

METROPOLITAN HEALTH NETWORKS INC
Form 10-Q
November 09, 2004

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2004

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 0-28456

METROPOLITAN HEALTH NETWORKS, INC.

(Exact name of registrant as specified in its charter)

Florida

65-0635748

(State or other jurisdiction of

(I.R.S. Employer

Incorporation or organization)

Identification No.)

250 Australian Avenue, Suite 400, West Palm Beach, FL

33401

(Address of principal executive office)

(Zip Code)

(561) 805-8500

(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 an accelerated filer (as defined in Rule 12b-2 of the Exchange Act)

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.

Class

Outstanding as of October 31, 2004

Common Stock par value \$.001

46,857,505

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Metropolitan Health Networks, Inc.

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METROPOLITAN HEALTH NETWORKS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

<u>ASSETS</u>	September 30, 2004 (Unaudited)	December 31, 2003 (Audited)
CURRENT ASSETS		
Cash and equivalents	\$ 8,554,541	\$ 2,176,204
Accounts receivable, net of allowance	2,795,243	2,138,690
Inventory	285,709	304,248
Other current assets	819,759	833,112
TOTAL CURRENT ASSETS	12,455,252	5,452,254
CERTIFICATES OF DEPOSIT - restricted	1,000,000	1,000,000
PROPERTY AND EQUIPMENT, net	699,172	659,682
GOODWILL, net	1,992,133	1,992,133
OTHER ASSETS	127,685	119,660
TOTAL ASSETS	\$ 16,274,242	\$ 9,223,729
 <u>LIABILITIES AND STOCKHOLDERS'</u> <u>EQUITY/(DEFICIENCY IN ASSETS)</u>		
CURRENT LIABILITIES		
Advances from HMO	\$ -	\$ 164,536
Accounts payable	378,215	1,756,347
Accrued expenses	1,823,978	1,413,195
Current maturities of capital lease obligations	7,640	104,315

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Current maturities of long-term debt	600,000	975,169
Payroll taxes payable	4,717	3,408,736
TOTAL CURRENT LIABILITIES	2,814,550	7,822,298
CAPITAL LEASE OBLIGATIONS	-	3,092
LONG-TERM DEBT	400,000	1,901,000
TOTAL LIABILITIES	3,214,550	9,726,390
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY/(DEFICIENCY IN ASSETS)		
Preferred stock, par value \$.001 per share; stated value \$100 per share;		
10,000,000 shares authorized; 5,000 issued and outstanding	500,000	500,000
Common stock, par value \$.001 per share; 80,000,000 shares authorized;		
46,808,993 and 38,527,699 issued and outstanding, respectively	46,809	38,527
Additional paid-in capital	35,901,738	31,343,887
Accumulated deficit	(23,269,504)	(32,238,333)
Common stock issued for services to be rendered	(119,351)	(146,742)
TOTAL STOCKHOLDERS' EQUITY/(DEFICIENCY IN ASSETS)	13,059,692	(502,661)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY/(DEFICIENCY IN ASSETS)	\$ 16,274,242	\$ 9,223,729

See accompanying notes - unaudited

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METROPOLITAN HEALTH NETWORKS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	For the nine months ended September 30,		For the three months ended September 30,	
	2004 (Unaudited)	2003 (Unaudited)	2004 (Unaudited)	2003 (Unaudited)
REVENUES	\$ 117,189,228	\$ 108,422,050	\$ 40,091,999	\$ 35,680,129
EXPENSES				
Direct medical costs	95,934,070	91,802,409	32,155,171	29,994,259
Payroll, payroll taxes and benefits	6,731,202	5,516,682	2,399,245	1,803,664
Medical supplies	1,132,488	1,477,204	269,989	585,804
Depreciation and amortization	283,698	517,176	70,429	176,549
Rent and leases	856,305	744,861	292,190	263,232
C o n s u l t i n g expense	444,517	1,053,648	195,959	328,813
G e n e r a l a n d administrative	2,371,373	2,025,101	998,745	559,486
T O T A L EXPENSES	107,753,653	103,137,081	36,381,728	33,711,807
INCOME BEFORE OTHER INCOME (EXPENSE)	9,435,575	5,284,969	3,710,271	1,968,322
OTHER INCOME (EXPENSE):				
I n t e r e s t a n d penalty expense	&n			