Vivakor, Inc.
Form 10-Q
July 31, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED June 30, 2009

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

FOR THE TRANSITION PERIOD FROM TO

Commission file number 000-53535

Vivakor, Inc.
(Exact name of registrant as specified in its charter)

Nevada	26-2178141
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2590 Holiday Road, Suite 100, Coralville, IA 52241
(Address of principal executive offices, including zip code)

(619) 625-2172
(Registrant's telephone number, including area code)

NOT APPLICABLE
(Former name, former address and former fiscal year, if changed since last report)

Indicate by 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 x 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 x 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 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 x

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). YES ¨ NO x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

50,660,660 shares of Common Stock as of July 31, 2009

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Item 1A of Part II has been omitted based on the Company's status as a "smaller reporting company."

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Vivakor, Inc.
Condensed Consolidated Balance Sheets

	June 30, 2009 (Unaudited)	December 31, 2008
Assets		
Current asset		
Cash and cash equivalents	$ 51,578	$ 145,669
Accounts receivable	5,084	-
Inventory	3,156	-
Total current assets	59,818	145,669
Deferred offering costs	-	111,316
Deposit	3,700	3,700
Property and equipment, net	98,892	112,578
Patents, net	3,215,066	3,586,036
	$ 3,377,476	$ 3,959,299
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 144,215	$ 136,920
Accrued wages and benefits	572,768	298,496
Deferred grant revenue	20,300	-
Loans and advances from related parties	380,660	343,331
Grant payable	154,747	150,222
Note payable	1,401,660	1,481,648
Total current liabilities	2,674,350	2,410,617
Deferred income taxes	1,125,273	1,255,112
Total liabilities	3,799,623	3,665,729
Stockholders' equity (deficit):		
Preferred stock, $.001 par value; 10,000,000 shares authorized; none issued and outstanding	-	-
Common stock, $.001 par value; 242,500,000 shares authorized; 50,660,660 shares in 2009 and 50,225,877 shares in 2008, issued and outstanding	50,661	50,226
Additional paid-in capital	1,294,890	1,195,325
Retained deficit	(1,854,695)	(1,048,960)
Total Vivakor, Inc. stockholders' equity (deficit)	(509,144)	196,591
Noncontrolling interest	86,997	96,979
Total stockholders' equity (deficit)	(422,147)	293,570
	$ 3,377,476	$ 3,959,299

See accompanying notes.

Note: The balance sheet as of December 31, 2008 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

Vivakor, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Revenues:				
Research revenue	$ -	$ 95,000	$ -	$ 145,000
Product sales revenue	14,064	-	20,287	-
Grant revenue	74,700	-	74,700	-
Total revenues	88,764	95,000	94,987	145,000
Operating expenses:				
Cost of revenues	11,210	48,973	15,491	74,749
Research and development	285,450	83,616	582,571	87,675
Sales and marketing	200	-	491	-
General and administrative	147,698	57,554	291,433	70,289
Total operating expenses	444,558	190,413	889,986	232,713
Loss from operations	(355,794)	(95,143)	(794,999)	(87,713)
Abandoned offering costs	-	-	111,316	-
Interest expense	19,606	-	39,241	-
Loss before income tax	(375,400)	(95,143)	(945,556)	(87,713)
Benefit for income taxes	(64,920)	-	(129,839)	-
Net loss	(310,480)	(95,143)	(815,717)	(87,713)
Less: Net loss attributable to the noncontrolling interest	(4,991)	-	(9,982)	-
Net loss attributable to Vivakor, Inc.	$ (305,489)	$ (95,143)	$ (805,735)	$ (87,713)
Net loss per share:				
Basic and diluted	$ (0.01)	$ (0.00)	$ (0.02)	$ (0.00)
Weighted average shares - Basic and diluted	50,660,660	45,082,203	50,552,565	44,972,352

See accompanying notes

Vivakor, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Six months ended June 30,	
	2009	2008
Operating Activities		
Net loss	$ (815,717)	$ (87,713)
Depreciation and amortization	384,656	1,148
Write-off of previously capitalized deferred offering costs	111,316	-
Interest added to notes payable	39,241	-
Deferred income taxes	(129,839)	-
Adjustments to reconcile net loss to net cash used in operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	(5,084)	(20,000)
Inventory	(3,156)	-
Accounts payable	7,295	9,645
Accrued wages	274,272	90,576
Deferred grant revenue	20,300	-
Loans and advances from related parties	30,625	(7,548)
Net cash used in operating activities	(86,091)	(13,892)
Investing activities- Purchases of furniture and equipment	-	(29,077)
Financing activities		
Payments on note payable	(8,000)	-
Net proceeds from sale of common stock	-	45,065
Net cash provided by (used in) financing activities	(8,000)	45,065
Net change in cash and cash equivalents	(94,091)	2,096
Cash and cash equivalents- beginning of period	145,669	-
Cash and cash equivalents- end of period	$ 51,578	$ 2,096
Noncash transactions:		
Issuance of common shares for reduction of note payable balance	$ 100,000	$ -
Issuance of common shares to founder as payment of amount due	$ -	$ 18,500
Note issued to shareholder for purchase of furniture and equipment	$ -	$ 87,450

See accompanying notes.

Vivakor, Inc.
Notes to Condensed Consolidated Statements
(Unaudited)

1. Organization and Basis of Presentation

Vivakor, Inc. (the "Company") is a Nevada corporation based in Coralville, Iowa and is a trans-disciplinary biomedical company involved in the discovery, development and commercialization of a broad range of medical devices and pharmaceuticals to improve human health. The Company also performs contract research and development in molecular biology and devices engineering.

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the full fiscal year. These consolidated interim financial statements should be read in conjunction with the Company's financial statements and notes thereto for the fiscal year ended December 31, 2008.

Going Concern

The consolidated financial statements have been prepared assuming that the Company will continue as a going concern. This basis of accounting contemplates the recovery of the Company's assets and the satisfaction of its liabilities in the normal course of business. Since inception, the Company has been engaged in obtaining financing, recruiting personnel, establishing office facilities and research and development activities. During the first quarter of 2008, the Company commenced providing research services and, during the fourth quarter of 2008, the Company commenced a capital formation activity that was terminated in April 2009 with no cash proceeds being received by the Company (Note 6).

The Company does not have sufficient cash on hand to fund its administrative and other operating expenses or its proposed research and development and sales and marketing programs for the next twelve months. The Company's ability to become a profitable operating company is dependent upon obtaining financing adequate to fulfill its research and market introduction activities, and achieving a level of revenues adequate to support the Company's cost structure. Management intends to finance the Company's operations from loans from current stockholders, future public and private debt and equity offerings, proceeds from product sales and research and development services provided to others or from strategic arrangements with third parties. However, there can be no assurance that additional capital will be available, which may affect the Company's ability to continue as a going concern. The Company currently has no agreements, arrangements or understandings with any person to obtain funds through bank loans, lines of credit or any other sources. The accompanying financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the possible inability of the Company to continue as a going concern.

Vivakor, Inc
Unaudited Notes to Condensed Consolidated Statements (Continued)

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Vivakor, Inc., its wholly owned subsidiaries Vivasight, Inc., Vivathermic, Inc. and Vivaventures, Inc, all of which were formed on February 19, 2009, and its majority owned subsidiary, HealthAmerica, Inc. ("HealthAmerica"), a Nevada corporation. On October 20, 2008, the Company acquired approximately 84% of HealthAmerica's outstanding shares; accordingly, HealthAmerica's financial position as of June 30, 2009 and December 31, 2008 and its results of operations from October 20, 2008 forward were consolidated with the Company's financial statements. All intercompany transactions have been eliminated in consolidation. Vivasight, Vivathermic and Vivaventures are all currently inactive. Since certain related parties held interests in HealthAmerica prior to its acquisition by Vivakor, the noncontrolling interest in HealthAmerica's net operating results is calculated at approximately 4% of amortization expense on the acquired HealthAmerica patent and the related deferred income tax benefit, and approximately 16% of HealthAmerica's remaining operating results.

Inventories

Inventories are stated at the lower of cost or market. Cost is based on the first in, first out method. The Company regularly reviews inventory quantities on hand and, when required, provisions are made to reduce excess and obsolete inventories to their estimated net realizable value. No provision was recorded at June 30, 2009 or December 31, 2008. All inventory at June 30, 2009 consists of finished goods.

Revenue Recognition

The Company recognizes revenue when all four of the following criteria are met: (i) persuasive evidence that an arrangement exists; (ii) delivery of the products and/or services has occurred; (iii) the fees earned can be readily determined; and (iv) collectability of the fees is reasonably assured. The Company recognizes revenue from research contracts as services are performed under the agreements. The Company records grant revenues as the expenses related to the grant projects are incurred.

Net Loss Per Share

Basic net loss per share is calculated by dividing the net loss by the weighted-average number of common shares outstanding for the period, without consideration for common stock equivalents. Diluted net loss per common share is computed by dividing the net loss by the weighted-average number of common share equivalents outstanding for the period determined using the treasury-stock method if their effect is dilutive.

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 amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

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Vivakor, Inc
Unaudited Notes to Condensed Consolidated Statements (Continued)

2. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

Effective January 1, 2009, the beginning of the first quarter of 2009, the Company implemented Statement of Financial Accounting Standards ("SFAS") No. 160, "Noncontrolling Interest in Consolidated Financial Statements – an amendment of ARB No. 51." This Statement changes the accounting and reporting standards for the noncontrolling interest in a subsidiary (commonly referred to previously as minority interest). HealthAmerica, Inc. is the Company's only subsidiary that has a noncontrolling interest. The noncontrolling interest loss of $4,991 in the first quarter of 2009 and $4,991 in the second quarter of 2009 is included in net loss on the Company's consolidated statement of operations; there was no noncontrolling interest loss in the first or second quarter of 2008. In addition, the amount of consolidated net loss attributable to both the Company and the noncontrolling interest are shown on the Company's consolidated statement of operations. Noncontrolling interest related to HealthAmerica totaled $86,997 and $96,979 at June 30, 2009 and December 31, 2008, respectively. These amounts have been reclassified as noncontrolling interest in the equity section of the Company's consolidated balance sheets.

On May 28, 2009, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 165, Subsequent Events. This Statement is effective for interim and annual periods ending after June 15, 2009 and was adopted by the Company in the quarter ended June 30, 2009. This Statement is intended to establish 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 the 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. The adoption of this statement did not have any effect on the Company's accounts; however it did result in additional disclosures not previously provided in the Company's financial statements.

3. Loans and Advances From Related Parties and Other Related Party Transactions

Loans and advances from related parties consist of the following:

	June 30, 2009	December 31, 2008
Advances payable to officer	$-	$20,648
Advances payable to stockholders	280,150	228,877
Note payable to stockholder	100,510	93,806
	$380,660	$343,331

Advances payable to officer are noninterest bearing and represent Company expenditures (primarily lab and office equipment and supplies) that were paid for directly by the officer on behalf of the Company. These advances were repaid during the 3 months ended June 30, 2009.

Advances payable to stockholders are noninterest bearing and represent cash advances directly to the Company as well as Company expenditures (primarily payroll, legal fees, lab and office equipment and supplies) that were paid for directly by the stockholders on behalf of the Company.

On June 30, 2008, the Company purchased office and lab furniture and equipment from a stockholder at a total cost of $87,450. The stockholder financed the equipment with a note agreement that that is secured by the

Vivakor, Inc
Unaudited Notes to Condensed Consolidated Statements (Continued)

3. Loans and Advances From Related Parties and Other Related Party Transactions (continued)

assets purchased. The note bears interest at 14% per annum and was due on December 31, 2008. The note was not paid on December 31, 2008 and is continuing on a month to month basis. The note contained a contingent beneficial conversion feature that was triggered on December 31, 2008 when the Company was unable to repay the balance due. The conversion feature gives the note holder the option to be repaid with common stock with piggyback registration rights if the Company is unable to repay the balance due upon maturity. The number of shares to be issued in this case would be equal to the outstanding principal plus accrued and unpaid interest divided by 80% of the average stock price 30 days prior to the maturity date. Interest expense during the three and six months ended June 30, 2009 totaled $3,428 and $6,704, respectively and was added to the note balance.

During the three and six months ended June 30, 2009, $14,064 in product sales revenue were from a Company in which one of the Company's officers was a shareholder. All of the Company's revenue in the three and six months ended June 30, 2008 was from a company of which one of the Company's directors and one of the Company's officers were also officers and shareholders.

4. Note Payable

The note payable was incurred in connection with the acquisition of 84% of HealthAmerica's outstanding shares on October 20, is non-recourse and is secured by the acquired HealthAmerica shares and all of HealthAmerica's assets. The note bears interest at 4% per annum and requires the Company to make monthly payments of $25,000. In addition, every 90 days, the Company is required to make additional note payments equal to 10% of the gross proceeds received from any sales of equity or debt securities, or any sale or licensing of products or technology until all outstanding principal and interest are repaid. As of June 30, 2009, the Company had not made all of the required monthly payments under the note. On February 15, 2009, the note holder purchased 434,783 of the Company's common shares in exchange for a $100,000 reduction of the note. The Company remained in arrears subsequent to June 30, 2009; however, no action has been taken by the note holder, which is an entity controlled by one of the Company's shareholders. This shareholder received his shares in the Company as part of the HealthAmerica acquisition transaction.

5. Grant Payable

In December, 2008, the Company received from the Iowa Department of Economic Development a $150,000 Demonstration Fund Grant to assist in the development and commercialization of its CryoVial, CryoKeeper and CryoCarrier products. In the event certain events occur, including issuing an Initial Public Offering, moving out of the state of Iowa or selling 51% of the company's assets or stock, then the Company would be required to repay the grant proceeds received in a lump sum plus interest at a rate of 6%. Due to the filing of the Company's Registration on Form S-1, which was declared effective in December 2008 (Note 6), the Company recorded the grant received as a current liability in the accompanying condensed consolidated balance sheets.

Vivakor, Inc
Unaudited Notes to Condensed Consolidated Statements (Continued)

6. Equity Transactions

The Company commenced a capital formation activity to submit a Registration Statement on Form S-1 to the SEC to register and sell in a self-directed offering 15,000,000 shares of newly issued common stock at an offering price of $0.23 per share for proceeds of up to $3,450,000. The Registration also registered 5,133,000 of the Company's outstanding shares of common stock on behalf of selling stockholders, for which the Company will not receive any of the proceeds from sales of these shares. The Registration Statement on Form S-1 was filed with the SEC on November 25, 2008 and declared effective on December 22, 2008. A creditor of the Company purchased 434,783 shares in exchange for a $100,000 reduction of the Company's existing indebtedness payable to such creditor (Note 4) and, as of March 3, 2009, the Company received stock subscriptions for 14,300,000 newly issued shares of common stock at an offering price of $0.23 per share and closed the offering. The consideration received from the subscription agreements was in the form of notes receivable with maturity dates 90 days after the note dates. The notes were secured by the subscribed shares and such shares would not be released to the subscribers until payment was received by the Company. As of March 31, 2009, the Company had not received any of the purchase price for the shares and, as a result, on April 2, 2009, the Company cancelled and terminated each of the subscription agreements, with the consent of the subscribers; terminated its public offering; and deregistered the 14,300,000 unsold shares. The Company incurred $111,316 of deferred offering costs related to this capital formation activity. The deferred offering costs were expensed on March 31, 2009 due to the termination of the offering.

7. Grant Revenue

On May 5, 2009, the National Institute of Health through the National Eye Institute awarded the Company a Phase I Small Business Innovation Research Award grant in the amount of $112,912 to conduct research related to the development of the Company's digital photorefractor and the detection of amblyogenic risk factors. Through June 30, 2009, $95,000 in proceeds had been drawn on the grant of which recognition of $20,300 has been deferred.

8. Income Taxes

The income tax benefit of $64,920 and $129,839 for the three and six months ended June 30, 2009, respectively, relates to the amortization of acquired HealthAmerica patents.

As of June 30, 2009, net deferred tax assets were $131,000 with a related valuation allowance of $131,000. Deferred tax assets represent future tax benefits to be received when certain expenses and losses previously recognized in the financial statements become deductible under applicable income tax laws. The realization of deferred tax assets is dependent on future taxable income against which these deductions can be applied. SFAS No. 109, "Accounting for Income Taxes," requires that a valuation allowance be established when it is more likely than not that all or a portion of the deferred tax assets will not be realized, and requires periodic adjustments to the valuation allowance when there are changes in the evidence of realizability.

The deferred tax liability of $1,125,273 at June 30, 2009 consists of the difference in book and tax carrying value of the acquired HealthAmerica patents.

9. Subsequent Events

On July 27, 2009, the Board of Directors authorized the grant of options to employees to acquire 420,000 shares of the Company's common stock under the Vivakor 2008 Incentive Plan (the "2008 Plan"). The Board of Directors also authorized the grant of options to officers and directors to acquire 6,000,000 shares of common stock outside of 2008 Plan. The exercise price of all of these option grants is $0.23 per share and the options vest on different schedules over a period of three years. Subsequent to the grant, there are 7,080,000 shares available to be issued under the 2008 Plan.

On July 27, 2009, the Board of Directors authorized management to submit a Registration Statement on Form S-1 to the SEC to register and sell in a self-directed offering of 15,000,000 shares of newly issued common stock at an offering price of $0.23 per share for proceeds of up to $3,450,000.

No other significant events occurred subsequent to the balance sheet date through July 31, 2009 (which is the latest practicable date for evaluation prior to the issuance of these financial statements), which would require recognition or disclosure in these financial statements. We undertake no obligation to update publicly or revise these financial statements, whether as a result of new information, future events or otherwise after July 31, 2009.

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

The following discussion and analysis should be read in conjunction with the Financial Statements and Notes relating thereto appearing elsewhere in this report and with "Management's Discussion and Analysis of Financial Condition and Results of Operations" presented in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

Introductory Note

This Quarterly Report on Form 10-Q contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and we intend that such forward looking statements be subject to the safe harbors created thereby. These forward-looking statements, which may be identified by words including "anticipates," "believes," "intends," "estimates," "expects," "plans," and similar expressions include, but are not limited to, statements regarding (i) future research plans, expenditures and results, (ii) potential collaborative arrangements, (iii) the potential utility of our proposed products and (iv) the need for, and availability of, additional financing.

The forward-looking statements included herein are based on current expectations, which involve a number of risks and uncertainties and assumptions regarding our business and technology. These assumptions involve judgments with respect to, among other things, future scientific, economic and competitive conditions, and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the results contemplated in forward-looking statements will be realized and actual results may differ materially. In light of the significant uncertainties inherent in the forward-looking information included herein, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives or plans will be achieved. We undertake no obligation to publicly release the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof, or to reflect the occurrence of unanticipated events. Readers should carefully review the risk factors described in this and other documents that we file from time to time with the Securities and Exchange Commission, or the SEC, including, without limitation, Quarterly Reports on Form 10-Q, Annual Reports on Form 10-K and subsequent Current Reports on Form 8-K.

General

Vivakor, Inc. is a transdisciplinary research company that develops products in the fields of molecular medicine, electro-optics, biological handling and natural and formulary compounds. We also provide contract research services for third parties. We had no employees or significant operations from our inception through March 15, 2008. On October 20, 2008, we effectively acquired the assets (patents and technology related to medical record bar coding and magnetic resonance imaging (MRI) systems) of HealthAmerica, Inc. by acquiring approximately 84% of HealthAmerica's outstanding shares. HealthAmerica has had no significant operations, within the last four years.

Our business model is to be a research hub focused on areas that have both an identified scientific need and a substantial market opportunity. This approach is intended to provide the necessary environment of transdisciplinary collaboration and cross-pollination to advance research. Our company mission is to advance distinct ideas to improve the quality of life for individual patients, researchers, clinicians and consumers. We believe that the development of substantive technologies and cures for complex human conditions, illnesses and diseases require a sophisticated approach with contribution from many areas of scientific expertise typically requiring a lengthier trajectory to market. Our research is anchored by our relationship with collaborative partners and product-specific commercialization strategies. From the commencement of product conception through development, we target specific commercialization strategies and expect to have collaborative partners or licensing arrangements in place for each of our products before completion. We expect this model to provide several advantages to our shareholders, including a more efficient research and development process and a quicker time to market after completion of development. We have commenced developing numerous products and currently have one pending utility patent and one active provisional patent. In October, 2008, we also acquired a patented MRI software technology that we currently intend to develop. We intend to commercialize such products, after completion of development and any required regulatory approvals, primarily through one of three methods: a sale of the technology, licensing of the product to a manufacturer or distributor or, in some cases, by manufacturing, marketing and directly selling the products ourselves.

Product Research Divisions

Our research efforts have been divided into four primary areas of medical and biotechnological development. These are:

1. Molecular Medicine. This division centers on the development of biologically relevant molecules, tests and methods and their application in the practice of medicine.

Vivakor is translating systems biology (genomics, proteomics, metabalomics, etc.) insights of the molecular and cellular basis of disease into commercializable theranostic (diagnostic/therapeutic) products. Vivakor scientists are participants in the discovery and development of new drugs and the early diagnosis of disease states. For example, Vivakor is investigating SNPs (single nucleotide polymorphisms or single point mutations) that give rise to differing response to drugs and supplements or that are linked to human disease conditions. Vivakor is especially focused on conditions and reactions affecting human skin.

This division is developing the following types of products:

laser poration (a unique method of gene delivery);

microtine dermprint allergy testing;

SNP detection (customer-specific genetic markers); and

synthetic peptide therapies and synthetic cellular immortalization.

The central aim of the molecular medicine division is cancer detection and wound healing, which we anticipate will lead to the development of customized treatments. Our research in stem cell biology and nuclear reprogramming is a critical element in this research.

2. Electro-Optics. This division focuses on the development of biomedical and related consumer products that incorporate optical and electronic engineering. We are actively designing, building and testing several new electro-optic devices to reach previously un-served or underserved areas of the biomedical device market. Products being developed in this area include:

VivaSight- a digital photorefractor that is intended to modernize child vision screening

a label free multiplexed clinical biomolecular sensor (CBS) for the detection and diagnosis of complex human conditions (cancer, infectious diseases, cardiovascular disease, metabolic disorders, auto immune and inflammatory diseases)

multi-spectral imaging devices to examine burn degree and cutaneous melanoma and

spectroscopic devices to track wound healing and ear infection.

With the recent acquisition of HealthAmerica's SLICES™ technology, we are adapting and upgrading this technology to produce enhanced MRI images which we expect will improve MRI resolution while providing additional data such as blood flow velocity in imaged tissues. See Products and Development Status below. Approval has been granted from Western Institutional Review Board (20080731) to conduct human validation studies of our VivaSight technology on children. This study is currently being conducted at The University of Iowa Hospitals and Clinics.

3. Biological Handling. Vivakor is developing commercial products for cryogengenic preservation, storage and shipping of biological materials. We are exploring new techniques to improve methods and products employed for cryogenic preservation, storage and handling. Our research in this area is leading to the development of products such as:

improved cryovials (USPTO Utility Patent # 12423998);

cryogenic devices for temperature maintenance and sample transport);

a cryogenic biopsy device (Cryopsy); and

improved modular cryogenic freezer designs.

4. Natural and Formulary Products. This division is particularly focused on the investigation, validation and adaptation of medical herbalism or botanical medicine. We are investigating the healing properties of botanicals and developing supplements and pharmaceutical (both over-the-counter and prescription) products that harness the power of these natural sources. For example, our scientists are researching certain botanical extracts for their properties in ameliorating the symptoms of the common cold. This division has conducted a human participant study approved by Western Institutional Review Board 20071809. Products currently being developed in this area include:

fruit and vegetable extract for the protection of digestive system

fresh fruit and vegetable extract for antioxidant supplements (USPTO Provisional Patent #61093311); and

jam and jelly formula to contain both antioxidant supplements as well as bone & cartilage supplements for healthy joints (USPTO Provisional Patent #61093311)

Contract Research Services

We also perform contract research and development in molecular biology and devices engineering. This includes contracts to perform several studies to investigate and validate topical product claims. For example, we have developed a novel TOPICAL permeability test that measures breathability of topical products. This test is used to assess cosmetic and cosmeceutical claims of breathability or oxygen permeability. Contract services in the areas of mechanical engineering, electrical engineering, optical layout, and programming for instrument control and digital image analysis are also offered.

Research and Development

During the six months ended June 30, 2009 and 2008, we incurred $582,571 and $87,675 in costs related to research and development activities, respectively. The Company expects to continue ongoing research and development activities for the foreseeable future and expenses for the year ended December 31, 2009 are expected to increase from 2008 as we expand our research and development efforts. We face a number of risks in moving our technology through research, development and commercialization. We have never been profitable on an annual basis and have incurred net losses of $1,854,695 through June 30, 2009. We do not anticipate profitability in the short term and will continue to require external funding, either from key corporate partnerships and licenses of our technology or from the private or public equity markets, debt from banking arrangements or some combination of these financing vehicles.

Employees

As of June 30, 2009, we had three full-time employees and two part-time employees, of which one full-time employees is engaged in research and development, one is engaged in both administrative functions and research and development and one (the Chief Executive Officer) is engaged in both research and development and executive management. Our Chairman and our Chief Financial Officer have had all of their cash compensation accrued and have worked for us on a part-time basis through the second quarter 2009. As we expand our research and operating activities, the percentage of time they devote to the Company is expected to increase and it is planned that these will become full-time positions in 2009. We estimate that the successful implementation of our growth plan would require between six and ten additional employees by the end of fiscal year 2009. We also plan to continue to retain and utilize the services of outside consultants as the need arises. None of our employees are represented by any collective bargaining unit.

Plan of Operation

The Company plans on becoming a significant transdisciplinary biomedical/biotechnology company involved in the discovery, development and commercialization of a broad range of medical devices and pharmaceuticals to improve human health.

We intend to develop, manufacture and sell directly or indirectly through collaborative partners, the following types of products:

PRODUCT	R&D PHASE	DESCRIPTION
VivaThermic Vials	Phase III	Centrifugable and autoclavable vials for cryopreservation
CryoKeeper/Carrier	Phase II	Device for the storage & transport of specimens at cryogenic temperatures
Vivaplate	Phase I	Composite multi-well microplate for rapid temperature response
VivaCycler	Phase I	Individually controlled high throughput heating and cooling device
VivaSight	Phase II	Digital PhotoRefractor for children's vision screening
VivAuris	Phase II	Device for middle ear redness detection
VivaGlobin	Phase II	Device for anemia and Cutaneous hemoglobin detection
VivaBlend	Phase III	Fresh fruits & vegetables extract for antioxidant supplements
RejuviJam	Phase II	

		Jam & Jelly with antioxidants and bone & cartilage supplements
VivaGastroProtect	Phase I	Fruits and vegetables extract for the protection of digestive system
VivaCrop	Phase I	Vegetation health monitor
Clinical Biomolecular Sensor	Phase I	In vitro diagnostic device used at the point of care
SLICES	Phase II	MRI enhancement software

We also plan to continue to provide contract research and development services in molecular biology, device engineering and other areas. We commenced providing contract research and development services in the first quarter of 2008. During the first quarter 2009, we commenced sales of the VivaThermic vials and we commenced sales of VivaBlend in the second quarter of 2009.

Going Concern

Our registered independent accounting firm expressed substantial doubt as to our ability to continue as a going concern in its report for the fiscal year ended December 31, 2008 based on the fact that we do not have adequate working capital to finance our day-to-day operations. Our continued existence depends upon the success of our efforts to raise additional capital necessary to meet our obligations as they come due and to obtain sufficient capital to execute our business plan. We intend to obtain capital primarily through issuances of debt or equity or entering into collaborative arrangements with corporate partners. There can be no assurance that we will be successful in completing additional financing or collaboration transactions or, if financing is available, that it can be obtained on commercially reasonable terms. If we are not able to obtain the additional financing on a timely basis, we may be required to further scale down or perhaps even cease the operation of our business. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments. Our financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Liquidity and Capital Resources

At June 30, 2009, we have $51,578 in cash and cash equivalents and our current liabilities consisted of $144,215 in accounts payable, $572,768 in accrued wages and benefits payable, which consists primarily of unpaid compensation to our two officers and the Executive Chairman, $20,300 in deferred grant revenue, $380,660 in loans and advances payable to related parties, a $154,747 grant payable and a $1,401,660 note payable. The $154,747 grant payable would be payable only upon the occurrence of certain events, including the completion of an Initial Public Offering. The $1,401,660 note payable was incurred in connection with the acquisition of HealthAmerica and requires payments in $25,000 monthly increments plus, every 90 days, the Company is required to make additional note payments equal to 10% of the gross proceeds received from any sales of equity or debt securities and, to date, we have been unable to pay all of the required scheduled payments under the agreement.

For the six months ended June 30, 2009, net cash used in operating activities was $86,091 and included our $815,717 net loss for the six months ended June 30, 2009, adjusted for depreciation and amortization charges of $384,656, the write off of previously capitalized deferred offering costs of $111,316, interest added to note payable balances of $39,241, and changes in operating assets and liabilities offset by deferred income taxes of $129,839. Net cash used in operating activities was $13,892 during the six months ended June 30, 2008 and included our net loss of $87,713, adjusted for depreciation and amortization charges of $1,148, offset by changes in operating assets and liabilities.

Net cash used in financing activities was $8,000 for the six months ended June 30, 2009, and resulted from note payable payments. Net cash provided by financing activities was $45,065 for the six months ended June 30, 2008, and resulted from sales of common stock.

No cash was provided by investing activities during the six months ended June 30, 2009 or 2008.

The Company commenced a capital formation activity to submit a Registration Statement on Form S-1 to the SEC to register and sell in a self-directed offering 15,000,000 shares of newly issued common stock at an offering price of $0.23 per share for proceeds of up to $3,450,000. The Registration also registered 5,133,000 of the Company's outstanding shares of common stock for resale on behalf of selling stockholders, for which the Company will not receive any of the proceeds from sales of these shares. The Registration Statement on Form S-1 was filed with the SEC on November 25, 2008 and declared effective on December 22, 2008. On March 3, 2009, the Company announced that it had sold 14,734,783 shares of common stock and de-registered 265,217 shares of common stock. Of the shares sold, the holder of the note payable purchased 434,783 shares in exchange for a $100,000 reduction of the debt. The Company had received subscription agreements to purchase the remaining 14,300,000 shares, but, as of April 2, 2009, had not received any of the purchase price for such shares and cancelled and terminated each of the subscription agreements, with the consent of the subscribers. The Company then terminated the public offering and deregistered all unsold shares, aggregating 14,300,000 shares. The Company will not offer or sell any additional shares of common stock pursuant to this registration statement. The 5,133,000 shares of common stock that were registered for resale by existing shareholders continue to be registered for resale and were not subject to the de-registration; however, the Company will not receive any of the proceeds of such sales.

We do not have sufficient cash on hand to fund our administrative and other operating expenses or our proposed research and development and sales and marketing programs for the next twelve months. During the six months ended June 30, 2009, we obtained a research grant for approximately $112,000, we entered into distribution agreements with distributors in India and Japan for the sale of our cryovials and we commenced taking cryovial orders and we also commenced sales of VivaBlend; however, until we have sufficient cash to prepare marketing materials and purchase product samples, we do not expect significant revenues from product sales. In order to meet our obligations as they come due and to fund the development and marketing of our or products, we will require significant new funding to pay for these expenses. We might do so through loans from current stockholders, public or private equity or debt offerings, grants or strategic arrangements with third parties. There can be no assurance that additional capital will be available to us. We currently have no agreements, arrangements or understandings with any person to obtain funds through bank loans, lines of credit or any other sources.

We have no material commitments or contractual purchase obligations for the next twelve months other than the monthly rental payments of $3,700 on the facilities lease that expires July 10, 2010, plus an equipment lease and a service contract that require aggregate monthly payments of $146 that total $4,927 through May 2012.

Critical Accounting Policies

Our financial statements and accompanying notes have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

We regularly evaluate the accounting policies and estimates that we use to prepare our financial statements. In general, management's estimates are based on historical experience, on information from third party professionals, and on various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Vivakor, Inc., its wholly owned subsidiaries Vivasight, Inc., Vivathermic, Inc. and Vivaventures, Inc, all of which were formed on February 19,

2009, and its majority owned subsidiary, HealthAmerica, Inc. (“HealthAmerica”), a Nevada corporation. On October 20, 2008, the Company acquired approximately 84% of HealthAmerica’s outstanding shares . All intercompany transactions have been eliminated in consolidation. Vivasight, Vivathermic and Vivaventures are all currently inactive.

Impairment of Long-Lived Assets

Long-lived assets, which primarily consist of equipment, furniture, leasehold improvements and patents, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the future net cash flows expected to be generated by such assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. The Company did not recognize any impairment loss for long-lived assets during the six months ended June 30, 2009 and 2008.

Revenue Recognition

The Company recognizes revenue when all four of the following criteria are met: (i) persuasive evidence that an arrangement exists; (ii) delivery of the products and/or services has occurred; (iii) the fees earned can be readily determined; and (iv) collectability of the fees is reasonably assured. The Company recognizes revenue from research contracts as services are performed under the agreements. The Company records grant revenues as the expenses related to the grant projects are incurred.

The above listing is not intended to be a comprehensive list of all of our accounting policies. See our audited financial statements and notes thereto, which begin on page F-1 of our Annual Report on Form 10-K, which contain accounting policies and other disclosures required by accounting principles generally accepted in the U.S.

New Accounting Pronouncements

On May 28, 2009, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 165, Subsequent Events. This Statement is effective for interim and annual periods ending after June 15, 2009 and was adopted by the Company in the quarter ended June 30, 2009. This Statement is intended to establish 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 the 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. The adoption of this statement did not have any effect on the Company’s accounts; however it did result in additional disclosures not previously provided in the Company’s financial statements.

Results of Operations

Comparison of the Three and Six Months ended June 30, 2009 and 2008

For the three months ended June 30, 2009, we had a net loss of $310,480 compared to a net loss of $95,143 for the corresponding prior year period. For the six months ended June 30, 2009, we had a net loss of $815,717 compared to a net loss of $87,713 for the corresponding prior year period, primarily due to increased research and administrative expenditures in 2009 and due to the write off of abandoned offering costs in the six months ended June 30, 2009. Note also from our inception through March 15, 2008, we had no significant operations.

We commenced cryovial and VivaBlend product sales in 2009, accordingly, during the three and six months ended June 30, 2009, product sales revenue totaled $14,064 and $20,287, respectively, compared to zero product sales revenue during the three and six months ended June 30, 2008. During the three and six months ended June 30, 2008, we had $95,000 and $145,000, respectively in research services revenue compared to zero for the three and six months ended June 30, 2009. In 2009, the National Institute of Health through the National Eye Institute awarded us a Phase I Small Business Innovation Research Award grant related to the development of our digital photorefractor and we recognized $74,700 in grant revenue during the three and six months ended June 30, 2009 compared to zero in 2008.

For the three and six months ended June 30, 2009, cost of sales totaled $11,210 and $15,491, respectively compared to $48,973 and $74,749, respectively for the three and six months ended June 30, 2008. The changes are due to the change in both the volume and mix of revenues as noted above.

Our research and development expenses for the three-month period ended June 30 increased from $83,616 in 2008 to $285,450 in 2009 and for the six month period ended June 30 increased from $87,675 in 2008 to $582,571 in 2009. These increases were primarily due to the increase in patent cost amortization related to patents acquired in October 2008 from zero per quarter in 2008 to $185,485 per quarter in 2009. There was also an increase in research and development activity during the six months ended June 30, 2009 due to the longer operational period in 2009 as we were inactive prior to March 15, 2008.

The patent costs amortization noted above resulted in a deferred tax benefit of $64,920 and $129,839 for the three and six months ended June 30 2009, respectively. Since there was no patent amortization through June 30, 2008, there was no associated tax benefit.

Our general and administrative expenses for the three months ended June 30, increased from $57,554 in 2008 to $147,698 in 2009 and for the six month period ended June 30 increased from $70,289 in 2008 to $291,433 in 2009 primarily due to the increase in compensation expense related to our Chairman and CFO, who work on a part-time basis and were required to spend more time working for us in 2009 compared to 2008. Since we were inactive prior to March 15, 2008, there was a longer operational period during the six months ended June 30, 2009 compared to 2008.

During the three and six months ended June 30, 2009 we also expensed $111,316 in offering costs related to the terminated Registration Statement on Form S-1 that was originally filed on November 25, 2008.

We had no interest bearing debts prior to June 30, 2008, accordingly, interest expense was $19,606 and $39,241 for the three and six months ended June 30, 2009 compared to zero in 2008. The interest bearing debts incurred on or after June 30, 2008 are related to the acquisition of HealthAmerica, related party loans and a grant that we expect to repay.

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 of operations, liquidity, capital expenditures or capital resources that are material to investors.

Item 3. Quantitative and Qualitative Disclosures About Market Risks

Not applicable.

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Item 4T. Controls and Procedures

The Company's Chief Executive Officer, Chief Financial Officer and Chairman have established and are currently maintaining disclosure controls and procedures for the Company. The disclosure controls and procedures have been designed to provide reasonable assurance that the information required to be disclosed by the Company in reports that it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and to ensure that information required to be disclosed by the Company is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure.

Our limited financial resources, not our disclosure controls and procedures, caused us to delay the timing of the audit of our annual financial statements for the year ended December 31, 2008 and review of our interim financial statements for the quarter ended March 31, 2009 by our independent accountants, which resulted in our inability to file our Annual Report on Form 10-K and our previous Quarterly Report on Form 10-Q on a timely basis.

The Chief Executive Officer, Chief Financial Officer and Chairman conducted a review and evaluation of the effectiveness of the Company's disclosure controls and procedures and have concluded, based on their evaluation as of the end of the period covered by this Report, that our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission’s rules and forms and to ensure that the information required to be disclosed by the Company is accumulated and communicated to management, including our Chief Executive Officer our Chief Financial Officer and our Chairman, to allow timely decisions regarding required disclosure.

There has been no change in our internal control over financial reporting (as defined in Rules 13(a)-15(f) and 15(d)-15(f) under the Exchange Act) during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Our Chief Executive Officer and our Chief Financial Officer do not expect that our disclosure controls or internal controls will prevent all error and all fraud. Although our disclosure controls and procedures were designed to provide reasonable assurance of achieving their objectives and our principal executive and financial officer have determined that our disclosure controls and procedures are effective at doing so, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute assurance that the objectives of the system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. Individual persons perform multiple tasks which normally would be allocated to separate persons and therefore extra diligence must be exercised during the period these tasks are combined. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented if there exists in an individual a desire to do so. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. It is also recognized Vivakor has not designated an audit committee and no member of the board of directors has been designated or qualifies as a financial expert. The Company plans to address these concerns at the earliest possible reasonable opportunity.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

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

None.

Item 3. Defaults Upon Senior Securities

We have a note payable with a $1,401,660 balance at June 30, 2009 that was incurred in connection with our acquisition of 84% of HealthAmerica's outstanding shares on October 20, 2008. The note is non-recourse and is secured by all of the acquired HealthAmerica shares and all of HealthAmerica's assets. The note bears interest at 4% per annum and requires the Company to make monthly payments of $25,000. In addition, every 90 days, the Company is required to make additional note payments equal to 10% of the gross proceeds received from any sales of equity or debt securities, or any sale or licensing of products or technology until all outstanding principal and interest are repaid. On February 15, 2009, the note holder purchased 434,783 of the Company's common shares in exchange for a $100,000 reduction of the note. As of June 30, 2009 and through the date of this report, we have been unable to make all of the required monthly payments under the note agreement; however, no action has been taken by the note holder, which is an entity controlled by one of our shareholders. This shareholder received his shares in the Company as part of the HealthAmerica acquisition transaction.

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

None.

Item 5. Other Information

None

Item 6. Exhibits

Exhibits

31.1	Certification by Chief Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a), As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by Chief Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a), As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURES

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

VIVAKOR, INC.

July 31, 2009	By:	/s/ Ed Corrente Ed Corrente Chief Financial Officer (Chief Accounting Officer)