

METROPOLITAN HEALTH NETWORKS INC  
Form 10-Q  
August 09, 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 June 30, 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  
(Address of principal executive office)

33401  
(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

Outstanding as of July 29, 2005

Common Stock par value \$.001

48,843,776

---

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, 2005 and December 31, 2004	3
	Condensed Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2005 and 2004	4
	Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2005 and 2004	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	19
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	22
	SIGNATURES	23



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

<u>ASSETS</u>	<b>June 30, 2005</b> (Unaudited)	<b>December 31, 2004</b> (Audited)
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 13,457,229	\$ 11,344,113
Short-term investments	-	1,500,000
Accounts receivable, net of allowance	3,600,424	1,474,438
Inventory	199,758	217,630
Prepaid expenses	972,627	422,839
Deferred income taxes	3,500,000	3,400,000
Other current assets	327,367	563,991
<b>TOTAL CURRENT ASSETS</b>	<b>22,057,405</b>	<b>18,923,011</b>
CERTIFICATES OF DEPOSIT - restricted	-	1,000,000
PROPERTY AND EQUIPMENT, net	821,436	824,003
INVESTMENTS	601,783	-
GOODWILL, net	1,992,133	1,992,133
DEFERRED INCOME TAXES	3,911,110	4,881,110
OTHER ASSETS	702,870	417,006
<b>TOTAL ASSETS</b>	<b>\$ 30,086,737</b>	<b>\$ 28,037,263</b>
<b><u>LIABILITIES AND STOCKHOLDERS'</u></b>		
<b><u>EQUITY</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 546,212	\$ 840,470
Accrued payroll	814,355	1,433,874
Accrued expenses	535,592	68,289
Current maturities of long-term debt	141,000	882,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,037,159</b>	<b>3,224,633</b>
LONG-TERM DEBT	-	250,000
<b>TOTAL LIABILITIES</b>	<b>2,037,159</b>	<b>3,474,633</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS' EQUITY</b>		
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; 48,815,276 and 48,004,262 issued and outstanding, respectively	48,815	48,004
Additional paid-in capital	38,537,903	37,527,529
Accumulated deficit	(11,028,233)	(13,415,621)

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

Common stock issued for services to be rendered	(8,907)	(97,282)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>28,049,578</b>	<b>24,562,630</b>
TOTAL LIABILITIES AND STOCKHOLDERS'		
EQUITY	\$ 30,086,737	\$ 28,037,263
	See accompanying notes - unaudited	

3

---

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

	<b>For the six months ended June 30,</b>		<b>For the three months ended June</b>	
	<b>2005</b>	<b>2004</b>	<b>30,</b>	<b>2004</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
REVENUES, net	\$ 91,688,772	\$ 77,097,229	\$ 46,169,207	\$ 38,554,033

**OPERATING EXPENSES**

Medical expenses: