NEOGENOMICS INC
Form 10-Q
May 10, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

R QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2016.

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: 001-35756

NEOGENOMICS, INC.

(Exact name of registrant as specified in its charter)

Nevada (State or other jurisdiction of incorporation or organization)	74-2897368 (I.R.S. Employer Identification No.)
12701 Commonwealth Drive, Suite 9, Fort Myers, Florida (Address of principal executive offices)	33913 (Zip Code)

(239) 768-0600

(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 R 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 (§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 R 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:

Large accelerated filer	o	Accelerated filer	R
Non-accelerated filer	o (Do not check if a smaller reporting company)	Smaller reporting company	o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes £ No R

As of April 20, 2016, the registrant had 77,117,678 shares of Common Stock, par value $0.001 per share outstanding.

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FORWARD-LOOKING STATEMENTS

The information in this Quarterly Report on Form 10-Q contains “forward-looking statements” and information within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) relating to NeoGenomics, Inc., a Nevada corporation and its subsidiaries, NeoGenomics Laboratories, Inc., a Florida corporation (“NEO”, “NeoGenomics Laboratories” or the “Subsidiary”), Path Labs LLC, a Delaware limited liability company (“PathLogic”) and Clarient, Inc. a Delaware Corporation and its wholly owned subsidiaries Clarient Diagnostic Services, Inc. (together “Clarient”) (collectively referred to as “we”, “us”, “our”, “NeoGenomics”, or the “Company”), which are subject to the “safe harbor” creat by those sections. These forward-looking statements include, but are not limited to, statements concerning our strategy, future operations, future financial position, future revenues, projected costs, prospects and plans and objectives of management. The words “anticipates,” “believes,” “estimates,” “expects,” “intends,” “may,” “plans,” “projects,” “would” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties that could cause our actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the risks set forth under “Risk Factors” and in Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K as filed with the Securities and Exchange Commission (the “SEC”) on March 15, 2016, and amended on April 18, 2016.

Forward-looking statements include, but are not limited to, statements about:

- Our ability to implement our business strategy;
- The expected reimbursement levels from governmental payers and private insurers and proposed changes to those levels, including the application of the Protecting Access to Medicare Act.
- The application, to our business and the services we provide, of existing laws, rules and regulations, including without limitation, Medicare laws, anti-kickback laws, Health Insurance Portability and Accountability Act of 1996 regulations, state medical privacy laws, federal and state false claims laws and corporate practice of medicine laws;
- Regulatory developments in the United States including increasing downward pressure on health care reimbursement;
- Our ability to maintain our license under the Clinical Laboratory Improvement Amendments of 1988;
- Food and Drug Administration proposed regulation of Laboratory Developed Tests (“LDT’s”);
- Failure to timely or accurately bill for our services;
- Our ability to expand our operations and increase our market share;
- Our ability to expand our service offerings by adding new testing capabilities;
- Our ability to meet our future capital requirements;
- Our ability to integrate acquired businesses, including our acquisition of Clarient, Inc. and costs related to such acquisitions;
- The impact of internalization of testing by customers;
- Our ability to compete with other diagnostic laboratories;
- Our ability to hire and retain sufficient managerial, sales, clinical and other personnel to meet our needs;
- Our ability to successfully scale our business, including expanding our facilities, our backup systems and infrastructure;
- Our ability to generate sufficient cash flow from our license agreement with Health Discovery Corporation to support its fair value; and
- The accuracy of our estimates regarding reimbursement, expenses, future revenues and capital requirements.

Any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

NEOGENOMICS, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share amounts)

(unaudited)

	March 31, 2016	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$19,256	$23,420
Accounts receivable (net of allowance for doubtful accounts of $7,343 and $4,759, respectively)	50,088	48,943
Inventories	5,334	5,108
Other current assets	6,525	4,889
Total current assets	81,203	82,360
Property and equipment (net of accumulated depreciation of $30,135 and $26,534, respectively)	33,559	34,577
Intangible assets, net	85,774	87,800
Goodwill	146,179	146,421
Other assets	129	129
Total assets	$346,844	$351,287
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS’ EQUITY		
Current liabilities		
Accounts payable	$15,288	$12,464
Accrued compensation	9,185	6,217
Accrued expenses and other liabilities	4,980	7,374
Revolving credit facility, net	—	8,869
Short-term portion of capital leases	4,267	4,534
Short-term portion of loans	596	600
Total current liabilities	34,316	40,058
Long-term liabilities		
Long-term portion of capital leases	4,124	5,040
Long-term portion of loans, net	52,316	52,336

Deferred income tax liability, net	15,916	15,741
Total long-term liabilities	72,356	73,117
Total liabilities	106,672	113,175
Commitments and contingencies - see Note I		
Redeemable convertible preferred stock:		
Series A Redeemable Convertible Preferred Stock, $0.01 par value, (50,000,000 shares authorized; and 14,666,667 shares issued and outstanding, respectively)	34,169	28,602
Stockholders' equity		
Common stock, $.001 par value, (250,000,000 shares authorized; 77,033,608 and 75,820,307 shares issued and outstanding, respectively)	77	76
Additional paid-in capital	233,401	231,375
Accumulated deficit	(27,475)	(21,941)
Total stockholders’ equity	206,003	209,510
Total liabilities, redeemable convertible preferred stock and stockholders' equity	$346,844	$351,287

See notes to unaudited consolidated financial statements

NEOGENOMICS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)

(unaudited)

	For the Three Months Ended March 31, 2016	2015
NET REVENUE		
Clinical testing revenue	$54,622	$22,839
BioPharma & research revenue	5,082	187
Total Revenue, net	59,704	23,026
COST OF REVENUE	32,531	13,482
GROSS MARGIN	27,173	9,544
Operating expenses:		
General and administrative	18,005	6,522
Research and development	1,446	669
Sales and marketing	5,800	2,914
Total Operating Expenses	25,251	10,105
INCOME (LOSS) FROM OPERATIONS	1,922	(561)
Interest expense, net	1,593	195
Income (loss) before taxes	329	(756)
Income tax expense	174	5
NET INCOME (LOSS)	155	(761)
Deemed dividends on preferred stock	1,840	—
Amortization of preferred stock beneficial conversion feature	3,727	—
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	$(5,412)	$(761)
NET LOSS PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS		
Basic	$(0.07)	$(0.01)
Diluted	$(0.07)	$(0.01)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic	76,068	60,277
Diluted	76,068	60,277

See notes to unaudited consolidated financial statements.

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NEOGENOMICS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

	For the three months ended March 31, 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$155	$(761)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities, net of business acquisition:		
Depreciation	3,585	1,586
Amortization of intangibles	2,026	93
Amortization of debt issue costs	182	-
Stock based compensation – options, restricted stock and warrants	703	401
Provision for bad debts	2,663	602
Changes in assets and liabilities, net of business acquisition:		
(Increase) in accounts receivable, net of write-offs	(3,809)	(1,610)
(Increase) decrease in inventories	(225)	21
Decrease (increase) in prepaid expenses	(401)	(42)
Decrease in other current assets	—	1
(Decrease) in accounts payable and other liabilities	2,180	(1,078)
Net cash provided by (used in) operating activities	7,059	(787)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,001)	(842)
Net cash used in investing activities	(1,001)	(842)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of revolving credit facility	(10,044)	—
Repayment of capital lease obligations/loans	(1,379)	(921)
Issuance of common stock for the exercise of options, warrants and ESPP shares, net of transaction expenses	1,201	109
Net cash used in financing activities	(10,222)	(812)
Net change in cash and cash equivalents	(4,164)	(2,441)
Cash and cash equivalent, beginning of period	23,420	33,689
Cash and cash equivalents, end of period	$19,256	$31,248
Supplemental disclosure of cash flow information:		

Interest paid	$1,416	$212
Income taxes paid	207	5
Supplemental disclosure of non-cash investing and financing information:		
Equipment acquired under capital lease/loan obligations	173	2,525

See notes to unaudited consolidated financial statements.

NEOGENOMICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

Note A – Nature of Business and Basis of Presentation

NeoGenomics, Inc., a Nevada corporation (the “Parent” or the “Parent Company”), and its subsidiaries, NeoGenomics Laboratories, Inc., a Florida corporation (“NEO” or, “NeoGenomics Laboratories”), Path Labs LLC., a Delaware Limited Liability Corporation (“PathLogic”) and Clarient Inc., a Delaware Corporation, and its wholly-owned subsidiary Clarient Diagnostic Services, Inc. (together, “Clarient”), (collectively referred to as “we”, “us”, “our”, “NeoGenomics”, or the “Company”), operates as a certified “high complexity” clinical laboratory in accordance with the federal government’s Clinical Laboratory Improvement Act, as amended (“CLIA”), and is dedicated to the delivery of clinical diagnostic services to pathologists, oncologists, urologists, hospitals, and other laboratories throughout the United States.

The accompanying interim consolidated financial statements are unaudited and have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information. These accompanying interim consolidated financial statements include the accounts of the Parent and its subsidiaries. All intercompany transactions and balances have been eliminated in the accompanying interim consolidated financial statements.

Certain information and footnote disclosures normally included in the Company’s annual audited consolidated financial statements and accompanying notes have been condensed or omitted in these accompanying interim consolidated financial statements. Accordingly, the accompanying interim consolidated financial statements included herein should be read in conjunction with the audited consolidated financial statements and accompanying notes included in the Company’s annual report on Form 10-K for the year ended December 31, 2015, filed with the Securities and Exchange Commission (the “SEC”) on March 15, 2016 and as amended and filed with the SEC on April 18, 2016.

The results of operations presented in this quarterly report on Form 10-Q are not necessarily indicative of the results of operations that may be expected for any future periods. In the opinion of management, these unaudited consolidated financial statements include all adjustments and accruals, consisting only of normal recurring adjustments that are necessary for a fair statement of the results of all interim periods reported herein.

We have one reportable operating segment that delivers testing services to hospitals, pathologists, oncologists, other clinicians and researchers and represents 100% of the Company’s consolidated assets, net revenues and net income for each of the quarters ended March 31, 2016 and 2015. Also, at March 31, 2106, all of our services were provided within the United States and all of our assets were located in the United States.

Reclassification of Prior Year Presentation

Certain prior period amounts have been reclassified for consistency with the current period presentation. For the period ended March 31, 2016, the Company retrospectively adopted ASU 2015-17 and thus revised the classification of deferred tax assets on the Consolidated Balance Sheets. The deferred tax assets that were presented as of December 31, 2015 have offset the deferred tax liabilities and been presented as a long term liability under the description deferred tax liabilities, net. The Company also revised the classification on the Consolidated Statement of Operations by separating other income from interest expense. These changes in classification have no net effect on the previously reported cash flows in the Consolidated Statements of Cash Flows, Consolidated Balance Sheets or Statements of

Operations for any period.

Note B — Recently Issued Accounting Guidance

Effective January 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-17, Income Taxes. The standard update was issued to simplify the presentation of deferred income taxes and required deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. ASU 2015-17 is effective for fiscal years and interim periods within those fiscal years, beginning after December 31, 2016. Earlier application is permitted as of the beginning of an interim or annual period. The Company has early adopted this ASU and applied the amendments retrospectively to all deferred tax liabilities and assets presented. The effect of the adoption on the Consolidated Balance Sheet as of March 31, 2016 and December 31, 2015, was the offset of long term deferred tax liabilities by current deferred tax assets of $16,668,000.

Effective September 2015, the FASB issued ASU 2015-16, Business Combinations. The standard update was issued to simplify the accounting for measurement period adjustments. The update requires that adjustments to provisional amounts identified during the measurement period be recognized in the period determined. The effect of these adjustments on current earnings that would have been related to previously reported earnings is required to be disclosed. ASU 2015-16 is effective for fiscal years and interim periods

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within those fiscal years, beginning after December 31, 2015. The update should be applied prospectively to adjustments that occur after the effective date of this update. The Company has adopted this ASU 2015-16 and it did not have a material effect on Company's earnings for the period ended March 31, 2016.

Note C — Acquisitions

Clarient

On December 30, 2015 ("the acquisition date"), the Company acquired from GE Medical Holding AB ("GE Medical"), a subsidiary of General Electric Company ("GE"), all of the issued and outstanding shares of common stock of Clarient, Inc., ("Clarient") a wholly owned subsidiary of GE Medical, for a purchase price consisting of (i) cash consideration of approximately $73.8 million, which includes an approximately $6.7 million estimated working capital adjustment and adjustments for estimated cash on hand and estimated indebtedness of Clarient on the Closing Date, (ii) 15,000,000 shares of NeoGenomics' common stock, and (iii) 14,666,667 shares of NeoGenomics' Series A Preferred Stock pursuant to the Stock Purchase Agreement.

The cash consideration paid as part of the purchase price was funded through the following:

- The Company paid approximately $10.7 million using cash on hand
- Approximately $9.5 million, net of transaction costs was funded using a revolving credit facility
- Approximately $53.6 million, net of transaction costs was funded using a term loan

On December 21, 2015 shareholders approved and on December 28, 2015, NeoGenomics filed with the Secretary of State of the State of Nevada amendments to its Articles of Incorporation to increase the authorized number of shares of common stock from 100.0 million shares to 250.0 million shares and to increase the authorized number of shares of preferred stock from 10.0 million shares to 50.0 million shares in order to fund the common and preferred stock portion of the purchase price.

The Company issued 15,000,000 shares of common stock as consideration for the acquisition of Clarient. The common stock includes restrictions imposed on the holder in the Investor Board Rights, Lockup and Standstill Agreement. We estimated the fair value of the common stock consideration using inputs not observable in the market and thus represents a Level 3 measurement as defined in ASC 820. The key assumption in the fair value determination was a 15 percent discount due to lack of marketability of the common stock as a result of the restrictions imposed on the holder. The acquisition date fair value of common stock transferred is calculated below ($ in thousands, except share and per share amounts):

Common Stock Valuation	Amount
Shares of common stock issued as consideration	15,000,000

Stock price per share on closing date	$8.04
Value of common stock issued as consideration	$120,600
Issue discount due to lack of marketability	$(18,090)
Fair value of common stock at December 30, 2015	$102,510

The Company issued 14,666,667 shares of Series A Preferred Stock as consideration for the acquisition of Clarient. The rights of the Series A Preferred Stock are described in Note F. We estimated the fair value of the Series A Preferred Stock consideration using significant inputs not observable in the market and thus represents a Level 3 measurement as defined in ASC 820. The fair value of the Series A Preferred Stock at the acquisition date was $73.2 million or $4.99 per share. This fair value was further reduced by the intrinsic value assigned to the beneficial conversion feature to arrive at a carrying amount of $28.6 million.

On a fully diluted basis, assuming full conversion of the Series A Preferred Stock, GE Medical would own approximately 32% of NeoGenomics. In addition, pursuant to the Investor Board Rights, Lockup and Standstill Agreement, NeoGenomics has appointed a director designated by GE Medical to the Board.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date of December 30, 2015. The Company is in the process obtaining input from third-party valuations of its tangible and intangible assets and other information necessary to measure the remaining assets acquired and liabilities assumed; thus, the provisional measurements

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of current assets, property and equipment, intangible assets, goodwill, current liabilities, net deferred tax liabilities and long-term liabilities are subject to change.

The preliminary acquisition fair values below are presented as of December 30, 2015 (in thousands):

	December 30, 2015 (As Initially Reported)	Measurement Period Adjustments	December 30, 2015 (As Adjusted)
Current assets, including cash and cash equivalents of $890	$ 31,978	$ -	$ 31,978
Property and equipment	19,241	-	19,241
Identifiable intangible assets – customer relationships	84,000	-	84,000
Goodwill	143,493	(242)	143,251
Total assets acquired	278,712	(242)	278,470
Current liabilities	(12,631)	242	(12,389)
Deferred tax liability	(17,904)	-	(17,904)
Long-term liabilities	(103)	-	(103)
Net assets acquired	$ 248,074	$ -	$ 248,074

Of the $84.0 million of acquired intangible assets, $81.0 million was provisionally assigned to customer relationships which are being amortized over fifteen years and $3.0 million was provisionally assigned to trade names which are being amortized over two years. For the periods ending March 31, 2016 and December 31, 2015, we recorded approximately $1.9 million and $36,000 of amortization expense respectively. The amortization expense for the period ended December 31, 2015 represented two days of ownership of Clarient.

Goodwill arising from the acquisition of Clarient includes revenue synergies as a result of our existing customers and Clarient's customers having access to each other's testing menus and capabilities and also from the new product lines which Clarient adds to the Company's product portfolio. None of the goodwill is expected to be deductible for income tax purposes. The provisional fair value of accounts receivable acquired is approximately $27.6 million

The Company recognized acquisition related transaction costs of approximately $4.7 million during the year ended December 31, 2015. These costs include due diligence, legal, consulting and other transaction related expenses associated with the acquisition of Clarient. These expenses were included in general and administrative expenses in our consolidated statements of operations for the year ended December 31, 2015. The Company also incurred debt issuance costs of $3.3 million which are recorded as reductions in the carrying amount of the related liabilities and are being amortized over the term of the loans.

The following unaudited pro forma information (in thousands), have been provided for illustrative purposes and are not necessarily indicative of results that would have occurred had the Acquisition been in effect since January 1, 2014, nor are they necessarily indicative of future results.

	March 31 2015
Revenue	$54,316
Net (loss) attributable to common stockholders	(45,526)
(Loss) per share	$(0.60)
Basic	75,277
Diluted	75,277

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NEOGENOMICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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The unaudited pro forma consolidated results during the quarter ended March 31, 2015 have been prepared by adjusting our historical results to include the Acquisition as if it occurred on January 1, 2014. These unaudited pro forma consolidated historical results were then adjusted for the following:

- Remove transaction expenses from the year ended December 31, 2015 and record them in the year ended December 31, 2014
- Adjustments to reflect amortization and depreciation expense associated with the acquired assets, partially offset by the elimination of the amortization and depreciation expense associated with Clarient's historical assets.
- Removal of costs associated with MultiOmyx, assets not acquired in the transaction, and to record royalty fees due to GE for continued use of the MultiOmyx product through a licensing agreement.
- Remove general and administrative expenses related to a Lab Services Agreement with the Saudi Arabian National Guard Health Affairs, as GE Medical has retained this agreement.
- Record interest expense under the Credit Facilities and amortization of financing costs classified as interest expense.
- Remove royalty costs associated with the use of the GE brand as NeoGenomics will discontinue the use of the GE brand.
- Accrue for dividends on the Series A Preferred stock and to amortize a portion of the beneficial conversion feature

As noted above, the unaudited pro forma results of operations do not purport to be indicative of the actual results that would have been achieved by the combined Company for the periods presented or that may be achieved by the combined Company in the future.

Note D — Goodwill and Intangible Assets

The Company has recorded Goodwill of $146.2 million as of March 31, 2016. The changes in the carrying amount of goodwill for the three month period ended March 31, 2016 and for the year ended December 31, 2015 are as follows (in thousands):

	March 31, 2016	December 31, 2015
Balance as of January 1	$146,421	$ 2,929
Goodwill acquired during the period	-	143,492
Adjustment to preliminary value of goodwill (Note C)	(242)	-
Balance at end of period	$146,179	$ 146,421

Intangible assets as of March 31, 2016 and December 31, 2015 consisted of the following (in thousands):

	March 31, 2016			
	Amortization Period	Cost	Accumulated Amortization	Net
Trade Name	24 months	$3,000	$ 383	$2,617
Customer Relationships	156 months	82,930	1,842	81,088
Support Vector Machine (SVM) technology	108 months	500	227	273
Laboratory developed test (LDT) technology	164 months	1,482	443	1,039
Flow Cytometry and Cytogenetics technology	202 months	1,000	243	757
Total		$88,912	$ 3,138	$85,774

	December 31, 2015			
	Amortization Period	Cost	Accumulated Amortization	Net
Trade Name	24 months	$3,000	$ 8	$2,992
Customer Relationships	156 months	82,930	247	82,683
Support Vector Machine (SVM) technology	108 months	500	213	287
Laboratory developed test (LDT) technology	164 months	1,482	416	1,066
Flow Cytometry and Cytogenetics technology	202 months	1,000	228	772
Total		$88,912	$ 1,112	$87,800

NEOGENOMICS, INC.

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We recorded approximately $2.0 million and $93,000 in straight-line amortization expense of intangible assets in the three months ended March 31, 2016 and 2015, respectively. The Company recorded amortization expense from customer relationships and trade names as a general and administrative expense. We will continue to record the amortization of the Support Vector Machine (SVM) technology, the Laboratory developed tests (LDT) technology and the Flow Cytometry and Cytogenetics technology intangible assets as a research and development expense until the such time that we have products, services or cost savings directly attributable to these intangible assets that would require recordation in cost of goods sold.

The estimated amortization expense related to amortizable intangible assets for each of the five succeeding fiscal years and thereafter as of March 31, 2016 is as follows (in thousands):

Year Ending December 31,	
Remainder of 2016	$5,246