

METROPOLITAN HEALTH NETWORKS INC
Form 10-Q
August 10, 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 June 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 [X]

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 July 31, 2004

Common Stock par value \$.001

45,793,833

#

Metropolitan Health Networks, Inc.

Index

Part I.	FINANCIAL INFORMATION	Page
Item 1.	Condensed Consolidated Financial Statements (Unaudited):	
	Condensed Consolidated Balance Sheets as of June 30, 2004 and December 31, 2003	3

Edgar Filing: METROPOLITAN HEALTH NETWORKS INC - Form 10-Q

	Condensed Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2004 and 2003	4
	Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2004 and 2003	5
	Notes to Condensed Consolidated Financial Statements	6-12
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	13-19
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	20
Item 4.	Controls and Procedures	20
PART II.	OTHER INFORMATION	
Item 1.	Legal Proceedings	21
Item 2.	Changes in Securities and Use of Proceeds	21
Item 3.	Default Upon Senior Securities	21
Item 4.	Submission of Matters to a Vote of Security Holders	21
Item 5.	Other Information	21
Item 6.	Exhibits and Reports on Form 8-K	22
	SIGNATURES	23

#

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

<u>ASSETS</u>	June 30, 2004 (Unaudited)	December 31, 2003 (Audited)
CURRENT ASSETS		
Cash and equivalents	\$ 5,381,610	\$ 2,176,204
Accounts receivable, net of allowance	1,532,444	2,138,690
Inventory	295,289	304,248
Other current assets	1,099,485	833,112
TOTAL CURRENT ASSETS	8,308,828	5,452,254
CERTIFICATES OF DEPOSIT - restricted	1,000,000	1,000,000
PROPERTY AND EQUIPMENT, net	590,818	659,682
GOODWILL, net	1,992,133	1,992,133
OTHER ASSETS	114,696	119,660
TOTAL ASSETS	\$ 12,006,475	\$ 9,223,729
 <u>LIABILITIES AND STOCKHOLDERS'</u> <u>EQUITY/(DEFICIENCY IN ASSETS)</u>		
CURRENT LIABILITIES		
Advances from HMO	\$ -	\$ 164,536
Accounts payable	358,089	1,756,347
Accrued expenses	1,473,482	1,413,195
Current maturities of capital lease obligations	36,564	104,315
Current maturities of long-term debt	600,000	975,169
Payroll taxes payable	102,116	3,408,736
TOTAL CURRENT LIABILITIES	2,570,251	7,822,298
CAPITAL LEASE OBLIGATIONS	-	3,092
LONG-TERM DEBT	584,500	1,901,000
TOTAL LIABILITIES	3,154,751	9,726,390
 COMMITMENTS AND CONTINGENCIES		
 STOCKHOLDERS' EQUITY/(DEFICIENCY IN ASSETS)		

Edgar Filing: METROPOLITAN HEALTH NETWORKS INC - Form 10-Q

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;			
45,779,033 and 38,527,699 issued and outstanding, respectively	45,779		38,527
Additional paid-in capital	35,383,618		31,343,887
Accumulated deficit	(26,936,253)		(32,238,333)
Common stock issued for services to be rendered	(141,420)		(146,742)
TOTAL STOCKHOLDERS' EQUITY/(DEFICIENCY IN ASSETS)	8,851,724		(502,661)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY/(DEFICIENCY IN ASSETS)	\$ 12,006,475	\$	9,223,729

See accompanying notes - unaudited

#

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

	For the six months ended June 30,		For the three months ended June 30,	
	2004	2003	2004	2003
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
REVENUES	\$ 77,097,229	\$ 72,741,924	\$ 38,554,033	\$ 35,865,376
EXPENSES				

Edgar Filing: METROPOLITAN HEALTH NETWORKS INC - Form 10-Q

Direct medical costs	63,778,899	61,808,151	30,541,096	29,966,357
Payroll, payroll taxes and benefits	4,331,957	3,713,016	2,393,183	1,813,645
Medical supplies	862,500	891,399	351,120	462,813
Depreciation and amortization	213,269	340,627	90,746	173,146
Rent and leases	564,115	481,628	288,205	265,875
Consulting expense	248,558	724,836	106,367	317,560
General and administrative	1,371,801	1,455,531	669,957	886,421
T O T A L EXPENSES	71,371,099	69,415,188	34,440,674	33,885,817
INCOME BEFORE OTHER INCOME (EXPENSE)	5,726,130	3,326,736	4,113,359	1,979,559
OTHER INCOME (EXPENSE):				
Interest and penalty expense	(185,722)	(727,294)		