

METROPOLITAN HEALTH NETWORKS INC
Form 10-Q
May 10, 2005

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 March 31, 2005

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
(State or other jurisdiction of Incorporation or organization)

65-0635748
(I.R.S. Employer 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

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

Class
Common Stock par value \$.001

Outstanding as of April 29, 2005
48,794,276

Metropolitan Health Networks, Inc.

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

ASSETS	March 31, 2005 (Unaudited)	December 31, 2004 (Audited)
CURRENT ASSETS		
Cash and equivalents	\$ 10,346,189	\$ 11,344,113
Short-term investments	3,000,000	1,500,000
Accounts receivable, net of allowance	1,658,903	1,474,438
Inventory	166,556	217,630
Prepaid expenses	731,884	422,839
Deferred income taxes	3,500,000	3,400,000
Other current assets	468,820	563,991
TOTAL CURRENT ASSETS	19,872,352	18,923,011
CERTIFICATES OF DEPOSIT - restricted	1,000,000	1,000,000
PROPERTY AND EQUIPMENT, net	785,510	824,003
INVESTMENTS	641,417	-
GOODWILL, net	1,992,133	1,992,133
DEFERRED INCOME TAXES	4,370,110	4,881,110
OTHER ASSETS	413,060	417,006
TOTAL ASSETS	\$ 29,074,582	\$ 28,037,263
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 591,505	\$ 840,470
Accrued payroll	1,597,414	1,433,874
Accrued expenses	496,115	68,289
Current maturities of long-term debt	233,250	882,000
TOTAL CURRENT LIABILITIES	2,918,284	3,224,633
LONG-TERM DEBT	-	250,000
TOTAL LIABILITIES	2,918,284	3,474,633
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
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; 48,337,662 and 48,004,262 issued and outstanding, respectively	48,338	48,004
Additional paid-in capital	37,903,635	37,527,529
Accumulated deficit	(12,271,019)	(13,415,621)
Prepaid expenses	(24,656)	(97,282)
TOTAL STOCKHOLDERS' EQUITY	26,156,298	24,562,630
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 29,074,582	\$ 28,037,263

See accompanying notes - unaudited

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

	For the three months ended March 31,	
	2005	2004
	(Unaudited)	(Unaudited)
REVENUES, net	\$ 45,519,566	\$ 38,543,196
OPERATING EXPENSES		
Medical expenses		
Direct medical costs	38,533,117	33,237,803
Other medical costs	2,636,975	2,035,414
Total medical services	41,170,092	35,273,217
Administrative payroll, taxes and benefits	1,266,261	863,765
General and administrative	1,376,944	800,522
TOTAL OPERATING EXPENSES	43,813,297	36,937,504
OPERATING INCOME	1,706,269	1,605,692
OTHER INCOME (EXPENSE)		
Interest and penalty expense	(3,850)	(138,954)
Interest and investment income	68,925	15,380
Other income	70,258	8,649
TOTAL OTHER INCOME (EXPENSE)	135,333	(114,925)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	1,841,602	1,490,767
INCOME TAXES	697,000	-
INCOME FROM CONTINUING OPERATIONS	1,144,602	