

AMERICAN SHARED HOSPITAL SERVICES  
Form 10-Q  
November 12, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 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, 2015 or

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)**

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**California** **94-2918118**  
**(State or other jurisdiction of (IRS Employer**  
**Incorporation or organization) Identification No.)**

Four Embarcadero Center, Suite 3700, San Francisco, California 94111  
(Address of Principal Executive Offices) (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  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

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

As of November 1, 2015, there are outstanding 5,364,147 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, 2015	December 31, 2014
Current assets:		
Cash and cash equivalents	\$ 2,184,000	\$ 1,059,000
Restricted cash	50,000	50,000
Certificate of deposit	-	9,000,000
Accounts receivable, net of allowance for doubtful accounts of \$100,000 at September 30, 2015 and \$100,000 at December 31, 2014	3,451,000	3,192,000
Other receivables	131,000	131,000
Prepaid expenses and other current assets	405,000	448,000
Current deferred tax assets	367,000	367,000
Total current assets	6,588,000	14,247,000
Property and equipment:		
Medical equipment and facilities	83,120,000	82,151,000
Office equipment	721,000	721,000
Deposits and construction in progress	10,544,000	13,736,000
	94,385,000	96,608,000
Accumulated depreciation and amortization	(46,136,000)	(46,572,000)
Net property and equipment	48,249,000	50,036,000
Investment in equity securities	605,000	2,709,000
Other assets	444,000	536,000
Total assets	\$ 55,886,000	\$ 67,528,000
LIABILITIES AND SHAREHOLDERS' EQUITY	(unaudited) September 30, 2015	December 31, 2014
Current liabilities:		

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Accounts payable	\$ 454,000	\$ 421,000
Employee compensation and benefits	156,000	179,000
Other accrued liabilities	1,370,000	763,000
Current portion of long-term debt	2,781,000	2,005,000
Current portion of obligations under capital leases	4,254,000	4,103,000
Advances on line of credit	-	8,780,000
Total current liabilities	9,015,000	16,251,000
Long-term debt, less current portion	7,465,000	8,586,000
Long-term capital leases, less current portion	10,310,000	12,190,000
Deferred revenue, less current portion	749,000	874,000
Deferred income taxes	3,581,000	3,473,000
Shareholders' equity:		
Common stock (5,364,000 shares at September 30, 2015 and 5,361,000 shares at December 31, 2014)	10,376,000	10,376,000
Additional paid-in capital	5,660,000	5,508,000
Retained earnings	3,743,000	5,542,000
Total equity-American Shared Hospital Services	19,779,000	21,426,000
Non-controlling interest in subsidiary	4,987,000	4,728,000
Total shareholders' equity	24,766,000	26,154,000
Total liabilities and shareholders' equity	\$ 55,886,000	\$ 67,528,000

See accompanying notes

**AMERICAN SHARED HOSPITAL SERVICES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(Unaudited)

	Three months ended September		Nine months ended September	
	30,	2014	30,	2014
	2015		2015	
Medical services revenue	\$ 3,875,000	\$ 3,982,000	\$ 12,386,000	\$ 11,425,000
Costs of revenue:				
Maintenance and supplies	252,000	382,000	866,000	1,320,000
Depreciation and amortization	1,521,000	1,478,000	4,619,000	4,695,000
Other direct operating costs	648,000	519,000	2,048,000	1,673,000
	2,421,000	2,379,000	7,533,000	7,688,000
Gross Margin	1,454,000	1,603,000	4,853,000	3,737,000
Selling and administrative expense	904,000	933,000	2,704,000	2,792,000
Interest expense	235,000	396,000	900,000	1,376,000
Operating income (loss)	315,000	274,000	1,249,000	(431,000 )
(Loss) on write down investment in equity securities	-	-	(2,114,000 )	-
(Loss) on sale of subsidiary	-	-	-	(572,000 )
Gain on foreign currency transactions	-	-	-	161,000
Interest and other income	3,000	7,000	14,000	22,000
Income (loss) before income taxes	318,000	281,000	(851,000 )	(820,000 )
Income tax expense	92,000	29,000	328,000	33,000
Net income (loss)	226,000	252,000	(1,179,000 )	(853,000 )
Less: Net (income) attributable to non-controlling interests	(183,000 )	(239,000 )	(620,000 )	(157,000 )

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Net income (loss) attributable to American Shared Hospital Services	\$ 43,000	\$ 13,000	\$ (1,799,000 )	\$ (1,010,000 )
Net income (loss) per share:				
Income (loss) per common share - basic	\$ 0.01	\$ 0.00	\$ (0.33 )	\$ (0.21 )
Income (loss) per common share - assuming dilution	\$ 0.01	\$ 0.00	\$ (0.33 )	\$ (0.21 )

See accompanying notes

**AMERICAN SHARED HOSPITAL SERVICES****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Net income (loss) attributable to American Shared Hospital Services	\$ 43,000	\$ 13,000	\$ (1,799,000 )	\$ (1,010,000 )
Other comprehensive income:				
Foreign currency translation adjustments	-	-	-	779,000
Total comprehensive income (loss)	43,000	13,000	(1,799,000 )	(231,000 )
Less comprehensive (loss) attributable to the non-controlling interest	-	-	-	(337,000 )
Comprehensive income (loss) attributable to American Shared Hospital Services	\$ 43,000	\$ 13,000	\$ (1,799,000 )	\$ 106,000

See accompanying notes

**AMERICAN SHARED HOSPITAL SERVICES****CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY**

	PERIODS ENDED DECEMBER 31, 2014 AND SEPTEMBER 30, 2015							
	Common Shares	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Sub-Total ASHS	Non-controlling Interests in Subsidiaries Total	
Balances at January 1, 2014	4,609,000	8,578,000	4,990,000	(442,000)	6,494,000	19,620,000	4,435,000	24,055,000
Repurchase common stock	(1,000 )	(2,000 )	-	-	-	(2,000 )	-	(2,000 )
Stock based compensation expense	3,000	-	373,000	-	-	373,000	-	373,000
Private placement common stock	750,000	1,800,000	-	-	-	1,800,000	-	1,800,000
Fair value of warrants issued with promissory notes	-	-	145,000	-	-	145,000	-	145,000
Non-controlling interest investment in subsidiaries	-	-	-	-	-	-	-	-