

MobileSmith, Inc.  
Form 10-Q  
May 06, 2016

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 March 31, 2016

OR

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

Commission File Number: 001-32634

---

MOBILESMITH, INC.  
(Exact name of registrant as specified in its charter)

---

Delaware 95-4439334  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

5400 Trinity Road, Suite 208 27607  
Raleigh, North Carolina  
(Address of principal executive offices)(Zip Code)

(855) 516-2413  
(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 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  
Yes No

Edgar Filing: MobileSmith, Inc. - Form 10-Q

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. (Check one):

Large accelerated filer Accelerated filer  
Non-accelerated filer Smaller reporting company  
(Do not check if a 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

As of May 5, 2016, there were 19,827,542 shares of the registrant’s common stock, par value \$0.001 per share, outstanding.



MOBILESMITH, INC.

FORM 10-Q

For the Quarterly Period Ended March 31, 2016

TABLE OF CONTENTS

	Page No.
<b>PART I – FINANCIAL INFORMATION</b>	
<b>Item 1. Financial Statements</b>	
Condensed Consolidated Balance Sheets as of March 31, 2016 (unaudited) and December 31, 2015	3
Condensed Consolidated Statements of Operations (unaudited) for the three months ended March 31, 2016 and 2015	4
Condensed Consolidated Statements of Cash Flows (unaudited) for the three months ended March 31, 2016 and 2015	5
Condensed Consolidated Statement of Stockholders' Deficit for the period ended March 31, 2016 (unaudited)	6
Notes to Condensed Consolidated Financial Statements (unaudited)	7
<b>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</b>	11
<b>Item 3. Quantitative and Qualitative Disclosures About Market Risk</b>	15
<b>Item 4. Controls and Procedures</b>	15
<b>PART II – OTHER INFORMATION</b>	
<b>Item 2. Unregistered Sales of Equity Security and Use of Proceeds</b>	16
<b>Item 6. Exhibits</b>	16
Signatures	17



PART I – FINANCIAL INFORMATION  
MOBILESMITH, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

## ASSETS

	March 31,	December 31,
	2016	2015
	(unaudited)	
Current Assets		
Cash and Cash Equivalents	\$366,258	\$580,220
Restricted Cash	73,527	124,988
Trade Accounts Receivable, Net of Allowance for Doubtful Accounts of \$16,050	396,163	183,350
Prepaid Expenses and Other Current Assets	71,382	69,552
Total Current Assets	907,330	958,110
Property & Equipment, Net	94,912	98,963
Capitalized Software, Net	363,512	390,518
Intangible Assets, Net	50,725	55,099
Other Assets	2,502	6,264
Total Other Assets	511,651	550,844
Total Assets	\$1,418,981	\$1,508,954

## LIABILITIES AND STOCKHOLDERS' DEFICIT

Current Liabilities		
Trade Accounts Payable	\$101,048	\$45,717
Accrued Expenses	200,628	247,858
Accrued Interest	355,395	350,613
Capital Lease Obligations	31,535	30,877
Deferred Revenue	1,315,122	1,007,970
Bank Loan	5,000,000	5,000,000
Convertible Notes Payable, Related Parties, Net of Discount	34,662,120	33,363,488
Convertible Notes Payable, Net of Discount	680,640	680,640
Total Current Liabilities	42,346,488	40,727,163
Long-Term Liabilities		
Capital Lease Obligations	75,626	83,761
Deferred Rent	50,928	53,592

Edgar Filing: MobileSmith, Inc. - Form 10-Q

Total Long-Term Liabilities	126,554	137,353
Total Liabilities	42,473,042	40,864,516
Commitments and Contingencies (Note 3)		
Stockholders' Deficit		
Preferred Stock, \$0.001 par value, 5,000,000 shares authorized, no shares issued and outstanding at March 31, 2016 and December 31, 2015	-	-
Common Stock, \$0.001 par value, 45,000,000 shares authorized, 19,827,542 shares issued and outstanding at March 31, 2016 and December 31, 2015	19,828	19,828
Additional Paid-in Capital	97,965,453	97,545,601
Accumulated Deficit	(139,039,342)	(136,920,991)
Total Stockholders' Deficit	(41,054,061)	(39,355,562)
Total Liabilities and Stockholders' Deficit	\$1,418,981	\$1,508,954

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





MOBILESMITH, INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
 (unaudited)

Three Months Ended

March 31,    March 31,

2016            2015

REVENUES:

Subscription and Support	\$471,130	\$396,188
Professional Services and Other	-	30,000
Total Revenue	471,130	426,188

COST OF REVENUES:

Subscription and Support	115,321	59,469
Professional Services and Other	5,063	9,273
Total Cost of Revenue	120,384	68,742

GROSS PROFIT