

AMERICAN SHARED HOSPITAL SERVICES
Form 10-Q
November 14, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

x

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

For the quarterly period ended September 30, 2013 or

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**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 1-08789

American Shared Hospital Services
(Exact name of registrant as specified in its charter)

California
(State or other jurisdiction of
Incorporation or organization)

94-2918118
(IRS Employer
Identification No.)

Four Embarcadero Center, Suite 3700, San Francisco, California
(Address of Principal Executive Offices)

94111
(Zip Code)

Registrant's telephone number, including area code: (415) 788-5300

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 "

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 x 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 definition 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 x

As of November 1, 2013, there are outstanding 4,608,870 shares of the Registrant's common stock.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AMERICAN SHARED HOSPITAL SERVICES
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS	(unaudited)	
	September 30, 2013	December 31, 2012
Current assets:		
Cash and cash equivalents	\$ 1,955,000	\$ 1,564,000
Restricted cash	50,000	50,000
Certificate of deposit	9,000,000	9,000,000
Accounts receivable, net of allowance for doubtful accounts of \$100,000 in 2013 and \$100,000 in 2012	4,715,000	3,706,000
Other receivables	298,000	401,000
Prepaid expenses and other current assets	615,000	925,000
Current deferred tax assets	316,000	310,000
Total current assets	16,949,000	15,956,000
Property and equipment:		
Medical equipment and facilities	85,489,000	84,453,000
Office equipment	738,000	694,000
Deposits and construction in progress	7,560,000	9,754,000
	93,787,000	94,901,000
Accumulated depreciation and amortization	(42,265,000)	(41,224,000)
Net property and equipment	51,522,000	53,677,000
Investment in common stock	2,701,000	-
Investment in preferred stock	-	2,687,000
Other assets	982,000	1,003,000
Total assets	\$ 72,154,000	\$ 73,323,000
LIABILITIES AND SHAREHOLDERS' EQUITY	(unaudited)	
	September 30, 2013	December 31, 2012
Current liabilities:		
Accounts payable	\$867,000	\$263,000
Employee compensation and benefits	217,000	168,000
Customer deposits/deferred revenue	722,000	747,000
Other accrued liabilities	1,591,000	801,000
Current portion of long-term debt	4,379,000	3,932,000

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Current portion of obligations under capital leases	3,843,000	3,742,000
Total current liabilities	11,619,000	9,653,000
Long-term debt, less current portion	11,187,000	13,837,000
Long-term capital leases, less current portion	12,884,000	13,173,000
Advances on line of credit	8,740,000	8,550,000
Deferred income taxes	3,280,000	3,280,000
Shareholders' equity:		
Common stock (4,609,000 shares at September 30, 2013 and 4,606,000 shares at December 31, 2012)	8,578,000	8,578,000
Additional paid-in capital	4,971,000	4,902,000
Accumulated other comprehensive income (loss)	(424,000)	(357,000)
Retained earnings	6,508,000	6,806,000
Total equity-American Shared Hospital Services	19,633,000	19,929,000
Non-controlling interest in subsidiary	4,811,000	4,901,000
Total shareholders' equity	24,444,000	24,830,000
Total liabilities and shareholders' equity	\$72,154,000	\$73,323,000

See accompanying notes

AMERICAN SHARED HOSPITAL SERVICES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Medical services revenue	\$ 4,396,000	\$ 4,236,000	\$ 13,647,000	\$ 12,923,000
Costs of revenue:				
Maintenance and supplies	470,000	383,000	1,317,000	1,102,000
Depreciation and amortization	1,615,000	1,532,000	4,658,000	4,481,000
Other direct operating costs	730,000	626,000	2,080,000	1,935,000
	2,815,000	2,541,000	8,055,000	7,518,000
Gross Margin	1,581,000	1,695,000	5,592,000	5,405,000
Selling and administrative expense	887,000	960,000	3,275,000	3,093,000
Interest expense	532,000	525,000	1,459,000	1,638,000
Operating income	162,000	210,000	858,000	674,000
Loss on foreign currency transactions	(306,000)	-	(840,000)	-
Interest and other income	11,000	10,000	19,000	25,000
Income (loss) before income taxes	(133,000)	220,000	37,000	699,000
Income tax expense (benefit)	-	28,000	40,000	52,000
Net income (loss)	(133,000)	192,000	(3,000)	647,000
Less: Net income attributable to non-controlling interests	(1,000)	(183,000)	(227,000)	(614,000)
Net income (loss) attributable to American Shared Hospital Services	\$ (134,000)	\$ 9,000	\$ (230,000)	\$ 33,000
Net income (loss) per share:				
Earnings (loss) per common share - basic	\$ (0.03)	\$ -	\$ (0.05)	\$ 0.01
Earnings (loss) per common share - assuming dilution	\$ (0.03)	\$ -	\$ (0.05)	\$ 0.01

See accompanying notes

AMERICAN SHARED HOSPITAL SERVICES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Net income (loss) attributable to American Shared Hospital Services	\$ (134,000)	\$ 9,000	\$ (230,000)	\$ 33,000
Other comprehensive income (loss):				
Foreign currency translation adjustments	(51,000)	(120,000)	(111,000)	(120,000)
Total comprehensive income (loss)	(185,000)	(111,000)	(341,000)	(87,000)
Less comprehensive income (loss) attributable to the non-controlling interest	(22,000)	(52,000)	(44,000)	(52,000)
Comprehensive income (loss) attributable to American Shared Hospital Services	\$ (163,000)	\$ (59,000)	\$ (297,000)	\$ (35,000)

See accompanying notes

AMERICAN SHARED HOSPITAL SERVICES
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

PERIODS ENDED DECEMBER 31, 2011 AND 2012 AND SEPTEMBER 30, 2013

	Common Shares	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retainable Earnings	Sub-Total ASHS	Non-controlling Interests in Subsidiaries	Total
Balances at January 1, 2011	4,597,000	\$ 8,606,000	\$ 4,703,000	\$ -	\$ 6,262,000	\$ 19,571,000	\$ 3,473,000	\$ 23,044,000
Stock based compensation expense	14,000	-	125,000	-	-	125,000	-	125,000
Investment in subsidiaries by non-controlling interests	-	-	-	-	-	-	1,509,000	1,509,000
Cash distributions to non-controlling interests	-	-	-	-	-	-	(996,000)	(996,000)
Net income	-	-	-	-	506,000	506,000	983,000	1,489,000
Balances at December 31, 2011	4,611,000	8,606,000	4,828,000	-	6,768,000	20,202,000	4,969,000	25,171,000
Repurchase of common stock	(9,000)	(28,000)	-	-	-	(28,000)	-	(28,000)
Stock based compensation expense	4,000	-	74,000	-	-	74,000	-	74,000
Investment in subsidiaries by non-controlling interests	-	-	-	-	-	-	-	-