

MobileSmith, Inc.
Form 10-Q
November 13, 2017

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 September 30, 2017

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).

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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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

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.

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 November 13, 2017, there were 24,722,647 shares of the registrant's common stock, par value \$0.001 per share, outstanding.

MOBILESMITH, INC.

FORM 10-Q

For the Quarterly Period Ended September 30, 2017

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

ASSETS

	September 30,	December 31,
	2017	2016
	(unaudited)	
Current Assets		
Cash and Cash Equivalents	\$1,443,262	\$548,146
Restricted Cash	61,713	116,577
Trade Accounts Receivable, Less Allowance for Doubtful Accounts of \$12,500 and \$0, Respectively	267,939	273,091
Prepaid Expenses and Other Current Assets	49,549	64,642
Total Current Assets	1,822,463	1,002,456
Property and Equipment, Net	81,647	104,129
Capitalized Software, Net	195,903	274,833
Intangible Assets, Net	24,469	37,593
Total Other Assets	302,019	416,555
Total Assets	\$2,124,482	\$1,419,011
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Trade Accounts Payable	\$84,059	\$43,518
Accrued Expenses	178,673	193,836
Accrued Interest	881,242	455,269
Capital Lease Obligations	36,624	36,950
Deferred Revenue	1,239,165	1,404,951
Bank Loan	5,000,000	-
Total Current Liabilities	7,419,763	2,134,524
Long-Term Liabilities		
Bank Loan	-	5,000,000
Convertible Notes Payable, Related Parties, Net of Discount	43,788,609	39,655,579
Convertible Notes Payable, Net of Discount	680,640	680,640
Capital Lease Obligations	36,733	63,834
Deferred Rent	30,839	42,189
Total Long-Term Liabilities	44,536,821	45,442,242

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Total Liabilities	51,956,584	47,576,766
Commitments and Contingencies (Note 3)		
Stockholders' Deficit		
Preferred Stock, \$0.001 Par Value, 5,000,000 Shares Authorized, No Shares Issued and Outstanding at September 30, 2017 and December 31, 2016	-	-
Common Stock, \$0.001 Par Value, 100,000,000 Shares Authorized At September 30, 2017 and December 31, 2016; 19,827,542 Shares Issued and Outstanding at September 30, 2017 and December 31, 2016	19,828	19,828
Additional Paid-in Capital	98,650,709	98,245,063
Accumulated Deficit	(148,502,639)	(144,422,646)
Total Stockholders' Deficit	(49,832,102)	(46,157,755)
Total Liabilities and Stockholders' Deficit	\$2,124,482	\$1,419,011

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

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

Three Months Ended		Nine Months Ended	
September 30,	September 30,	September 30,	September 30,
2017	2016	2017	2016

REVENUES:

Subscription and Support	\$1,886,344	\$415,166
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