

METROPOLITAN HEALTH NETWORKS INC
Form 10-Q
November 10, 2003

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, 2003

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 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 September 30, 2003

Common Stock par value \$.001

35,491,423

#

Metropolitan Health Networks, Inc.

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METROPOLITAN HEALTH NETWORKS, INC. AND
SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30, 2003 AND DECEMBER 31, 2002

	September 30, 2003 (Unaudited)	December 31, 2002 (Audited)
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and equivalents	\$ 273,020	\$ 399,614
Accounts receivable, net of allowances	1,632,021	1,651,340
Inventory	240,037	158,714
Other current assets	1,023,183	443,896
Assets held for sale	3,536,830	3,303,599
TOTAL CURRENT ASSETS	6,705,091	5,957,163
CERTIFICATES OF DEPOSIT - restricted	950,000	850,000
CERTIFICATES OF DEPOSIT RECEIVABLE - restricted	50,000	150,000
PROPERTY AND EQUIPMENT, net	720,751	883,763
GOODWILL, net	1,992,133	1,992,133
OTHER ASSETS	177,032	325,852
TOTAL ASSETS	\$ 10,595,007	\$ 10,158,911
<u>LIABILITIES AND DEFICIENCY IN ASSETS</u>		
CURRENT LIABILITIES		
Advances from HMO	\$ 263,053	\$ 1,666,953
Accounts payable	3,118,795	3,774,778
Accrued expenses	779,412	1,420,977
Current maturities of capital lease obligations	124,993	126,220
Current maturities of long-term debt	4,386,866	2,234,521
Payroll taxes payable	4,069,252	3,805,598
Liabilities related to assets held for sale	1,065,466	755,528
TOTAL CURRENT LIABILITIES	13,807,837	13,784,575
CAPITAL LEASE OBLIGATIONS	13,072	122,416
LONG-TERM DEBT	-	3,120,213

COMMITMENTS AND CONTINGENCIES

DEFICIENCY IN ASSETS

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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;			
35,491,423 and 31,376,822 issued and outstanding, respectively	35,491		31,376
Additional paid-in capital	30,250,578		29,660,886
Accumulated deficit	(33,803,723)		(36,640,086)
Common stock issued for services to be rendered	(208,248)		(420,469)
TOTAL DEFICIENCY IN ASSETS	(3,225,902)		(6,868,293)
TOTAL LIABILITIES AND DEFICIENCY IN ASSETS	10,595,007	\$	10,158,911

See accompanying notes - unaudited

METROPOLITAN HEALTH NETWORKS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002

	Nine Months Ended		Three Months Ended	
	<u>September 30</u>		<u>September 30</u>	
	2003	2002	2003	2002
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
REVENUES	\$ 108,422,050	\$ 105,225,484	\$ 35,680,129	\$ 34,613,150
EXPENSES				
Direct medical costs	91,802,409	91,889,680	29,994,259	30,135,952
Payroll, payroll taxes and benefits	5,516,682	5,827,112	1,803,664	1,832,792
Medical supplies	1,477,089	1,414,464	585,689	643,798
Depreciation and amortization	517,176	753,093	176,549	250,113
Consulting expense	1,053,648	1,904,978	328,813	575,677
General and administrative	2,803,789	3,032,140	839,226	1,107,640
TOTAL EXPENSES	103,170,793	104,821,467	33,728,200	34,545,972

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INCOME/(LOSS) BEFORE OTHER INCOME (EXPENSE)	5,251,257	404,017	1,951,929	67,178
OTHER INCOME (EXPENSE):				
Interest and penalty expense	(1,007,173)	(1,664,498)	(279,879)	(387,605)
Other income	61,456			