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VASO Corp
Form 10-Q
August 14, 2017
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 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 (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 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 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

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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 August 9, 2017 – 164,949,467

Page 1

Vaso Corporation 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</u> <u>as of June 30, 2017 (unaudited) and December 31, 2016</u>	<u>3</u>
<u>CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS</u> <u>(unaudited) for the Three and Six Months Ended June 30, 2017 and 2016</u>	<u>4</u>
<u>CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY</u> <u>for the Six Months Ended June 30, 2017 (unaudited) and the Year Ended December 31, 2016</u>	<u>5</u>
<u>CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS</u> <u>(unaudited) for the Six Months Ended June 30, 2017 and 2016</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</u> <u>FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	<u>18</u>
<u>ITEM 4 - CONTROLS AND PROCEDURES</u>	<u>26</u>
<u>PART II - OTHER INFORMATION</u>	<u>27</u>
<u>ITEM 6 - EXHIBITS</u>	<u>27</u>

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
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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.

Page 3

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		