

VASOMEDICAL, INC  
Form 10-Q  
May 13, 2016  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended March 31, 2016

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

VASOMEDICAL, INC.

(Exact name of registrant as specified in its charter)

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

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  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.

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

Number of Shares Outstanding of Common Stock, \$.001 Par Value, at May 9, 2016 – 159,563,662

Page 1



Vasomedical, Inc. and Subsidiaries

INDEX

<u>PART I – FINANCIAL INFORMATION</u>	<u>3</u>
<u>ITEM 1 - FINANCIAL STATEMENTS</u>	<u>3</u>
<u>CONDENSED CONSOLIDATED BALANCE SHEETS as of March 31, 2016 (unaudited) and December 31, 2015</u>	<u>3</u>
<u>CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (unaudited) for the Three Ended March 31, 2016 and 2015</u>	<u>4</u>
<u>CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY for the Three Months Ended March 31, 2016 (unaudited) and the Year Ended December 31, 2015</u>	<u>5</u>
<u>CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited) for the Three Months Ended March 31, 2016 and 2015</u>	<u>6</u>
<u>NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)</u>	<u>7</u>
<u>ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	<u>17</u>
<u>ITEM 4 - CONTROLS AND PROCEDURES</u>	<u>22</u>
<u>PART II - OTHER INFORMATION</u>	<u>23</u>
<u>ITEM 6 – EXHIBITS</u>	<u>23</u>

## PART I – FINANCIAL INFORMATION

## ITEM 1 - FINANCIAL STATEMENTS

Vasomedical, Inc. and Subsidiaries

## CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	March 31, 2016 (unaudited)	December 31, 2015
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 4,667	\$ 2,160
Short-term investments	-	38
Accounts and other receivables, net of an allowance for doubtful accounts and commission adjustments of \$3,752 at March 31, 2016 and \$3,863 at December 31, 2015	8,618	11,620
Receivables due from related parties	107	209
Inventories, net	2,254	1,963
Deferred commission expense	2,148	2,252
Prepaid expenses and other current assets	501	512
Total current assets	18,295	18,754
PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$2,847 at March 31, 2016 and \$2,976 at December 31, 2015	3,087	2,888
GOODWILL	17,504	17,484
INTANGIBLES, net	6,726	6,977
OTHER ASSETS, net	3,642	4,315
	\$ 49,254	\$ 50,418
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 4,147	\$ 4,037
Accrued commissions	1,305	2,031
Accrued expenses and other liabilities	3,813	4,511
Sales tax payable	660	671
Income taxes payable	-	202
Deferred revenue - current portion	9,186	9,480
Notes payable - current portion	2,637	1,485
Due to related party	25	33
Total current liabilities	21,773	22,450
<b>LONG-TERM LIABILITIES</b>		
Notes payable	4,827	4,886
Notes payable due to related party	969	963
Deferred revenue	8,717	9,036
Deferred tax liability	112	112
Other long-term liabilities	1,148	1,230
Total long-term liabilities	15,773	16,227

## COMMITMENTS AND CONTINGENCIES (NOTE M)

## STOCKHOLDERS' EQUITY

Preferred stock, \$.01 par value; 1,000,000 shares authorized; nil shares issued and outstanding at March 31, 2016, and December 31, 2015	-	-
Common stock, \$.001 par value; 250,000,000 shares authorized; 168,749,889 shares issued at March 31, 2016 and December 31, 2015; 158,441,802 shares outstanding at March 31, 2016 and December 31, 2015	168	168
Additional paid-in capital	62,296	62,263
Accumulated deficit	(48,714 )	(48,610 )
Accumulated other comprehensive loss	(42 )	(80 )
Treasury stock, at cost, 10,308,087 shares at March 31, 2016 and December 31, 2015	(2,000 )	(2,000 )
Total stockholders' equity	11,708	11,741
	\$ 49,254	\$ 50,418

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



## Vasomedical, Inc. and Subsidiaries

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Unaudited)

(in thousands, except per share data)

	Three months ended March 31,	
	2016	2015
Revenues		
Professional sales services	\$6,846	\$6,390
Managed IT systems and services	9,727	-
Equipment sales and services	969	1,063
Total revenues	17,542	7,453
Cost of revenues		
Cost of professional sales services	1,411	1,523
Cost of managed IT systems and services	5,721	-
Cost of equipment sales and services	398	363
Total cost of revenues	7,530	1,886
Gross profit		