

MEDICAL TRANSCRIPTION BILLING, CORP
Form 10-Q
November 06, 2017

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, 2017

or

**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 001-36529

MEDICAL TRANSCRIPTION BILLING, CORP.

(Exact name of registrant as specified in its charter)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes
[] No [X]

At November 1, 2017, the registrant had 11,530,591 shares of common stock, par value \$0.001 per share, outstanding.

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Forward Looking Statements

Certain statements that we make from time to time, including statements contained in this Quarterly Report on Form 10-Q constitute “forward looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements other than statements of historical fact contained in this Quarterly Report on Form 10-Q are forward-looking statements. These statements, among other things, relate to our business strategy, goals and expectations concerning our products, future operations, prospects, plans and objectives of management. The words “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “predict”, “project”, “will” and similar to used to identify forward-looking statements in this presentation. Our operations involve risks and uncertainties, many of which are outside our control, and any one of which, or a combination of which, could materially affect our results of operations and whether the forward-looking statements ultimately prove to be correct. Forward-looking statements in this Quarterly Report on Form 10-Q include, without limitation, statements reflecting management’s expectations for future financial performance and operating expenditures (including our ability to continue as a going concern, to raise additional capital and to succeed in our future operations), expected growth, profitability and business outlook, increased sales and marketing expenses, and the expected results from the integration of our acquisitions.

Forward-looking statements are only current predictions and are subject to known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from those anticipated by such statements. These factors include, among other things, the unknown risks and uncertainties that we believe could cause actual results to differ from these forward looking statements as set forth under the heading “Risk Factors” in our Annual Report on Form 10-K filed with the SEC on March 31, 2017. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all of the risks and uncertainties that could have an impact on the forward-looking statements, including without limitation, risks and uncertainties relating to:

our ability to manage our growth, including acquiring, partnering with, and effectively integrating acquired businesses into our infrastructure;

our ability to comply with covenants contained in our credit agreement with our senior secured lender, Silicon Valley Bank and other future debt facilities;

our ability to retain our clients and revenue levels, including effectively migrating and keeping new clients acquired through business acquisitions and maintaining or growing the revenue levels of our new and existing clients;

our ability to attract and retain key officers and employees, including Mahmud Haq and other personnel critical to growing our business and integrating of our newly acquired businesses;

our ability to raise capital and obtain and maintain financing on acceptable terms;

our ability to compete with other companies developing products and selling services competitive with ours, and who may have greater resources and name recognition than we have;

our ability to maintain operations in Pakistan and Sri Lanka in a manner that continues to enable us to offer competitively priced products and services;

our ability to keep and increase market acceptance of our products and services;

our ability to keep pace with a rapidly changing healthcare industry;

our ability to consistently achieve and maintain compliance with a myriad of federal, state, foreign, local, payor and industry requirements, regulations, rules and laws;

our ability to protect and enforce intellectual property rights; and

our ability to maintain and protect the privacy of client and patient information.

Although we believe that the expectations reflected in the forward-looking statements contained in this Quarterly Report on Form 10-Q are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Except as required by law, we are under no duty to update or revise any of such forward-looking statements, whether as a result of new information, future events, or otherwise, after the date of this Quarterly Report on Form 10-Q.

You should read this Quarterly Report on Form 10-Q with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect.

All references to “MTBC,” “Medical Transcription Billing, Corp.,” “we,” “us,” “our” or the “Company” mean Medical Transcription Billing, Corp. and its subsidiaries, except where it is made clear that the term means only the parent company.

PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

MEDICAL TRANSCRIPTION BILLING, CORP.**CONDENSED CONSOLIDATED BALANCE SHEETS**

	September 30, 2017 (Unaudited)	December 31, 2016
ASSETS		
CURRENT ASSETS:		
Cash	\$2,789,382	\$3,476,880
Accounts receivable - net of allowance for doubtful accounts of \$268,000 and \$156,000 at September 30, 2017 and December 31, 2016, respectively	3,535,673	4,330,901
Current assets - related party	25,203	13,200
Prepaid expenses and other current assets	758,785	618,501
Total current assets	7,109,043	8,439,482
Property and equipment - net	1,424,732	1,588,937
Intangible assets - net	2,997,211	5,833,706
Goodwill	12,263,943	12,178,868
Other assets	152,712	282,713
TOTAL ASSETS	\$23,947,641	\$28,323,706
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$1,017,774	\$1,905,131
Accrued compensation	848,571	2,009,911
Accrued expenses	758,357	1,236,609
Deferred rent (current portion)	79,150	61,437
Deferred revenue (current portion)	52,145	41,666
Accrued liability to related party	16,614	16,626
Borrowings under line of credit	2,000,000	2,000,000
Current portion of long-term debt	-	2,666,667
Notes payable - other (current portion)	246,603	5,181,459
Contingent consideration (current portion)	537,736	535,477
Dividend payable	638,905	202,579
Total current liabilities	6,195,855	15,857,562
Long - term debt, net of discount and debt issuance costs	-	4,033,668
Notes payable - other	137,550	166,184

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Deferred rent	371,273	433,186
Deferred revenue	30,001	26,673
Contingent consideration	131,957	394,072
Deferred tax liability	510,530	345,530
Total liabilities	7,377,166	21,256,875
COMMITMENTS AND CONTINGENCIES (Note 8)		
SHAREHOLDERS' EQUITY:		
Preferred stock, par value \$0.001 per share - authorized 2,000,000 shares; issued and outstanding 929,299 and 294,656 shares at September 30, 2017 and December 31, 2016, respectively	929	295
Common stock, \$0.001 par value - authorized 19,000,000 shares; issued 12,271,390 and 10,792,352 shares at September 30, 2017 and December 31, 2016, respectively; outstanding, 11,530,591 and 10,051,553 shares at September 30, 2017 and December 31, 2016, respectively	12,272	10,793
Additional paid-in capital	40,985,992	26,038,063
Accumulated deficit		