases of Equity Securities

We did not repurchase any of our equity securities during the quarter ended March 31, 2009.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

See Note 3 to our financial statements contained herein.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

We did not submit any matters to a vote of our security holders during the first quarter of 2009.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

Exhibit number	Exhibit description	Filed herewith	Incorporated by reference			
			Form	Period ending	Exhibit No.	Filing date
3(i)(a)	Articles of Incorporation – Filed March 2, 2001		10-SB		3a	9/27/01
3(i)(b)	Articles of Amendments to Articles of Incorporation – Filed May 9, 2001		10-SB		3b	9/27/01
3(i)(c)	Articles of Amendments to Articles of Incorporation – Filed August 2, 2002		10-QSB	6/30/02	3.1c	8/22/02
3(ii)	Bylaws of CareDecision Corporation – March 16, 2001		10-SB		3c	9/27/01
31.1	Certification of Principal Executive and Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
32.1	Certification of Principal Executive and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X				

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

instaCare Corp.
(Registrant)

By: /s/ Keith Berman
Keith Berman, Chief Financial Officer
(On behalf of the Registrant and as Principal Financial Officer)

Date: May 27, 2009