VASO Corp
Form 10-Q
August 14, 2017
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 2017

[ ] 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: 0-18105

VASO CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	11-2871434
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

137 Commercial Street, Suite 200, Plainview, New York 11803
(Address of principal executive offices)

Registrant's Telephone Number(516) 997-4600

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 o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company.

Large Accelerated Filer o	Accelerated Filer o	Non-Accelerated Filer o	Smaller Reporting Company x	Emerging Growth Company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

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

Number of Shares Outstanding of Common Stock, $.001 Par Value, at August 9, 2017 – 164,949,467

Vaso Corporation and Subsidiaries

INDEX

PART I – FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS
Vaso Corporation and Subsidiaries

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	June 30, 2017 (unaudited)	December 31, 2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 6,517	$ 7,087
Accounts and other receivables, net of an allowance for doubtful accounts and commission adjustments of $4,370 at June 30, 2017 and $4,159 at December 31, 2016	8,816	12,741
Receivables due from related parties	19	18
Inventories, net	2,807	2,395
Deferred commission expense	2,546	1,917
Prepaid expenses and other current assets	962	925
Total current assets	21,667	25,083
PROPERTY AND EQUIPMENT, net of accumulated depreciation of $4,418 at June 30, 2017 and $3,835 at December 31, 2016	4,491	4,021
GOODWILL	17,351	17,280
INTANGIBLES, net	5,685	5,996
OTHER ASSETS, net	4,155	5,001
	$ 53,349	$ 57,381
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 4,636	$ 5,219
Accrued commissions	1,340	2,139
Accrued expenses and other liabilities	4,782	5,275
Sales tax payable	714	718
Income taxes payable	44	30
Deferred revenue - current portion	11,062	7,628
Notes payable and capital lease obligations - current portion	3,689	4,245
Notes payable - related parties - current portion	166	-
Due to related party	287	396
Total current liabilities	26,720	25,650
LONG-TERM LIABILITIES		
Notes payable and capital lease obligations	4,881	4,935
Notes payable - related parties	498	648
Deferred revenue	9,630	11,776
Deferred tax liability	196	112
Other long-term liabilities	1,225	1,349

Total long-term liabilities	16,430	18,820
COMMITMENTS AND CONTINGENCIES (NOTE N)		
STOCKHOLDERS' EQUITY		
Preferred stock, $.01 par value; 1,000,000 shares authorized; nil shares issued and outstanding at June 30, 2017 and December 31, 2016	-	-
Common stock, $.001 par value; 250,000,000 shares authorized; 175,257,554 and 173,811,533 shares issued at June 30, 2017 and December 31, 2016, respectively; 164,949,467 and 163,503,446 shares outstanding at June 30, 2017 and December 31, 2016, respectively	175	174
Additional paid-in capital	63,170	62,856
Accumulated deficit	(50,908)	(47,790)
Accumulated other comprehensive loss	(238)	(329)
Treasury stock, at cost, 10,308,087 shares at June 30, 2017 and December 31, 2016	(2,000)	(2,000)
Total stockholders' equity	10,199	12,911
	$ 53,349	$ 57,381

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Vaso Corporation and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)
(in thousands, except per share data)

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Revenues				
Managed IT systems and services	10,811	10,124	$20,611	$19,851
Professional sales services	6,005	6,860	11,876	13,706
Equipment sales and services	1,037	1,230	1,740	2,199
Total revenues	17,853	18,214	34,227	35,756
Cost of revenues				
Cost of managed IT systems and services	6,437	6,165	12,215	11,886
Cost of professional sales services	1,298	1,582	2,560	2,993
Cost of equipment sales and services	320	354	584	752
Total cost of revenues	8,055	8,101	15,359	15,631
Gross profit	9,798	10,113	18,868	20,125
Operating expenses				
Selling, general and administrative	10,247	9,744	20,937	19,450
Research and development	260	105	481	252
Total operating expenses	10,507	9,849	21,418	19,702
Operating (loss) income	(709)	264	(2,550)	423
Other income (expense)				
Interest and financing costs	(171)	(156)	(340)	(313)
Interest and other income (expense), net	4	54	(8)	50
Total other expense, net	(167)	(102)	(348)	(263)
(Loss) income before income taxes	(876)	162	(2,898)	160
Income tax (expense) benefit	(111)	51	(220)	(51)
Net (loss) income	(987)	213	(3,118)	109
Other comprehensive (loss) income				
Foreign currency translation gain (loss)	59	(130)	91	(92)
Comprehensive (loss) income	$(928)	$83	$(3,027)	$17
(Loss) income per common share				
- basic and diluted	$(0.01)	$0.00	$(0.02)	$0.00
Weighted average common shares outstanding				
- basic	161,600	158,513	161,060	157,952
- diluted	161,600	158,704	161,060	158,373

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Vaso Corporation and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in thousands)

	Common Stock		Treasury Stock		Additional Paid-in-	Accumulated	Accumulated Other Comprehensive Income (Loss)	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit		Equity
Balance at December 31, 2015	168,750	$ 168	(10,308)	$ (2,000)	$ 62,263	$ (48,610)	$ (80)	$ 11,741
Share-based compensation	3,949	4	-	-	424	-	-	428
Shares issued to settle liability	1,113	2	-	-	176	-	-	178
Shares not issued for employee tax liability	-	-	-	-	(7)	-	-	(7)
Foreign currency translation loss	-	-	-	-	-	-	(249)	(249)
Net income	-	-	-	-	-	820	-	820
Balance at December 31, 2016	173,812	$ 174	(10,308)	$ (2,000)	$ 62,856	$ (47,790)	$ (329)	$ 12,911
Share-based compensation	1,446	1	-	-	316	-	-	317
Shares not issued for employee tax liability	-	-	-	-	(2)	-	-	(2)
Foreign currency translation gain	-	-	-	-	-	-	91	91
Net loss	-	-	-	-	-	(3,118)	-	(3,118)
Balance at June 30, 2017 (unaudited)	175,258	$ 175	(10,308)	$ (2,000)	$ 63,170	$ (50,908)	$ (238)	$ 10,199

.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Vaso Corporation and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)
(in thousands)

	Six months ended June 30,	
	2017	2016
Cash flows from operating activities		
Net (loss) income	$(3,118)	$109
Adjustments to reconcile net (loss) income to net cash provided by operating activities		
Depreciation and amortization	1,170	1,043
Deferred income taxes	192	41
Loss from interest in joint venture	59	77
Provision for doubtful accounts and commission adjustments	65	75
Amortization of debt issue costs	16	16
Share-based compensation	317	67
Provision for allowance for loss on loan receivable	-	412
Changes in operating assets and liabilities:		
Accounts and other receivables	3,865	2,596
Receivables due from related parties	(116)	108
Inventories, net	(395)	132
Deferred commission expense	(629)	90
Prepaid expenses and other current assets	(36)	-
Other assets, net	621	377
Accounts payable	(586)	194
Accrued commissions	(814)	(481)
Accrued expenses and other liabilities	(492)	(198)
Sales tax payable	(5)	48
Income taxes payable	13	(202)
Deferred revenue	1,288	(734)
Deferred tax liability	84	-
Other long-term liabilities	(124)	(22)
Net cash provided by operating activities	1,375	3,748
Cash flows from investing activities		
Purchases of equipment and software	(1,323)	(907)
Redemption of short-term investments	-	38
Investment in VSK	-	(422)
Net cash used in investing activities	(1,323)	(1,291)
Cash flows from financing activities		
Net (repayments) borrowings on revolving line of credit	(426)	994
Debt issuance costs	-	(130)
Payroll taxes paid by withholding shares	(2)	(6)
Repayment of notes payable and capital lease obligations	(202)	(89)

Proceeds from note payable - related party	-	300
Payments on notes payable - related parties	-	(72)
Net cash (used in) provided by financing activities	(630)	997
Effect of exchange rate differences on cash and cash equivalents	8	8
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(570)	3,462
Cash and cash equivalents - beginning of period	7,087	2,160
Cash and cash equivalents - end of period	$6,517	$5,622
SUPPLEMENTAL DISCLOSURE OF CASH INFORMATION		
Interest paid	$319	$436
Income taxes paid	$30	$310
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Inventories transferred to property and equipment, net	$1	$144
Liability settled through issuance of common stock	$-	$178

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Vaso Corporation and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

NOTE A - ORGANIZATION AND PLAN OF OPERATIONS

Vaso Corporation was incorporated in Delaware in July 1987. Unless the context requires otherwise, all references to "we", "our", "us", "Company", "registrant", "Vaso" or "management" refer to Vaso Corporation and its subsidiaries. The Company changed its name from Vasomedical, Inc. to Vaso Corporation in November 2016 at its annual shareholders meeting. The name was changed because the Company in the several years prior to the name change had substantially diversified its business and the original name, Vasomedical, Inc., no longer portrayed the nature of its overall business. In addition, the Company retained the name of VasoMedical, Inc. and now uses it exclusively for its proprietary medical device business, as the name originally represented.

Overview

Vaso Corporation principally operates in three distinct business segments in the healthcare and information technology ("IT") industries. We manage and evaluate our operations, and report our financial results, through these three business segments.

- IT segment, operating through a wholly-owned subsidiary VasoTechnology, Inc., primarily focuses on healthcare IT and managed network technology services;

- Professional sales service segment, operating through a wholly-owned subsidiary Vaso Diagnostics, Inc. d/b/a VasoHealthcare, primarily focuses on the sale of healthcare capital equipment for General Electric Healthcare ("GEHC") into the healthcare provider middle market; and

- Equipment segment, operating through a wholly-owned subsidiary VasoMedical, Inc., primarily focuses on the design, manufacture, sale and service of proprietary medical devices.

VasoTechnology

VasoTechnology, Inc. was formed in May 2015, at the time the Company acquired all of the assets of NetWolves, LLC and its affiliates, including the membership interests in NetWolves Network Services, LLC (collectively, "NetWolves"). It currently consists of a managed network and security service division and a healthcare IT application VAR (value added reseller) division. Its current offerings include:

- Managed diagnostic imaging applications (national channel partner of GEHC IT).
- Managed network infrastructure (routers, switches and other core equipment).
- Managed network transport (FCC licensed carrier reselling 175+ facility partners).
- Managed security services.

VasoTechnology uses a combination of proprietary technology, methodology and third-party applications to deliver its value proposition.

VasoHealthcare

VasoHealthcare commenced operations in 2010, in conjunction with the Company's execution of its exclusive sales representation agreement ("GEHC Agreement") with GEHC, which is the healthcare business division of the General

Electric Company, to further the sale of certain healthcare capital equipment in the healthcare provider middle market. Sales of GEHC equipment by the Company have grown significantly since then.

VasoHealthcare's current offerings consist of:

- GEHC diagnostic imaging capital equipment.
- GEHC service agreements.
- GEHC and third party financial services.

Vaso Corporation and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)
VasoMedical

VasoMedical is the Company's business division for its proprietary medical device operations, including the design, development, manufacturing, sales and service of various medical devices in the domestic and international markets and includes the Vasomedical Global and Vasomedical Solutions business units. These devices are primarily for cardiovascular monitoring, diagnostic and therapeutic systems. Its current offerings consist of:

- Biox™ series Holter monitors and ambulatory blood pressure recorders.
- ARCS® series analysis, reporting and communication software for physiological signals such as ECG and blood pressure.
- MobiCare™ multi-parameter wireless vital-sign monitoring system.
- EECP® therapy system for non-invasive, outpatient treatment of ischemic heart disease.

This segment uses its extensive cardiovascular device knowledge coupled with its significant engineering resources to cost-effectively create and market its proprietary technology. It works with a global distribution network of channel partners, as well as a global joint venture arrangement, to sell its products. It also provides engineering and OEM services to other medical device companies.

NOTE B - BASIS OF PRESENTATION AND CRITICAL ACCOUNTING POLICIES

Basis of Presentation and Use of Estimates

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and pursuant to the accounting and disclosure rules and regulations of the Securities and Exchange Commission (the "SEC"). Certain information and disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. Accordingly, these condensed consolidated financial statements should be read in connection with the audited consolidated financial statements and related notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016, as filed with the SEC on March 30, 2017.

These unaudited condensed consolidated financial statements include the accounts of the companies over which we exercise control. In the opinion of management, the accompanying condensed consolidated financial statements reflect all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of interim results for the Company. The results of operations for any interim period are not necessarily indicative of results to be expected for any other interim period or the full year.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the condensed consolidated financial statements, the disclosure of contingent assets and liabilities in the unaudited condensed consolidated financial statements and the accompanying notes, and the reported amounts of revenues, expenses and cash flows during the periods presented. Actual amounts and results could differ from those estimates. The estimates and assumptions the Company makes are based on historical factors, current circumstances and the experience and judgment of the Company's management. The Company evaluates its estimates and assumptions on an ongoing basis.

Vaso Corporation and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

Significant Accounting Policies and Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09 "Revenue from Contracts with Customers", a comprehensive new revenue recognition standard which will supersede previous existing revenue recognition guidance. The standard creates a five-step model for revenue recognition that requires companies to exercise judgment when considering contract terms and relevant facts and circumstances. The five-step model includes (1) identifying the contract, (2) identifying the separate performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price to the separate performance obligations and (5) recognizing revenue when each performance obligation has been satisfied. The standard also requires expanded disclosures surrounding revenue recognition. The standard allows for either full retrospective or modified retrospective adoption. Public business entities should apply the guidance in ASU 2014-09 to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. In 2016, the FASB issued additional ASUs that clarify the implementation guidance on principal versus agent considerations (ASU 2016-08), on identifying performance obligations and licensing (ASU 2016-10), on narrow-scope improvements and practical expedients (ASU 2016-12), and on the revenue recognition criteria and other technical corrections (ASU 2016-20). The Company plans to adopt the ASU using the modified retrospective method. Such method provides that the cumulative effect from prior periods upon applying the new guidance is recognized in our consolidated balance sheets as of the date of adoption, including an adjustment to retained earnings. Prior periods will not be retrospectively adjusted. We have determined the only significant incremental costs incurred to obtain contracts with customers within the scope of ASC 606 are certain sales commissions paid to associates. Under current U.S. GAAP, we recognize sales commissions as incurred. Under the new guidance, we expect to record sales commissions as an asset, and amortize to expense over the related contract performance period. At the date of adoption of this new guidance, we expect to record an asset in our consolidated balance sheets for the amount of unamortized sales commissions for prior periods, as calculated under the new guidance. Such amount will subsequently be amortized to expense over the remaining performance periods of the related contracts with remaining performance obligations. Our analysis and evaluation of the new standard will continue through the effective date on January 1, 2018. A significant amount of work remains due to the complexity of revenue recognition within our industry, the increased number of judgments and estimates required by this new guidance, and the volume of our contract portfolio which must be examined. We must quantify all impacts of this new guidance, including the topics discussed above, which may be material to our consolidated financial statements and related disclosures. We must also implement any necessary changes/modifications to processes, accounting systems, and internal controls.

In February 2016, The FASB issued ASU 2016-02 (Topic 842), "Leases". ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from operating leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. This new standard would be effective for the Company beginning January 1, 2019 with early adoption permitted. The Company does not expect the adoption of this standard to have a material effect on its Consolidated Financial Statements.

In January 2017, the FASB issued ASU 2017-04, which eliminates the requirement to calculate the implied fair value of goodwill to measure a goodwill impairment charge. Instead, entities will record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value. The standard is effective for fiscal periods beginning after December 15, 2019. Early adoption is permitted for interim and annual goodwill impairment testing dates after January 1, 2017. The Company does not expect the adoption of this standard to have a material effect on its Consolidated Financial Statements.

Variable Interest Entities

The Company follows the guidance of accounting for variable interest entities, which requires certain variable interest entities to be consolidated by the primary beneficiary of the entities. Biox is a Variable Interest Entity ("VIE").

Liabilities recognized as a result of consolidating this VIE do not represent additional claims on the Company's general assets. The financial information of Biox, which is included in the accompanying condensed consolidated financial statements, is presented as follows:

	(in thousands)	
	As of June 30, 2017 (unaudited)	As of December 31, 2016
Cash and cash equivalents	$82	$ 13
Total assets	$1,310	$ 1,451
Total liabilities	$1,503	$ 1,133

Vaso Corporation and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

	(in thousands)			
	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Total net revenue	$420	$ 566	$731	$ 914
Net (loss) income	$(501)	$ 162	$(536)	$ 160

Reclassifications

Certain reclassifications have been made to prior period amounts to conform with the current period presentation.

NOTE C – SEGMENT REPORTING AND CONCENTRATIONS

Vaso Corporation principally operates in three distinct business segments in the healthcare and information technology industries. We manage and evaluate our operations, and report our financial results, through these three reportable segments.

- IT segment, operating through a wholly-owned subsidiary VasoTechnology, Inc., primarily focuses on healthcare IT and managed network technology services;

- Professional sales service segment, operating through a wholly-owned subsidiary Vaso Diagnostics, Inc. d/b/a VasoHealthcare, primarily focuses on the sale of healthcare capital equipment for GEHC into the healthcare provider middle market; and

- Equipment segment, operating through a wholly-owned subsidiary VasoMedical, Inc., primarily focuses on the design, manufacture, sale and service of proprietary medical devices.

The chief operating decision maker is the Company's Chief Executive Officer, who, in conjunction with upper management, evaluates segment performance based on operating income and adjusted EBITDA (net income (loss), plus interest expense (income), net; tax expense; depreciation and amortization; and non-cash stock-based compensation). Administrative functions such as finance, human resources, and information technology are centralized and related expenses allocated to each segment. Other costs not directly attributable to operating segments, such as audit, legal, director fees, investor relations, and others, as well as certain assets – primarily cash balances – are reported in the Corporate entity below. There are no intersegment revenues. Summary financial information for the segments is set forth below:

Vaso Corporation and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

	(in thousands)			
	Three months ended June 30,		Six months ended June 30,	
	2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
Revenues from external customers				
IT	$10,811	$ 10,124	$20,611	$ 19,851
Professional sales service	6,005	6,860	11,876	13,706
Equipment	1,037	1,230	1,740	2,199
Total revenues	$17,853	$ 18,214	$34,227	$ 35,756
Gross Profit				
IT	$4,374	$ 3,959	$8,396	$ 7,965
Professional sales service	4,707	5,278	9,316	10,713
Equipment	717	876	1,156	1,447
Total gross profit	$9,798	$ 10,113	$18,868	$ 20,125
Operating (loss) income				
IT	$(712)	$ (853)	$(1,630)	$ (1,596)
Professional sales service	403	1,422	318	3,410
Equipment	(127)	(13)	(532)	(711)
Corporate	(273)	(292)	(706)	(680)
Total operating (loss) income	$(709)	$ 264	$(2,550)	$ 423
Capital expenditures				
IT	$432	$ 481	$1,188	$ 741
Professional sales service	36	69	114	111
Equipment	16	28	21	55
Corporate	-	-	-	-
Total cash capital expenditures	$484	$ 578	$1,323	$ 907

	(in thousands)	
	June 30, 2017 (unaudited)	December 31, 2016
Identifiable Assets		
IT	$27,868	$ 27,724
Professional sales service	11,365	14,611
Equipment	7,629	7,446
Corporate	6,487	7,600
Total assets	$53,349	$ 57,381

In the fourth quarter of 2016, the Company revised its method for allocating certain corporate expenses to its reportable segments resulting in lower amounts allocated to the IT segment and higher amounts allocated to the professional sales service and equipment segments. Consequently, due primarily to the change in allocation method, as well as to a $33,000 increase in total corporate costs allocated, the IT segment received $115,000 lower allocations, and the professional sales service segment and equipment segment received $140,000 and $8,000 higher allocations, respectively, for the three months ended June 30, 2017 as compared to the corresponding period of the prior year. Similarly, for the six months ended June 30, 2017, total corporate costs allocated increased $17,000, the IT segment received $254,000 lower allocations, and the professional sales service segment and equipment segment received $260,000 and $11,000 higher allocations, respectively, as compared to the corresponding period of the prior year.

Vaso Corporation and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

GE Healthcare accounted for 34% and 38% of revenue for the three months ended June 30, 2017 and 2016, respectively, and 35% and 38% of revenue for the six months ended June 30, 2017 and 2016, respectively. GE Healthcare also accounted for $5.3 million or 60%, and $7.9 million or 62%, of accounts and other receivables at June 30, 2017 and December 31, 2016, respectively.

NOTE D – (LOSS) EARNINGS PER COMMON SHARE

Basic (loss) earnings per common share is computed as (loss) earnings applicable to common stockholders divided by the weighted-average number of common shares outstanding for the period. Diluted (loss) earnings per common share reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common stock.

Diluted (loss) earnings per common share were computed based on the weighted average shares outstanding plus all potentially dilutive common shares. A reconciliation of basic to diluted shares used in the earnings per share calculation is as follows:

	For the three months ended		For the six months ended	
	June 30, 2017 (unaudited)	June 30, 2016 (unaudited)	June 30, 2017 (unaudited)	June 30, 2016 (unaudited)
Basic weighted average shares outstanding	161,600	158,513	161,060	157,952
Dilutive effect of options and unvested restricted shares	-	191		