

CareView Communications Inc
Form 10-Q
August 14, 2015

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, 2015

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. **000-54090**

CAREVIEW COMMUNICATIONS, INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or organization)

405 State Highway 121, Suite B-240, Lewisville, TX 75067
(Address of principal executive offices)

95-4659068
(I.R.S. Employer Identification No.)

(972) 943-6050
(Registrant's Telephone Number)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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 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 No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares outstanding of each of the issuer’s classes of Common Stock as of August 14, 2015 was 139,380,748.

CAREVIEW COMMUNICATIONS, INC. AND SUBSIDIARIES
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CAREVIEW COMMUNICATIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2015 (unaudited)	December 31, 2014
ASSETS		
Current Assets:		
Cash	\$5,245,503	\$2,546,262
Accounts receivable, net of allowance for doubtful accounts	889,731	680,143
Other current assets	350,216	276,910
Total current assets	6,485,450	3,503,315
Property and equipment, net	5,042,805	5,344,792
Other Assets:		
Intangible assets, net	293,958	261,283
Other assets	3,188,107	832,930
Total other assets	3,482,065	1,094,213
Total assets	\$15,010,320	\$9,942,320
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable	\$511,294	\$244,782
Notes payable	441,594	441,594
Mandatorily redeemable equity in joint ventures	441,594	441,594
Accrued interest	225,226	191,596
Other current liabilities	1,121,259	791,284
Total current liabilities	2,740,967	2,110,850
Long-term Liabilities:		
Senior secured convertible notes, net of debt discount and debt issuance costs of \$22,467,023 and \$21,457,970, respectively	30,914,930	22,834,641
Fair value of warrant liability	314,818	301,864
Total long-term liabilities	31,229,748	23,136,505
Total liabilities	33,970,715	25,247,355
Commitments and Contingencies		
Stockholders' Deficit:		
Preferred stock - par value \$0.001; 20,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock - par value \$0.001; 300,000,000 shares authorized; 139,380,748 issued and outstanding	139,381	139,381
Additional paid in capital	80,570,085	76,502,913
Accumulated deficit	(99,200,548)	(91,510,720)
Total CareView Communications Inc. stockholders' deficit	(18,491,082)	(14,868,426)
Noncontrolling interest	(469,313)	(436,609)

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Total stockholders' deficit	(18,960,395)	(15,305,035)
Total liabilities and stockholders' deficit	\$ 15,010,320	\$ 9,942,320

CAREVIEW COMMUNICATIONS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2015 AND 2014
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Revenues, net	\$1,266,391	\$698,129	\$2,266,945	\$1,317,538
Operating expenses:				
Network operations	1,304,973	811,178	2,135,067	1,412,400
General and administration	923,056	805,081	1,761,365	1,607,058
Sales and marketing	233,154	155,089	430,776	363,547
Research and development	306,445	232,168	531,641	400,829
Depreciation and amortization	442,248	407,376	858,152	806,708
Total operating expense	3,209,876	2,410,892	5,717,001	4,590,542
Operating loss	(1,943,485)	(1,712,763)	(3,450,056)	(3,273,004)
Other income and (expense)				
Interest expense	(2,217,846)	(2,054,421)	(4,263,747)	(4,031,872)
Change in fair value of warrant liability	225,147	55,801	(12,954)	(577,341)
Interest income	1,342	963	2,485	1,962
Other income	615	549	1,740	1,843
Total other income (expense)	(1,990,742)	(1,997,108)	(4,272,476)	(4,605,408)
Loss before taxes	(3,934,227)	(3,709,871)	(7,722,532)	(7,878,412)
Provision for income taxes	—	—	—	—
Net loss	(3,934,227)	(3,709,871)	(7,722,532)	(7,878,412)
Net loss attributable to noncontrolling interest	(16,482)	(17,087)	(32,704)	(32,927)
Net loss attributable to CareView Communications, Inc.	\$(3,917,745)	\$(3,692,784)	\$(7,689,828)	\$(7,845,485)
Net loss per share attributable to CareView Communications, Inc., basic and diluted	\$(0.03)	\$(0.03)	\$(0.06)	\$(0.06)
Weighted average number of common shares outstanding, basic and diluted	139,380,748	138,960,678	139,380,748	138,857,611

**CAREVIEW COMMUNICATIONS, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
 FOR THE PERIOD FROM JANUARY 1, 2015 TO JUNE 30, 2015
 (Unaudited)**

	Common Stock		Additional	Accumulated	Noncontrolling	
	Shares	Amount	Paid in Capital	Deficit	Interest	Total
Balance, January 1, 2015	139,380,748	\$ 139,381	\$76,502,913	\$(91,510,720)	\$ (436,609)	\$(15,305,035)
Stock options granted as compensation	—	—	410,033	—	—	410,033
			 			