

GLOBAL HEALTHCARE REIT, INC.
Form 10-Q
November 20, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

**[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2017

OR

**[] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE
EXCHANGE ACT**

For the transition period from _____ to _____

Commission file number 0-15415

GLOBAL HEALTHCARE REIT, INC.

(Exact Name of Small Business Issuer as Specified in its Charter)

Utah **87-0340206**
(State or other jurisdiction of I.R.S. Employer
incorporation or organization) Identification number

6800 N. 79th Street, Suite 200, Niwot, CO 80503

(Address of Principal Executive Offices)

Issuer's telephone number: (303) 449-2100

Former name, former address, and former fiscal year, if changed since last report

Check whether the Issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the last 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 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

Emerging Growth Company

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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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]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, 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] No]

As of **November 20, 2017**, the Registrant had 26,300,317 shares of its Common Stock outstanding.

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PART 1. FINANCIAL INFORMATION**Item 1. Consolidated Financial Statements (Unaudited)****GLOBAL HEALTHCARE REIT, INC.****CONSOLIDATED BALANCE SHEETS****(UNAUDITED)**

	September 30, 2017	December 31, 2016
ASSETS		
Property and Equipment, Net	\$37,985,136	\$36,162,881
Cash and Cash Equivalents	105,485	578,242
Restricted Cash	563,151	580,747
Accounts Receivable, Net	89,636	-
Investments in Debt Securities	128,259	-
Prepaid Expenses and Other	393,311	221,962
Total Assets	\$39,264,978	\$37,543,832
LIABILITIES AND EQUITY		
Liabilities		
Debt, Net of discount of \$596,895 and \$660,611, respectively	\$33,884,660	\$31,662,724
Debt – Related Parties, Net of discount of \$63,616 and \$75,293, respectively	711,384	374,707
Accounts Payable and Accrued Liabilities	408,359	591,446
Accounts Payable – Related Parties	69,909	96,689
Dividends Payable	7,500	7,500
Derivative Liability	95,371	246,451
Lease Security Deposit	280,000	30,000
Total Liabilities	35,457,183	33,009,517
Commitments and Contingencies		
Equity		
Stockholders' Equity		
Preferred Stock:		
Series A - No Dividends, \$2.00 Stated Value, Non-Voting; 2,000,000 Shares Authorized, 200,500 Shares Issued and Outstanding	401,000	401,000
Series D - 8% Cumulative, Convertible, \$1.00 Stated Value, Non-Voting; 1,000,000 Shares Authorized, 375,000 Shares Issued and Outstanding	375,000	375,000
	1,314,467	1,251,363

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Common Stock - \$0.05 Par Value; 50,000,000 Shares Authorized, 26,289,352 and 25,027,260 Shares Issued and Outstanding at September 30, 2017 and December 31, 2016, Respectively

Additional Paid-In Capital	9,312,337	8,707,116
Accumulated Deficit	(7,394,698)	(6,021,903)
Total Global Healthcare REIT, Inc.		
Stockholders' Equity	4,008,106	4,712,576
Noncontrolling Interests	(200,311)	(178,261)
Total Equity	3,807,795	4,534,315
Total Liabilities and Equity	\$39,264,978	\$37,543,832

See accompanying notes to unaudited consolidated financial statements.

GLOBAL HEALTHCARE REIT, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

	Nine Months Ended		Three Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Revenue				
Rental Revenue	\$2,303,355	\$2,310,584	\$749,269	\$850,520
Expenses				
General and Administrative	876,623	1,616,476	313,764	734,891
Property Taxes, Insurance and Other Operating	375,171	202,635	28,755	43,255
Acquisition Costs	-	52,325	-	-
Gain on Disposal of Property and Equipment	-	(980,839)	-	-
Depreciation	920,001	1,182,849	319,864	287,389
Total Expenses	2,171,795	2,073,446	662,383	1,065,535
Income (Loss) from Operations	131,560	237,138	86,886	(215,015)
Other (Income) Expense				
(Gain) Loss on Warrant Liability	(151,080)	(126,614)	(47,523)	31,110
Gain on Extinguishment of Debt	(36,193)	(1,163,458)	-	(1,163,458)
Gain on Settlement of Other Liabilities	(32,073)	-	-	-
Interest Income	(1)	(32,149)	-	-
Interest Expense	1,723,252	1,971,025	583,453	603,511
Total Other (Income) Expense	1,503,905	648,804	535,930	(528,837)
Equity in Income from Unconsolidated Partnership	-	-	-	-
Net Income (Loss)	(1,372,345)	(411,666)	(449,044)	313,822
Net Loss Attributable to Noncontrolling Interests	22,050	115,367	-	42,005
Net Income (Loss) Attributable to Global Healthcare REIT, Inc.	(1,350,295)	(296,299)	(449,044)	355,827
Series D Preferred Dividends	(22,500)	(22,500)	(7,500)	(7,500)
Net Income (Loss) Attributable to Common Stockholders	\$(1,372,795)	\$(318,799)	\$(456,544)	\$348,327
Per Share Data:				
Net Income (Loss) per Share Attributable to Common Stockholders:				
Basic	\$(0.05)	\$(0.01)	\$(0.02)	\$0.01
Diluted	\$(0.05)	\$(0.01)	\$(0.02)	\$0.01
Weighted Average Common Shares Outstanding:				
Basic	25,697,705	22,791,649	25,899,337	23,802,472
Diluted	25,697,705	22,791,649	25,899,337	23,377,972

See accompanying notes to unaudited consolidated financial statements.

GLOBAL HEALTHCARE REIT, INC.**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****(UNAUDITED)**

	Series A Preferred Stock		Series D Preferred Stock		Common Stock		Additional Paid-In	Accumulated	Global Healthcare REIT, Inc. Stockholder
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Capital	Deficit	Equity
Balance, December 31, 2016	200,500	\$401,000	375,000	\$375,000	25,027,260	\$1,251,363	\$8,707,116	\$(6,021,903)	\$4,712,570
Share Based Compensation – Restricted Stock Awards	-	-	-	-	1,262,092	63,105	525,976	-	589,081
Series D Preferred Dividends	-	-	-	-	-	-	-	(22,500)	(22,500)