

MobileSmith, Inc.  
Form 10-Q  
May 12, 2015

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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, 2015

OR

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

Commission File Number: 001-32634

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

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

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

(855) 516-2413  
(Registrant's telephone number, including area code)

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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).

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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. (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 11, 2015, there were 19,827,542 shares of the registrant’s common stock, par value \$0.001 per share, outstanding.

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MOBILESMITH, INC.

FORM 10-Q

For the Quarterly Period Ended March 31, 2015

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## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements

MOBILESMITH, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

## ASSETS

	March, 31 2015 (unaudited)	December, 31 2014
Current Assets		
Cash and Cash Equivalents	\$631,606	\$320,286
Restricted Cash	75,248	125,000
Trade Accounts Receivable, Net of Allowance for Doubtful Accounts of \$11,500 and \$22,000, Respectively	124,036	193,907
Prepaid Expenses and Other Current Assets	86,985	64,973
Total Current Assets	917,875	704,166
Property & Equipment, Net		
Capitalized Software, Net	112,621	116,567
Intangible Assets, Net	479,770	507,217
Other Assets	68,234	72,604
Total Other Assets	17,550	21,312
Total Assets	\$1,596,050	\$1,421,866

## LIABILITIES AND STOCKHOLDERS' DEFICIT

Current Liabilities		
Trade Accounts Payable	\$106,154	\$94,862
Accrued Expenses	100,966	106,668
Accrued Interest	331,593	501,957
Capital Lease Obligations	28,983	28,378
Deferred Revenue	478,154	579,264
Total Current Liabilities	1,045,850	1,311,129
Long-Term Liabilities		
Bank Loan	5,000,000	5,000,000
Convertible Notes Payable, Related Parties, Net of Discount	28,268,762	25,985,330
Convertible Notes Payable, Net of Discount	680,640	680,640
Capital Lease Obligations	107,161	114,637
Deferred Rent	59,425	61,010
Total Long-Term Liabilities	34,115,988	31,841,617
Total Liabilities	35,161,838	33,152,746

## 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, 2015 and December 31, 2014	-	-
	19,828	19,828

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Common Stock, \$0.001 par value, 45,000,000 shares authorized, 19,827,542 shares issued and outstanding at March 31, 2015 and December 31, 2014		
Additional Paid-in Capital	97,474,682	97,453,374
Accumulated Deficit	(131,060,298)	(129,204,082)
Total Stockholders' Deficit	(33,565,788 )	(31,730,880 )
Total Liabilities and Stockholders' Deficit	\$1,596,050	\$1,421,866

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, 2015	March 31, 2014
<b>REVENUES:</b>		
Subscription and Support	\$ 396,188	\$ 187,945
Professional Services and Other	30,000	-
<b>Total Revenue</b>	<b>426,188</b>	<b>187,945</b>
<b>COST OF REVENUES:</b>		
Subscription and Support	59,469	135,587
Professional Services and Other	9,273	-
<b>Total Cost of Revenue</b>	<b>68,742</b>	<b>135,587</b>
<b>GROSS PROFIT (LOSS)</b>	<b>357,446</b>	<b>52,358</b>
<b>OPERATING EXPENSES:</b>		
Sales and Marketing	292,199	220,157
Research and Development	340,140	268,877
General and Administrative	314,566	335,167
<b>Total Operating Expenses</b>	<b>946,905</b>	<b>824,201</b>
<b>LOSS FROM OPERATIONS</b>	<b>(589,459 )</b>	<b>(771,843 )</b>