

MEDICAL TRANSCRIPTION BILLING, CORP  
Form 10-Q  
August 03, 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 June 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 333-192989**

**MEDICAL TRANSCRIPTION BILLING, CORP.**

*(Exact name of registrant as specified in its charter)*



Edgar Filing: MEDICAL TRANSCRIPTION BILLING, CORP - Form 10-Q

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

At August 1, 2017, the registrant had 11,483,094 shares of common stock, par value \$0.001 per share, outstanding.

**INDEX**

<u>Forward Looking Statements</u>	Page 2
-----------------------------------	-----------

**PART I. FINANCIAL INFORMATION**

Item 1. <u>Condensed Consolidated Financial Statements (unaudited)</u>	
<u>Condensed Consolidated Balance Sheets at June 30, 2017 and December 31, 2016</u>	4
<u>Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2017 and 2016</u>	5
<u>Condensed Consolidated Statements of Comprehensive Loss for the three and six months ended June 30, 2017 and 2016</u>	6
<u>Condensed Consolidated Statement of Shareholders' Equity for the six months ended June 30, 2017</u>	7
<u>Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2017 and 2016</u>	8
<u>Notes to Condensed Consolidated Financial Statements</u>	9
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	21
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	32
Item 4. <u>Controls and Procedures</u>	33

**PART II. OTHER INFORMATION**

Item 1. <u>Legal Proceedings</u>	34
Item 1A. <u>Risk Factors</u>	34
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	34
Item 3. <u>Defaults Upon Senior Securities</u>	34
Item 4. <u>Mine Safety Disclosures</u>	34
Item 5. <u>Other Information</u>	34
Item 6. <u>Exhibits</u>	35
<u>Signatures</u>	36

## 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 the recent MediGain acquisition and other acquired businesses into our infrastructure;

our ability to comply with covenants contained in our credit agreement, as amended, with our senior secured lender, Opus 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;

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

our ability to repay the outstanding purchase price we owe for the MediGain acquisition.

*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**

	June 30, 2017 (Unaudited)	December 31, 2016
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$5,810,486	\$3,476,880
Accounts receivable - net of allowance for doubtful accounts of \$245,000 and \$156,000 at June 30, 2017 and December 31, 2016, respectively	3,479,372	4,330,901
Current assets - related party	25,203	13,200
Prepaid expenses and other current assets	529,412	618,501
Total current assets	9,844,473	8,439,482
Property and equipment - net	1,478,780	1,588,937
Intangible assets - net	3,330,399	5,833,706
Goodwill	12,178,868	12,178,868
Other assets	93,104	282,713
<b>TOTAL ASSETS</b>	<b>\$26,925,624</b>	<b>\$28,323,706</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$1,482,713	\$1,905,131
Accrued compensation	1,086,842	2,009,911
Accrued expenses	1,043,366	1,236,609
Deferred rent (current portion)	74,763	61,437
Deferred revenue (current portion)	39,840	41,666
Accrued liability to related party	10,688	16,626
Borrowings under line of credit	2,000,000	2,000,000
Current portion of long-term debt, net	2,207,383	2,666,667
Notes payable - other (current portion)	5,075,170	5,181,459
Contingent consideration (current portion)	479,588	535,477
Dividend payable	422,206	202,579
Total current liabilities	13,922,559	15,857,562



Edgar Filing: MEDICAL TRANSCRIPTION BILLING, CORP - Form 10-Q

Long - term debt, net	448,114	4,033,668
Notes payable - other	155,368	166,184
Deferred rent	395,481	433,186
Deferred revenue	29,158	26,673
Contingent consideration	236,594	394,072
Deferred tax liability	455,530	345,530
Total liabilities	15,642,804	21,256,875
COMMITMENTS AND CONTINGENCIES (Note 9)		
SHAREHOLDERS' EQUITY:		
Preferred stock, par value \$0.001 per share - authorized 2,000,000 shares; issued and outstanding 614,104 and 294,656 shares at June 30, 2017 and December 31, 2016, respectively	614	295
Common stock, \$0.001 par value - authorized 19,000,000 shares; issued 12,192,226 and 10,792,352 shares at June 30, 2017 and December 31, 2016, respectively; outstanding, 11,451,427 and 10,051,553 shares at June 30, 2017 and December 31, 2016, respectively	12,192	10,793
Additional paid-in capital	34,684,733	26,038,063
Accumulated deficit	(22,345,778)	(17,944,230)
Accumulated other comprehensive loss	(406,941 )	(376,090 )
Less: 740,799 common shares held in treasury, at cost at June 30, 2017 and December 31, 2016	(662,000 )	(662,000 )
Total shareholders' equity	11,282,820	7,066,831
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$26,925,624</b>	<b>\$28,323,706</b>

See notes to condensed consolidated financial statements.

**MEDICAL TRANSCRIPTION BILLING, CORP.**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
NET REVENUE	\$7,784,750	\$5,212,836	\$16,004,824	\$10,322,685
OPERATING EXPENSES:				
Direct operating costs	4,197,824	2,320,651	9,420,560	4,622,030
Selling and marketing	268,958	220,383	624,469	563,924
General and administrative				