

CareView Communications Inc  
Form 10-K  
March 29, 2019

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-K**

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

For the fiscal year ended: **December 31, 2018**

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No.: **000-54090**

**CAREVIEW COMMUNICATIONS, INC.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of incorporation or organization)

**95-4659068**

(I.R.S. Employer Identification No.)

**405 State Highway 121, Suite B-240, Lewisville, TX 75067**

(Address of principal executive offices)

Registrant's telephone number, including area code: (972) 943-6050

Securities registered pursuant to Section 12(b) of the Exchange Act: None

Securities registered pursuant to Section 12(g) of the Exchange Act: Common Stock, Par Value \$0.001  
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

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 every Interactive Data File required to be submitted 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 such files).

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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.

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Large accelerated filer    Accelerated filer  
Non-accelerated filer    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 31(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes    No

The aggregate market value of the common stock held by non-affiliates of the registrant as June 30, 2018 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately \$2,800,000. For purposes of this computation, all officers, directors, and 10% beneficial owners of the registrant are deemed to be affiliates. Such determination should not be deemed to be an admission that such officers, directors, or 10% beneficial owners are, in fact, affiliates of the registrant.

As of March 29, 2019, the registrant had outstanding 139,380,748 shares of common stock, \$0.001 par value, which is its only class of common stock.

DOCUMENTS INCORPORATED BY REFERENCE:

None.

Table of Contents

<b><u>ITEM 1. BUSINESS.</u></b>	<b>3</b>
<b><u>ITEM 1A. RISK FACTORS.</u></b>	<b>19</b>
<b><u>ITEM 1B. UNRESOLVED STAFF COMMENTS.</u></b>	<b>19</b>
<b><u>ITEM 2. PROPERTIES.</u></b>	<b>19</b>
<b><u>ITEM 3. LEGAL PROCEEDINGS.</u></b>	<b>19</b>
<b><u>ITEM 4. MINE SAFETY DISCLOSURES.</u></b>	<b>19</b>
<b><u>ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.</u></b>	<b>19</b>
<b><u>ITEM 6. SELECTED FINANCIAL DATA.</u></b>	<b>20</b>
<b><u>ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.</u></b>	<b>21</b>
<b><u>ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.</u></b>	<b>27</b>
<b><u>ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.</u></b>	<b>27</b>
<b><u>ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.</u></b>	<b>27</b>
<b><u>ITEM 9A. CONTROLS AND PROCEDURES.</u></b>	<b>27</b>
<b><u>ITEM 9B. OTHER INFORMATION.</u></b>	<b>28</b>
<b><u>ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE.</u></b>	<b>29</b>
<b><u>ITEM 11. EXECUTIVE COMPENSATION.</u></b>	<b>39</b>
<b><u>ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.</u></b>	<b>42</b>

<b><u>ITEM</u></b> <b><u>13.</u></b>	<b><u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.</u></b>	<b>44</b>
<b><u>ITEM</u></b> <b><u>14.</u></b>	<b><u>PRINCIPAL ACCOUNTANT FEES AND SERVICES.</u></b>	<b>44</b>
<b><u>ITEM</u></b> <b><u>15.</u></b>	<b><u>EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.</u></b>	<b>45</b>
<b><u>ITEM</u></b> <b><u>16.</u></b>	<b><u>FORM 10K SUMMARY.</u></b>	<b>50</b>

## **Statement Regarding Forward-Looking Information**

This Annual Report on Form 10-K contains forward-looking statements. For example, statements regarding our financial position, business strategy, product development, and other plans and objectives for future operations, and assumptions and predictions about future product demand, research and development, marketing, expenses and revenue are all forward-looking statements. These statements may be found in the items of this Annual Report entitled “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” as well as in this Annual Report generally. These statements are generally accompanied by words such as “intend,” “anticipate,” “believe,” “estimate,” “potential(ly),” “plan,” “may,” “will,” “continue,” “forecast,” “predict,” “could,” “would,” “should,” “expect,” “may expect,” “could expect,” “may be,” “may not,” and “may result,” and other terms and phrases that are negative of such terms or other comparable terminology.

## **INTRODUCTORY COMMENT**

Throughout this Annual Report, the terms “we,” “us,” “our,” “CareView,” or the “Company” refers to CareView-NV, and unless otherwise specified, includes our wholly owned subsidiaries, CareView Communications, Inc., a Texas corporation (“CareView-TX”) and CareView Operations, LLC, a Nevada limited liability company (“CareView Operations”).

## **PART I**

### **ITEM 1.**

### **BUSINESS.**

#### **Our Business-Hospital/Healthcare Facilities**

Our mission is to be the leading provider of products and on-demand application services for the healthcare industry, specializing in bedside video monitoring, software tools to improve hospital communications and operations, and patient education and entertainment packages. Our proprietary, high-speed data network system is the next generation of patient care monitoring that allows real-time bedside and point-of-care video monitoring designed to improve patient safety and overall hospital costs. The entertainment packages and patient education enhance the patient’s quality of stay. Reported results from CareView-driven facilities prove that our products reduce falls, reduce the cost of sitter fees, increase patient satisfaction and reduce bed turnaround time to increase patient flow. For patients, we have a convenient in-room, entertainment package that includes high-speed Internet, access to first-run on-demand movies and visual connectivity to family and friends from anywhere in the world. For the hospital, we offer tools to provide superior patient care, peace of mind and customer service satisfaction.

Our CareView System® suite of video monitoring, guest services and related applications connect patients, families and healthcare providers. Through the use of telecommunications technology and the Internet, our evolving products and on-demand services greatly increase the access to quality medical care and education for patients/consumers and healthcare professionals. We understand the importance of providing high quality patient care in a safe environment and believe in partnering with hospitals to improve the quality of patient care and safety by providing a system that monitors continuously. We are committed to providing an affordable video monitoring tool to improve the practice of nursing, create a better work environment and make the patient's hospital stay more informative and satisfying. Our suite of products and services can simplify and streamline the task of preventing and managing patients' falls, enhance patient safety, improve quality of care and reduce costs associated with bringing information technology directly to patients, families and healthcare providers. Our products and services can be used in all types of hospitals, nursing homes, adult living centers and selected outpatient care facilities domestically and internationally.

CareView's secure video monitoring system connects the patient room to a touch-screen monitor at the nursing station or a mobile handheld device, allowing the nursing staff to maintain a level of visual contact with each patient. This configuration enhances the use of the nurse call system, reduces unnecessary steps to and from patient rooms, and facilitates a host of modules for patient safety and workflow improvements. The CareView System suite can be easily configured to meet the individual privacy and security requirements of any hospital or nursing facility. The Health Insurance Portability and Accountability Act of 1996 ("HIPAA") compliant, patient approved video record can be included as part of the patient's medical record and serves as additional documentation of bedside care, procedures performed, patient and hospital ancillary activities, safety or care incidents, support to necessitate additional clinical services, and, if necessary, as evidence. Additional HIPAA-compliance features allow privacy options to be enabled at any time by the patient, nurse or physician.

In addition to patient safety and security, we also provide a suite of services to increase patient satisfaction scores and enhance the overall image of the hospital including first-run on-demand movies, Internet access via the patient's television, and video visits with family and friends from most places throughout the world. Through continued investment in patient care technology, our products and services help hospitals and assisted living facilities build a safe, high quality healthcare delivery system that best serves the patient, while striving for the highest level of satisfaction and comfort.

### Our Products and Services

We offer a variety of products and services designed to meet individual hospital needs to enhance quality patient care and safety. Our services are offered with no capital expenditure by the hospital and do not require extensive integration with the facility's management information system. For healthcare facilities looking for an effective, affordable and innovative way to improve performance throughout the facility, our products are the answer. CareView-driven facilities have shown documented success in reducing patient falls and sitter costs, improving overall patient satisfaction, streamlining and documenting patient education at the bedside, and improving patient flow and overcrowding. These successes protect the facilities' reimbursement from loss due to never events and poor patient satisfaction.

The CareView System offers the following service packages:

#### *PRIMARY PACKAGE*

1. **NurseView®.** The NurseView module allows authorized users to view monitored rooms from the nurse's station. All privacy and access options are determined and configured by the hospital.



2. **PhysicianView®.** The PhysicianView module enables the admitting physicians and non-physician staff members to view their patients from any personal computer. All privacy and access options are determined by the hospital.
3. **Virtual Bed Rails®.** The Virtual Bed Rails fall prevention module allows the hospital to activate a safety feature that will notify the nursing station or the caregiver's mobile device when a patient breaches a defined area in the patient room.
4. **Virtual Chair Rails®.** The Virtual Chair Rails fall prevention module allows the hospital to activate a safety feature that will notify the nursing station or the caregiver's mobile device when a patient breaches a defined area in the patient room.
5. **Fall Management Program™.** The Fall Management Program allows the hospital to separately file, identify and research the activity of patients for whom the Virtual Bed Rails or Virtual Chair Rails fall prevention modules were engaged.
6. **Sitter Management Program.** The CareView Sitter Management Program allows authorized users to monitor an unlimited number of patient rooms from one nursing station or mobile device.
  7. **Rounding.** We offer a timed rounding module to help nursing staff monitor patients.

### ADDITIONAL CAREVIEW PRODUCTS

1. **BedView®.** The BedView module allows authorized users to monitor the status and availability of facility beds remotely.
2. **Patient Education.** We provide a delivery mechanism for patient education materials.
3. **FacilityView®.** The FacilityView module monitors and records activity in any area that the hospital would desire security cameras to be placed. All privacy and access options are determined and configured by the hospital.
4. **Nurse Alerts and Reminders.** The CareView System monitoring system can be configured to provide nursing alerts and reminders.
5. **Ulcer Management.** The CareView System can be configured to ensure that patients who are at risk for developing pressure ulcers are turned from position to position.
6. **CareView Mobile®™.** This communications device and mobile monitoring system allows all CareView modules to be utilized with handheld mobile devices. CareView Mobile can be used to deliver voice communication between mobile devices, patient rooms, and the hospital's phone infrastructure.
7. **CareView Mobile App.** The CareView Mobile App (the "App") can be used by the customer on an Apple or Android mobile device used in connection with the CareView System. The App will display video feeds from NurseView as well as give caregivers the ability to receive and resolve Virtual Bed Rail and Virtual Chair Rail alarms.
8. **NICUView®.** The NICUView module provides a live, continual feed from the Neo-Natal Intensive Care Unit ("NICU") to allow parents who have been discharged from the hospital, or friends and family, to view the newborn and obtain clinical information from home.
9. **The CareView Broadcast System.** We provide the hospitals with the capability to broadcast to each room a variety of educational, informational and service communications to patients and guests alike. We do not provide educational content. The hospitals are allowed to access the system for:
  - a. Welcome message – a pre-recorded message welcoming the patient to the facility.
  - b. Pre-procedure Education – to inform and educate the patient regarding a procedure to be performed (i.e. angioplasty, hip replacement, spine surgery, etc.).
  - c. Patient Condition Education – to inform and educate the patient regarding a condition they have and suggested lifestyle improvements to live with those conditions (i.e. high blood pressure, diabetes, etc.).
  - d. SerenityView - to select scenes and sounds to create a relaxing atmosphere for patients during their stay.

### Pricing Structure and Revenue Streams

The CareView System suite is provided and installed in healthcare facilities at no charge to the facility after which we generate revenue from subscriptions to its services. We work with each hospital on pricing to offer an affordable package based on the demographics of the hospital's patients. The pricing structure with each hospital is negotiated separately and may vary depending on the hospital's desire to include premium services at no charge to the patient. Typically, we offer the Primary Package at a price per bed with varying price structures based on number of beds in each facility. All of our revenue generated during the years ended December 31, 2018 and 2017 was derived from the sale of the Primary Package, Additional CareView Products and related services to hospitals.



### Products in Development

- Next Generation Hardware. We are in the final stages of research and development for the next generation Room
1. Control Platform. This platform will provide improved performance and reliability in a smaller, portable form factor. We expect the next generation hardware will be in production in the fourth quarter of 2019.  
Next Generation NurseView. We are finalizing development on the next generation version of NurseView. This
  2. update is a complete overhaul, focused on improved performance, reliability and patient safety. We expect the next generation NurseView to be available in second quarter of 2019.  
Reporting Dashboard. We are developing a real-time dashboard report. This dashboard helps the hospital
  3. understand system utilization and ROI based on per-facility benchmarks. We expect the reporting dashboard to be available in third quarter of 2019.  
Server Virtualization. We are developing a virtual server. This effort impacts the existing server hardware
  4. requirement, offering the facility an option to host the virtual server on their existing infrastructure. We expect server virtualization to be available in fourth quarter of 2019.  
Improving Detection Algorithms. We are continuing to develop and hone new techniques and algorithms geared
  5. towards improving system functionality in the Virtual Rails product. Advances include techniques based on machine learning and statistical probability.

### Update to Products and Services Agreement with Healthcare Facilities

We offer our products and services through a subscription-based model with healthcare facilities through a Products and Services Agreement (the “P&S Agreement(s)”). During the term of the P&S Agreement, we provide continuous monitoring of the CareView System’s products and services deployed to a healthcare facility and maintain and service all equipment installed by us. Terms of each P&S Agreement require the healthcare facility to pay us a monthly subscription fee based on the number of selected, installed and activated services. None of the services provided through the Primary Package or GuestView module are paid or reimbursed by any third-party provider including insurance companies, Medicare or Medicaid. We also enter into corporate-wide agreements with healthcare companies (the “Master Agreement(s)”), wherein the healthcare facilities that are a part of these healthcare companies enter into individual facility level agreements that are substantially similar to our P&S Agreements.

Master Agreements and P&S Agreements are currently negotiated for a period of five years with a minimum of two or three years; however, older P&S Agreements were negotiated for a five-year period with a provision for automatic renewal. P&S Agreements specific to pilot programs (“P&S Pilot Agreements”) contain pricing terms substantially similar to P&S Agreements, are generally three or six-months in length and can be extended on a month-to-month basis as required. We own all rights, title, and interest in and to the equipment we install at each location and agree to maintain and repair it; although, we may charge for repairs or replacements due to damage or misuse. We are not responsible for maintaining data arising from use of the CareView System or for transmission errors, corruption or compromise of data carried over local or interchange telecommunication carriers. We grant each healthcare facility a limited, revocable, non-transferable and non-exclusive license to use the software, network facilities, content and documentation on and in the CareView System suite to the extent, and only to the extent, necessary to access, explore

and otherwise use the CareView System suite in real time. Such non-exclusive license expires upon termination of the P&S Agreement.

We use specific terminology in an effort to better define and track the staging and billing of the individual components of the CareView System suite. The CareView System suite includes three components which are separately billed; the Room Control Platform (the “RCP”), the Nurse Station, and mobile devices (each component referred to as a “unit”). The term “bed” refers to each healthcare facility bed as part of the overall potential volume that a healthcare facility represents. For example, if a healthcare facility has 200 beds, the aggregate of those beds is the overall potential volume of that healthcare facility. The term “bed” is often used interchangeably with “RCP” or “Room Control Platform” as this component of the CareView System consistently resides within each room where the “bed” is located. On average, there are six Nurse Stations for each 100 beds. The term “deployed” means that the units have been delivered to the healthcare facility but have not yet been installed at their respective locations within the facility. The term “installed” means that the units have been mounted and are operational. The term “billable” refers to the aggregate of all units on which we charge fees. Units become billable once they are installed and the required personnel have been trained in their use. Units are only deployed upon the execution of a P&S Agreement or P&S Pilot Agreement.

#### Update on Significant Customer Agreements

##### *HealthTrust*

On December 14, 2016, the Company entered into a Group Purchasing Agreement with HealthTrust Purchasing Group, L.P. (“HealthTrust”) (the “HealthTrust GPO Agreement”), the nation’s only committed-model Group Purchasing Organization (“GPO”) headquartered in Nashville, Tennessee. HealthTrust serves approximately 1,600 acute care facilities and members in more than 26,000 other locations, including ambulatory surgery centers, physician practices, long-term care and alternate care sites. The agreement was effective on January 1, 2017 and all CareView System components and modules are available for purchase by HealthTrust’s exclusive membership. HealthTrust members may order CareView’s products and services included in the agreement directly from CareView.

On October 1, 2018, the Company added CareView Connect to the HealthTrust GPO Agreement.

##### *Hospital Corporation of America*

##### *West Florida Division*

On April 26, 2016, we entered into a Master Agreement with the West Florida Division of Health Corporation of America (“HCA”), the nation’s leading provider of healthcare services. The West Florida Division has approximately

2,600 beds. The three-year divisional Master Agreement follows the successful P&S Pilot Agreement with HCA's Blake Medical Center. Currently, we are billing 439 units monthly.

*Capital Division*

On January 1, 2017, we entered into a P&S Agreement with HCA Capital Division pursuant to the HealthTrust GPO Agreement. We now have signed P&S Agreements for three facilities in the Capital Division, Lewis-Gale Medical Center, CJW Medical Center and Henrico Doctor's Hospital totaling 169 units. There are 14 facilities in the division totaling approximately 3,200 staffed beds.

*East Florida Division*

On January 25, 2017, we entered into a P&S Agreement with HCA East Florida Division pursuant to the HealthTrust GPO Agreement. Under this agreement, our products and services will be available to all 13 facilities in the division, totaling approximately 3,600 staffed beds. Currently, we have 42 units in place at one facility.

*Community Health Systems, Inc.*

On April 1, 2015, we closed a Master Agreement with Community Health Systems, Inc. ("CHS"). Under the terms of the Master Agreement, currently, we are billing 787 units monthly in 14 hospitals. In early 2016, Mat-Su Regional Medical Center, a legacy CHS facility completed policy revision for patient video monitoring for CHS. With the policy revision complete, we have approval to contact all CHS facilities. We have had meetings with CHS market leaders and their Chief Nursing Officer and have their support, which could result in a potential roll-out of approximately 15,000 additional beds out of their estimated 27,000 staffed beds.

*The Community Medical Centers HealthCare Network-Central California*

On July 7, 2016, we signed a P&S Pilot Agreement with Clovis Community Medical Center, owned by The Community Medical Centers HealthCare Network-Central California (“Community Medical HealthCare”), which owns approximately 1,120 beds. We have completed the initial rollout of 64 units at Clovis Community Medical Center and 84 units at Community Regional Medical Center. Both facilities became billable in May 2017.

*Tenet Healthsystem Medical, Inc.*

In February 2014, we entered into a Master Agreement with Tenet Healthsystem Medical, Inc. (“Tenet”). The terms of the Master Agreement provide for the execution of a facilities level agreement with each hospital. We are currently billing 418 units monthly.

*Kaiser Permanente*

We currently are billing 508 units monthly in seven Kaiser Permanente (“Kaiser”) facilities. In April and May 2014, we executed P&S Pilot Agreements with Kaiser’s Baldwin Park and Panorama City facilities, respectively. This is in addition to our P&S Pilot Agreement with Kaiser Orange County covering its facilities in Anaheim and Irvine, California which was executed in October 2013. The P&S Pilot Agreements for these four facilities provide for a monthly renewal until termination or replacement by a Master Agreement or individual P&S Agreements. We finalized a P&S Agreement with the Irvine facility in October 2016 and we are now in the process of finalizing a conversion from a P&S Pilot Agreement to a P&S Agreement with the Anaheim facility. Both of these facilities are in the process of determining their needs as it relates to adding additional units.

On November 2, 2015, we signed a P&S Agreement with Kaiser’s San Diego Medical Center. We currently have 28 installed units at this facility and anticipate adding additional beds once use and need has been determined.

In early 2016 we commenced discussions with Kaiser Northwest Region for deployment of the CareView System in Kaiser’s hospitals in Oregon. On November 10, 2016, we signed a P&S Pilot Agreement with the Northwest Division of Kaiser Permanente. Execution of this agreement signals our expanded growth within the Kaiser system. The agreement calls for the installation of 81 units at the Westside Medical Center.



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After a successful pilot, in February 2016 we executed a P&S Agreement with Kaiser's Los Angeles Medical Center for a total of 136 units. We are also in pilot discussions with other Kaiser facilities in the San Diego area. While we are continuing our sales efforts at the hospital and regional level, there are still discussions regarding a possible Master Agreement. Notwithstanding those discussions we will continue to sell into other Kaiser Regions and look to convert our P&S Pilot Agreements into P&S Agreements that can be replaced by a Master Agreement if and when one is finalized.

### Parkland

In September 2015 we signed a P&S Agreement with Dallas County Hospital District d/b/a Parkland Health & Hospital System and are currently billing 425 units.

Geisinger Health System

In 2015 we signed a P&S Pilot Agreement with Geisinger Medical Center (“GMC”). Currently there are 144 monthly billable units at GMC. The results of the pilot were favorable and we have finalized the terms of a Master Agreement with GMC. There are approximately 1,800 beds within Geisinger System Services (“GSS”). Upon completion of the Master Agreement, we anticipate rolling out product and services to all owned and affiliated facilities. Currently we are in discussions with two GSS facilities who have expressed interest in installing the CareView System. We will also continue our sales efforts to the balance of GSS.

Baptist Health South Florida

Baptist Health South Florida (“BHSF”) is a system comprised of 6 hospitals with 1,700 beds in the Miami area. They entered into a P&S Pilot Agreement in January 2016 to cover 99 beds. After a successful pilot BHSF has decided to move forward with a Master Agreement, which was finalized in July 2017. As of February 28, 2019, we are billing for 294 units. CareView is in discussions with two additional BHSF facilities.

Adventist Health

In March 2017 we entered into a P&S Agreement with White Memorial Hospital for 78 units (“White Memorial”) following a successful pilot. White Memorial is part of the Adventist Health. There are a total of 16 facilities in the Adventist Health network. We are working on collecting data in anticipation of setting up a meeting to discuss a Master Agreement and system-wide roll-out. To that end, we began billing on a P&S Agreement with Glendale Adventist for 68 units on January 1, 2018 and on November 14, 2017 we began billing Adventist Health Bakersfield for 58 units.

Baylor Scott & White Health

On June 30, 2017 we executed a Master Agreement with Baylor Scott & White Health (“BSW”) corporate. We have had meetings with the following BSW facilities as we move toward a corporate roll-out, which include: BSW Temple, BSW All-Saints, BSW Hillcrest, BSW Round Rock, BSW Waxahachie, and BSW White Rock. These facilities are gathering data so we can generate proposals. CareView is being used in three facilities where we are billing for a total of 309 units.

VA Central Arkansas Veterans Healthcare System

The Company accomplished its first contract with a VA facility, specifically the Central Arkansas Veterans Healthcare System (“CAVHS”). Central Arkansas Memorial Veterans Hospital added 40 beds to the CareView contract in June 2018. The CareView System is now completely installed at John L. McClellan Memorial Veterans Hospital in Little Rock with 146 units installed and billable.

The Eugene J. Towbin Healthcare Center awarded CareView a contract for 85 beds in June 2018. This is the first Community Living Center, a VA Nursing Home, to use CareView, and could lead to adoption by other VA Community Living Centers.

These agreements are pursuant to the Company’s General Service Administration (“GSA”) Multiple Award Schedule contract (“MAS”). The MAS allows us to sell the CareView System at a negotiated rate to the approximate 169 VA facilities with over 39,000 licensed beds and the approximate 42 DOD hospitals with over 2,600 licensed beds. The MAS is one of the most widely accepted government contract vehicles available to agency procurement officers. GSA’s application process requires potential vendors to be recognized as highly credible and well established. We are hopeful that once installation and training is complete, the other VA hospitals will also want to participate. Our products and services represent an enormous opportunity to improve the health and safety of our Nation’s veterans.

Other VA Opportunities

The Company is currently in discussions with several other large VA Hospitals and anticipates additional orders under its MAS. Specifically, the Company is in the contracting process with other VA facilities, including the Mountain Home VA Healthcare System in Tennessee, the VA Puget Sound Health Care System in Seattle Washington, the Oklahoma City VA Health Care System, in Oklahoma City, Oklahoma and the Lexington VA Medical Center in Lexington Kentucky.

Steward Healthcare

On April 13, 2017 the Company signed a Master Agreement under the HealthTrust GPO Agreement with Steward Health Care (“Steward”). Steward is headquartered in Boston, Massachusetts. Steward recently announced the acquisition of IASIS Healthcare and eight hospitals from CHS bringing its total to 35 hospital facilities in its network. Under the Master Agreement, CareView will install approximately 867 units in 11 hospitals in Massachusetts and 66 units in one hospital in Pennsylvania. CareView is installed in 20 facilities with 2,134 billable units. All totaled, we anticipate being installed in all 35 of the Steward Hospital facilities with a total of over 3,200 units installed.

Atlantic Health System

On January 24, 2017 the Company executed a P&S Agreement under its HealthTrust GPO Agreement with Atlantic Health System (“AHS”). AHS is headquartered in Morristown, New Jersey and one of the leading non-profit health care systems in the state of New Jersey. In March 2018 AHS notified us of their intent to extend their use of the CareView System to the full 36-month term and contracted to add 41 units to Morristown Medical Center. In July 2018 AHS and the Company entered into an agreement to place 11 units at Newton Medical Center. In September 2018 AHS and the Company entered into an agreement to place 43 units at Chilton Medical Center. Discussions have begun with other AHS facilities regarding further expansion. AHS consists of 5 hospitals and approximately 893 staffed beds.

Baptist Southeast Texas

On May 15, 2017 we executed a Purchase Agreement under its HealthTrust GPO Agreement with Baptist Southeast Texas. Billing for 105 units began on November 1, 2017.

Montefiore Medical Center

On June 8, 2017 the Company executed a P&S Pilot Agreement with Montefiore Medical Center (“Montefiore”) located in New York City. The P&S Pilot Agreement called for the installation of 46 units. On November 27, 2018 Montefiore cancelled the P&S Pilot Agreement. On December 18, 2017, CareView executed a three-year P&S Agreement with a Montefiore rehabilitation hospital for 31 units. This became billable on April 11, 2018

LifePoint Health System

On September 29, 2017 the Company executed a P&S Pilot Agreement with Jackson Purchase Medical Center located in Mayfield, Kentucky. This is our first agreement in the LifePoint Health System (“LifePoint”). We began billing for 42 units in January 2018 and finalized a P&S Agreement with LifePoint in April 2018. We signed a P&S Agreement with Logan Regional Medical Center located in Logan, West Virginia in July 2018 for 40 units and will begin billing during the 4<sup>th</sup> Quarter of 2018.

*Kootenai Health*

On October 3, 2017, the Company executed a three-year P&S Agreement with Kootenai Health (“Kootenai”) located in Coeur d’ Alene, Idaho. The agreement calls for the installation of 48 units. Kootenai provides a comprehensive range of medical services to patients in north Idaho, eastern Washington, Montana and the Inland Northwest at several facility locations. We began billing Kootenai in February 2018. Following positive results, we anticipate future growth in the Kootenai system.

*Hays Medical Center*

On November 10, 2017, the Company executed a P&S Agreement with Hays Medical Center located in Hays, Kansas. The agreement calls for the installation of 53 units. The Hays Medical Center is part of the University of Kansas Health System.

*Franciscan Missionaries of Our Lady Health System*

In November 2017, we executed a 6-month P&S Pilot Agreement with Franciscan Missionaries of Our Lady Health System’s (“FMOL”) Our Lady of the Lake Regional Medical Center for 139 units and in December 2018, we moved into a P&S Agreement and added an additional 116 units. We anticipate future growth in the FMOL which consists of six hospitals and 1,735 staffed beds. Conversations have begun with two other FMOL facilities.

*Texas Health Resources*

On December 13, 2017, we executed a Master Agreement with Texas Health Resources (“THR”) and a 6-month P&S Pilot Agreement with Texas Health Presbyterian Hospital Dallas for 53 units. Following positive results, we anticipate future growth in the THR system which consists of 14 hospitals and 2,853 staffed beds.

*Kindred Healthcare*

On September 5, 2018 we executed a 6-month P&S Pilot Agreement with Kindred Hospital Westminster for 68 units. Kindred Healthcare operates 22 inpatient rehabilitation hospitals in 11 states.

### **Our Business-CareView Connect**

Our mission is to be the leading provider of resident monitoring products and services for the long-term care industry. We took what we learned in our medical facility business and applied it to developing a product to serve the long-term care market. With CareView Connect™ Quality of Life System (“CareView Connect”), CareView has again positioned itself as a technology leader with its innovative suite of products specifically designed for all aspects of the long-term care market, including: Nursing Care, Home Care, Assisted Living and Independent Living.

With this mission in mind, in the second quarter of 2018, the Company introduced a new sensor product that will have application in both the assisted living center market and the home health market. CareView Connect leverages both passive and active sensors to track the activities of daily life. CareView Connect provides peace of mind by using data from the resident’s activity, existing conditions, and environment to notify a caregiver of potential emergencies and identify the need for dignified support. CareView Connect consists of a small emergency assist button, two motion sensors, one sleep sensor, and one event sensor. Resident activity levels, medication administration, sleep patterns, and requests for assistance can all be monitored depending on which options are selected.

The skilled nursing home market consists of approximately 2,000,000 beds, which is double the size of the current hospital/healthcare facility bed market. The assisted living center market is even larger at approximately 3,000,000 beds. Our products flow naturally into the nursing home space as it is substantially the same setting as hospital rooms. To service this intended expansion, we have hired sales staff to pursue new business in these markets and we anticipate that we will sign new contracts in these markets before the end of 2019.

### Our Products and Services

CareView Connect is a platform consisting of several products and applications targeted at improving level of care and efficiency. CareView is building a cohesive and tightly integrated solution that solves several problems that long-term care facilities face. We offer an array of wearable and stationary buttons that allow a resident to summon help either for an emergency or assistance, which can be anything from toileting help to assistance putting on their shoes. We offer a mobile app capable of delivering an alert to the caregiver and allows them document information around that alert. This allows for workflows and reports around the alerts, i.e. how long before the alert was handled, what was the cause of the alert, and if not acknowledged in a timely manner then escalate the alert to another individual or group. This ensures that every alert is responded to timely and is verifiable. In addition, the caregiver usually is carrying out a litany of daily activities directed at each facility resident.

### Alert Management and Monitoring System

CareView Connect provides a suite of hardware and software that facilitate a data-driven solution for alert management and monitoring. CareView Connect's solution provides additional context, including location of the resident, which improves response time by the staff. The alert system includes a documentation platform that allows the facility's staff to classify reason for alerts and provides metrics around response time. CareView Connect's solution involves several passive sensors that monitor the resident.

### Caregiver Platform

The caregiver platform includes a "Leave of Absence" component, which allows the facility to document when the resident is outside of their room for a duration of time. This information is incorporated with known data from the workflows and sensors to improve awareness. The Caregiver Connect mobile application provides a convenient and intuitive interface to the CareView Connect platform. The caregiver can use the mobile app to capture important information and interface with critical workflows, such as acknowledging and documenting alert presses by the resident. CareView Connect also provides a product focused on capturing and measuring the mental state and pain experienced by the resident. "How are you feeling today?" provides a convenient way to capture information about the



mental state of the resident using emojis. Similarly, “What is your pain today?” allows the staff to categorize and document pain. Connect Resident is a tablet application intended for the resident’s direct use. This product currently supports video conferencing with a remote caregiver, becoming a communications conduit for tele-health. Connect Resident also supports “How are you feeling today?”, which allows the resident to submit this information directly.

### Quality of Life Metrics

CareView is developing its own algorithm for measuring quality of life based on “best of breed” research and leveraging the data collected by the platform. CareView Connect’s Quality of Life Metrics focuses on several categories, including Physical Activity, Bodily Pain, General Health, Vitality, Social Interaction, Mental Health, and Sleep Quality. Leveraging this data, the facility and their staff have improved visibility into the health and well-being of their residents. By applying machine learning and predictive analytics, subtle patterns and trends that may not otherwise be visible become actionable. The facility can use this information to present a more compassionate and capable level of care, differentiating the facility from their competition. The Quality of Life Metrics information can be made available to the family and loved ones, opening a new channel of remote awareness and care. Because the information is collected automatically, the family gains awareness on issues of which their loved ones may normally be unaware. The Connect Family mobile application allows family members to monitor their loved one and receive alerts and notifications based on their preferences.

CareView is working to integrate additional sensors into the platform, including a ballistocardiogram (BCG) sensor, which allows for improved monitoring and metrics around sleep quality, such as heart and respiration rate. Additional sensors include medical devices, such as scales, pulse oximeters, blood glucose meters, and blood pressure monitors.

### Pricing Structure and Revenue Streams

The CareView Connect suite of products and services offers multiple pricing models. We work with each facility on pricing to offer an affordable package based on the demographics of the residents of the facility. The pricing structure with each facility is negotiated separately. Typically, we offer the CareView Connect basic package at a price per monitored room with varying price structures based on number of sensors and number of residents in each facility.

### Products in Development

Additional Sensors. We are finalizing efforts around two new sensors, door sensor and improved stationary button.

1. These sensors round out our existing family of sensors and improve accuracy of passive data collected about the resident. We expect both sensors to be available in the second quarter of 2019.

Next Generation Gateway. We are in the final steps of research and development for the next generation Gateway.

2. This platform will provide integrated audio capabilities with an optional touch screen. We expect the Next Generation Gateway to be in production in the fourth quarter of 2019.

Improved Quality of Life Report. We are in the early steps of research and development on an improved Quality of

3. Life Report. This report builds on top of best of breed research and incorporates additional data sources. We expect the improved Quality of Life report to available in the third quarter of 2019.

### Contracts with Long-Term Care Providers

#### *Life Care Services, LLC*

In June 2018 the Company executed a Pilot Services Agreement (“PSA”) with LCS-Westminster, a life plan community in Austin, Texas. Westminster is managed by Life Care Services LLC, (“LCS”) the nation’s third largest developer and manager of over 130 senior living communities nationwide.

#### *CHRISTUS St. Joseph Village*

In July 2018, the Company executed a PSA with CHRISTUS St. Joseph Village, a life plan community in Coppell, Texas. St. Joseph Village is owned by CHRISTUS Health. The PSA has proven to be a success and the Company anticipates expanding its presence in other CHRISTUS Health locations.

*Pandion GPO*

On October 1, 2018, the Company executed a Group Purchasing Agreement with Pandion Optimization Alliance a Group Purchasing Organization (GPO) and Supply Chain Management Company (“Pandion”). Pandion is an owner of Premier, Inc., one of the nation’s largest GPOs with more than \$56 billion in purchasing volume from 2,900 US community hospitals and 100,000+ member organizations.

HealthTrust GPO

On October 1, 2018, the Company executed an amendment to its HealthTrust GPO Agreement to add CareView Connect to the GPO Agreement. Thereafter, the Company will be able to begin to market and sell CareView Connect to the approximately 300 LTC facilities who are members of the HealthTrust GPO.

Events Occurring During Fourth Quarter 2018

None

Summary of Product and Service Usage

The following table shows the number of healthcare facilities using our products and services including the number of deployed units, installed units and billable units as of January 31, 2019. The table also shows the number of pilot programs in place and hospital proposals pending approval, estimated bed count if the pilot programs and pending proposals result in executed contracts, and the estimated total number of licensed beds available under the pilot programs and hospital proposals. There are no assurances that the pilot programs will be extended or the pending proposals will be approved to ultimately result in the number of estimated beds. Further, there are no assurances that we will have access to the total number of licensed beds in each healthcare facility.

				<b>Potential</b>	
			<b>Total</b>	<b>Units</b>	
			<b>Staffed Beds</b>	<b>Available</b>	<b>Units in</b>
					<b>Negotiation</b>
			<b>in</b>	<b>Under</b>	<b>Prior to</b>
<b>Installed</b>	<b>Installed</b>	<b>Billable</b>	<b>Contracted/</b>	<b>Current</b>	<b>Contract/</b>
<b>Hospitals</b>	<b>Units</b>	<b>Units</b>	<b>Pilot</b>	<b>Contract/</b>	<b>Pilot</b>
			<b>Hospitals</b>	<b>Pilot</b>	
				<b>Contracts(*)</b>	

128	10,446	7,828	160,116	59,158	54,285
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(\* ) This number represents management’s best estimate of the number of units available to us in hospitals that are currently under contract. We assume that in any given acute care facility, our products and services are appropriate for deployment in approximately 70% of the total staffed beds. If we have specific information from a current contracted or pilot hospital that the number of potential units in that hospital is either higher or lower than 70%, specific number has been used in the aggregate estimate.

Availability of Suppliers

We are not dependent on, nor do we expect to become dependent on, any one or a limited number of suppliers. We purchase parts and components to assemble our equipment and products. We do not manufacture or fabricate our own products or systems but rely on sub-suppliers and third-party vendors to procure and/or fabricate components based on our designs, engineering and specifications. Along with our employee installers, we enter into subcontracts for field installation of our products which we supervise. We manage all technical, physical and commercial aspects of the performance of our contracts with sub-suppliers and third-party vendors. To date, we have experienced no difficulties in obtaining fabricated components, materials and parts or in identifying qualified subcontractors for installation work.

Sales, Marketing and Customer Service

We do not consider our business to be seasonal, however the availability of hospital staff is typically less available in December which impacts our ability to sell/install our CareView System. We generate sales leads through a variety of means including direct one-to-one marketing, email and web campaigns, customer and industry referrals, strategic partnerships, and trade shows and events. Our sales team consists of highly trained professionals with many years of experience in the healthcare market.

Our initial focus has been to pursue large for-profit hospital management companies that own multiple facilities and large not-for-profit integrated delivery networks in major metropolitan areas. Our sales staff approaches decision makers for hospitals, integrated delivery networks, and major owners and operators of hospitals to demonstrate the CareView product line. In 2013, we expanded our sales process to include an inside sales team and have expanded our capabilities of providing web-based demonstrations and presentations. In addition, we have begun to rely more heavily on arranging reference calls and site visits between our current customers and our prospects. These efforts have provided a higher volume of qualified sales leads and have resulted in more substantive conversations with a larger number of prospects.

We ensure high levels of customer service through our account representatives and through our technical support processes. We attempt to position our account representatives geographically close to our customer hospitals to allow them to make regular visits to proactively train staff and address any issues. We offer 24/7 monitoring and phone support through our technical support team which allows us to quickly identify and resolve any technical issues. From time to time we are called upon to service the installed hardware at customer facilities. To facilitate expedient service, our account representatives typically maintain a small supply of RCPs should they need repair or replacement. Historically, our RCPs and Nursing Station units have required little, if any, servicing. We believe that we handle requests quickly and efficiently, and that overall, our customers are satisfied with our level of service.

### Intellectual Property

Our success depends, in part, on our ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of others. Our intellectual property portfolio is one of the means by which we attempt to protect our competitive position. We rely primarily on a combination of know-how, trade secrets, patents, trademarks and contractual restrictions to protect our products and to maintain our competitive position. We are constantly seeking ways to protect our intellectual property through registrations in relevant jurisdictions.

We have received patents from the U.S. Patent and Trademark Office and have numerous patents pending. We intend to file additional patent applications when appropriate; however, we may not file any such applications or, if filed, the patents may not be issued. We also have numerous registered trademarks.

We intend to aggressively prosecute, enforce and defend our patents, trademarks and proprietary technology. The loss, by expiration or otherwise, of any one patents may have a material effect on our business. Defense and enforcement of our intellectual property rights can be expensive and time consuming, even if the outcome is favorable to us. It is possible that the patents issued to or licensed to us will be successfully challenged, that a court may find that we are infringing validly issued patents of third parties, or that we may have to alter or discontinue the development of our products or pay licensing fees to take into account patent rights of third parties.

Joint Venture with Rockwell Holdings

On November 16, 2009, we entered into a Master Investment Agreement (the “Rockwell Agreement”) with Rockwell Holdings I, LLC, a Wisconsin limited liability (“Rockwell”). Under the terms of the Rockwell Agreement, we used funds from Rockwell to fully implement the CareView System™ in Hillcrest Medical Center in Tulsa, Oklahoma (“Hillcrest”) and Saline Memorial Hospital in Benton, Arkansas (“Saline”) (the “Project Hospital(s)”). CareView-Hillcrest, LLC and CareView-Saline, LLC were created as the operating entities for the Project Hospitals under the Rockwell Agreement (the “Project LLC(s)”).

On January 31, 2017, under the terms of the Rockwell Agreement, wherein we have the option to purchase Rockwell's interest in the Project LLCs, we exercised that right by entering into a Settlement and LLC Interest Purchase Agreement with Rockwell (the "Settlement Agreement"). Pursuant to the terms of the Settlement Agreement, we paid Rockwell the aggregate amount of \$1,213,786 by the issuance of a promissory note to Rockwell for \$1,113,786 (the "Rockwell Note") and a cash payment of \$100,000. Pursuant to the terms of the Rockwell Note, we will make quarterly principal payments of \$100,000, with each payment being made on the last day of each calendar quarter beginning with the first payment date of March 31, 2017 and continuing on the last business day of each subsequent calendar quarter through September 30, 2019. We were not in default of any conditions under the Settlement Agreement as of December 31, 2018. The final payment due on December 31, 2019 was to be a balloon payment of \$13,786 representing the remaining principal balance plus all accrued and unpaid interest. Effective February 2, 2018, pursuant to the terms of the modification agreement with PDL and PDL Modification Agreement, we entered into an amendment to the Rockwell Note wherein the quarterly payments under the Rockwell Note were reduced to \$50,000 per quarter during the term of the PDL Modification Agreement, with the final payment due on December 31, 2019 a balloon payment of \$263,786 representing the remaining principal balance plus all accrued and unpaid interest.

As additional consideration to Rockwell for entering into the Rockwell Agreement, we granted Rockwell Warrants to purchase 1,151,206 shares of our Common Stock on the date of the Rockwell Agreement, and, using the Black-Scholes Model, valued the Warrants at \$1,124,728 (the "Project Warrant"), which amount was fully amortized at December 31, 2015. Pursuant to the terms of the Settlement Agreement, the expiration date of the Project Warrant was extended from November 16, 2017 to November 16, 2022. All other provisions of the Project Warrant remained unchanged. At the time of the extension, the Project Warrant were revalued resulting in a \$11,512 increase in fair value, which has been recorded as non-cash costs included in general and administration expense in the accompanying consolidated financial statements. Effective February 2, 2018, pursuant to the terms of the PDL Modification Agreement, we entered into an amendment to the Project Warrant wherein the Project Warrant's exercise price was changed from \$0.52 to \$0.05, resulting in a \$13,814 increase in fair value, and this transaction was recorded as non-cash costs included in general and administration expense in the consolidated financial statements for the year ended December 31, 2018.

### Installation and Technical Support

Along with our employee installers and technical support staff, we provide installation and technical support for our customers through third-party providers located across the United States that we contract on a per-job basis.

### Competition

We offer products in four distinct categories: clinical video monitoring and fall prevention, patient education and entertainment, patient flow, and mobile communications. We have competitors in each of these product areas;



however, we believe that we offer the only integrated suite of products that combines all of these areas into one cost-effective platform. Some of our competitors may be larger, may have greater financial resources, and may have a longer history than us. We compete with them based on price, engineering and technological expertise, knowledge, and the quality of our products, systems and services. Additionally, we believe that the successful performance of our installed products and systems is a key factor in retaining current business and gaining new business as customers typically prefer to make significant purchases from a company with a solid performance history.

Clinical Video Monitoring and Fall Prevention: Cisco Systems, Inc., Avasure (a division of AvaSure Holdings, Inc.), Royal Philips Electronics and Cerner Corporation all provide clinical video monitoring tools. Cisco offers Virtual Patient Observation, a video monitoring tool aimed at reducing sitter costs and preventing patient falls. AvaSure offers a similar application using cameras mounted on a rolling camera stand, aimed at preventing patient falls. Philips offers the eICU product, which primarily targets a high-definition monitoring of patients in intensive-care applications and also provides telephonic consults. Cerner offers the Cerner Patient Observer product, which uses depth sensors aimed at preventing patient falls.

Alternative fall prevention mechanisms include physical sensors manufactured by Stanley and Posey, and beds which include fall alarms manufactured by Stryker and Hill-Rom. Customers may consider these physical fall prevention mechanisms to be alternatives to a video-based fall prevention system such as the one we offer.

Patient Education and Entertainment: There are many vendors who offer patient entertainment products, and most of them also provide a portal for accessing patient educational content either authored by themselves or by third parties. Our major competitors include The GetWellNetwork (privately held by Welsh, Carson, Anderson and Stowe), Skylight Healthcare Systems, and Sonifi Solutions, Inc., all of which offer interactive patient communications systems.

Patient Flow: These systems may be called patient flow, census, bed tracking, patient tracking, or “bed board” applications. Our major competitors include companies that offer focused solutions such as TeleTracking Technologies, Inc., Aionex, Inc., and BedWatch, Inc. Additionally, some Electronic Medical Record vendors offer similar products which may compete with our patient flow product.

Mobile Communications: Some competitors offer mobile communications on smart phones or voice-activated pendants which operate over the hospitals Wi-Fi system, including Vocera, Inc., and Voalte, Inc. Other competitors offer special-purpose phones that operate on the cellular network or other wireless technology and provide notifications to caregivers within the hospital.

In addition to favorable economics and enhanced patient care, safety and satisfaction, we also compete on the basis of quality of services provided. Our management believes that our GuestView patient services suite will provide revenue protection for our contracted hospitals under the Value Based Purchasing initiative which is part of the Patient Protection and Affordable Care Act, prompting hospitals to focus on Patient Satisfaction and Hospital Consumer Assessment of Healthcare Providers and Systems to (i) prompt each healthcare facility to promote patients’ use of NetView, and PatientView, and (ii) encourage the hospital to expand its use of pre-procedure and condition videos, welcome videos, and other ancillary services.

We believe we also compete based on the success of our products and services which provide our customers with:

- significant and tangible cost savings,
- reductions in patient falls and pressure ulcers,
- improved documentation, quality and timeliness of patient care,
- enhanced safety and security for patients and facilities,
- support for new technologies,

business growth,  
return on investment, and  
enhanced patient satisfaction.

We are currently unable to predict what competitive impact any regulatory development and advances in technology will have on our future business and results of operations. We believe our success depends upon our ability to maintain and enhance the performance, content and reliability of our products in response to the evolving demands of the industry and any competitive products that may emerge. We cannot give assurances that we will be able to do so successfully or that any enhancements or new products that we introduce will gain acceptance in the marketplace. If we are not successful or if our products are not accepted, we could lose potential customers to our competitors.

#### Domain Names

The Company's maintains a website at [www.care-view.com](http://www.care-view.com).

### Major Customers

For the years ended December 31, 2018 and 2017, 100 and 103 hospitals accounted for all of our revenue. During 2018, one customer comprised 25% of our revenue, while no other customer comprised more than 10%. During 2017, four customers comprised 57% of our revenue, while no other customer comprised more than 10%.

### Backlog

Our estimated backlog is driven by signed Master and P&S Agreements. Each Master and P&S Agreement establishes the rates that we will charge for the use of our products and services as well as an approximate number of billable units that will be installed. Our RCPs, Nursing Stations and mobile devices are billed on a per unit basis. Most Master and P&S Agreements are for five years but include options to cancel after a minimum of two or three years. Backlog, which covers the non-cancellable period, as of December 31, 2018 is approximately \$8,300,000, of which approximately \$4,500,000 is expected to be billed during 2019. Most of the current backlog will have future value as the Master and P&S Agreements continue beyond the minimum two or three years and the Master and P&S Agreements move toward expiration and potential renewal. The amount of the non-cancellable backlog to be billed beyond December 31, 2019 is approximately \$3,800,000.

### Governmental Approval

Neither our Company nor our products are subject to government approval beyond required Federal Communication Commission ("FCC") certifications. Certain medical devices and applications may be subject to Section 510(k) of the Food, Drug, and Cosmetics Act, which regulates the ability of medical device manufacturers to market their devices. CareView has reviewed the requirements for registration, and at the current time, we do not believe that our suite of applications is subject to 510(k) regulation. Although the parameters of our CareView System products and services complies with HIPAA as far as use by health care providers, CareView itself, as the manufacturer and installer of the units, is not subject to HIPAA regulations. We do not know of any other privacy laws that affect our business as we are not in control of nor do we keep patient medical records in our possession. We are unaware of any probable government regulations that may affect our business in the future. We have received Underwriters Laboratories ("UL") and FCC approval on our products. Additionally, the Center for Medicare and Medicaid Services does not pay or reimburse any party for use of our products and services.

### Environmental Laws

Our Company and our products are not affected by any federal, state, or local environmental laws; therefore, we have reserved no funds for compliance purposes.

### Employees

As of March 6, 2019, we employed 51 persons on a full-time basis, two of whom are executive officers. None of our employees are covered by collective bargaining agreements and we have never experienced a major work stoppage, strike or dispute. We consider our relationship with our employees to be outstanding.

### Reports to Security Holders

We are subject to the requirements of Section 13(a) under the Exchange Act which requires us to file annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, and we are required to comply with all other obligations of the Exchange Act applicable to issuers filing registration statements pursuant to Section 12(g) of the Exchange Act. You may read and copy any materials we file with the Securities and Exchange Commission (the "SEC") at the SEC's Public Reference Room at 100 F Street NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site that contains reports, proxy and information statements, and other information filed electronically with the SEC at <http://www/sec.gov>.

You may obtain a copy, free of charge, of our annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with the SEC. You may obtain these reports by making a request in writing addressed to Steven G. Johnson, Chief Executive Officer, CareView Communications, Inc., 405 State Highway 121, Suite B-240, Lewisville, TX 75067 or by downloading these reports and further information about our company on our website at <http://www.care-view.com>.

We have adopted a Code of Business Conduct and Ethics for all of our officers and directors and a Code of Ethics for Financial Executives. These codes are available for download on our website or may be obtained free of charge by making a request in writing to Steven G. Johnson, as indicated hereinabove.

**ITEM 1A.**

**RISK FACTORS.**

We are a smaller reporting company, and as such, are not required to provide information pursuant to this item.

**ITEM 1B.**

**UNRESOLVED STAFF COMMENTS.**

N/A.

**ITEM 2.**

**PROPERTIES.**

We lease approximately 16,610 square feet of office and warehouse space at 405 State Highway 121, Suite B-240, Lewisville, TX 75067. On December 8, 2014, we entered into a Lease Extension Agreement (the "Lease Extension"), wherein we extended the Lease through June 30, 2020. The Lease Extension contains a renewal provision under which we may renew the Lease for an additional five-year period under the same terms and conditions. The current base lease rate through June 30, 2019 is \$15,503 monthly. The average base lease rate for the Lease Extension is \$15,065. We believe that these premises are adequate and sufficient for our current needs.

**ITEM 3.**

**LEGAL PROCEEDINGS.**

None.

**ITEM 4.**

**MINE SAFETY DISCLOSURE.**

N/A.

**PART II**

**ITEM MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS**  
**5. AND ISSUER PURCHASES OF EQUITY SECURITIES.**

Market Information

Our Common Stock is traded on the OTCQB as provide by OTC Market Group, Inc. ("OTCQB") under the symbol "CRVW." Any over-the-counter market quotations reflect inter-dealers prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

19

Holders

Records of our stock transfer agent indicate that as of March 6, 2019, we had approximately 90 record holders of our Common Stock. The number of registered shareholders excludes any estimate by us of the number of beneficial owners of shares of our Common Stock held in “street name.” We estimate that there are approximately 950 beneficial shareholders who hold their shares in street name.

 Securities Authorized for Issuance under Equity Compensation Plans

As of December 31, 2018, the following table shows the number of securities to be issued upon exercise of outstanding stock options under equity compensation plans approved by our shareholders, which plans do not provide for the issuance of warrants or other rights.

Plan Category	Number of Securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plan approved by security holders: 2007 Plan	25,000	\$ 0.52	—
Equity compensation plan approved by security holders: 2009 Plan	5,825,260	\$ 0.60	—



Equity compensation plan not approved by security holders: 2015 Plan	4,233,667	\$	0.29	—
Equity compensation plan not approved by security holders: 2016 Plan	11,616,366	\$	0.09	7,737,967
Total	21,700,293	\$	0.26	7,737,967

Recent Sales of Unregistered Securities

None.

Cancellation and Expiration of Options

During the year ended December 31, 2018, options to purchase an aggregate of 248,331 shares of our Common Stock were cancelled due to resignation and termination of employees. In addition, during the same time period, options to purchase an aggregate of 711,835 shares of our Common Stock expired.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

**ITEM 6.**

**SELECTED FINANCIAL DATA.**

We are a smaller reporting company as defined by Rule 229.10(f)(1) and are not required to provide information under this item.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**

*You should read the following discussion and analysis in conjunction with the information set forth under our consolidated financial statements and the notes to those financial statements included elsewhere in this Annual Report. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those contained in or implied by any forward-looking statements.*

Company Overview

Our mission is to be the leading provider of products and on-demand application services for the healthcare industry, specializing in bedside video monitoring, software tools to improve hospital communications and operations, and patient education and entertainment packages. Our proprietary, high-speed data network system is the next generation of patient care monitoring that allows real-time bedside and point-of-care video monitoring designed to improve patient safety and overall hospital costs. The entertainment packages and patient education enhance the patient's quality of stay. Reported results from CareView-driven facilities prove that our products reduce falls, reduce the cost of sitter fees, increase patient satisfaction and reduce bed turnaround time to increase patient flow. For patients, we have a convenient in-room, entertainment package that includes high-speed Internet, access to first-run on-demand movies and visual connectivity to family and friends from anywhere in the world. For the hospital, we offer tools to provide superior patient care, peace of mind and customer service satisfaction.

Liquidity and Capital Resources

Our cash position at December 31, 2018 was approximately \$1,201,000. At December 31, 2018, we also had \$750,000 included in restricted cash in other assets on the consolidated balance sheet.

Pursuant to the terms of a Note and Warrant Purchase Agreement dated April 21, 2011 (as subsequently amended) with HealthCor Partners Fund, LP and HealthCor Hybrid Offshore Master Fund, LP ("HealthCor") we are required to maintain a minimum cash balance of \$2,000,000 (see *NOTES* 11 and 15 for further details). At December 31, 2018, we were not in compliance with this provision; however, on March 27, 2019, HealthCor removed the minimum cash balance provision and waived in full the aforementioned breach of the terms.

Accounting standards require management to evaluate our ability to continue as a going concern for a period of one year subsequent to the date of the filing of the Form 10-K (“evaluation period”). As such, we have evaluated if cash and cash equivalents on hand and cash generated through operating activities would be sufficient to sustain projected operating activities through March 30, 2020. We anticipate that our current resources, along with cash generated from operations, will not be sufficient to meet our cash requirements throughout the evaluation period, including funding anticipated losses and scheduled debt maturities. In February and July 2018, we raised \$2,050,000 and \$1,000,000, respectively, through the sale and issuance of Senior Secured Convertible Notes (see *NOTE 12* for further details). We expect to seek additional funds from a combination of dilutive and/or non-dilutive financings in the future. Because such transactions have not been finalized, receipt of additional funding is not considered probable under current accounting standards. If we do not generate sufficient cash flows from operations and obtain sufficient funds when needed, we expect that we would scale back our operating plan by deferring or limiting some, or all, of our capital spending, reducing our spending on travel, and/or eliminating planned headcount additions, as well as other cost reductions to be determined. Because such contingency plans have not been finalized (the specifics would depend on the situation at the time), such actions also are not considered probable for purposes of current accounting standards. Because, under current accounting standards, neither future cash generated from operating activities, nor management’s contingency plans to mitigate the risk and extend cash resources through the evaluation period, are considered probable, substantial doubt is deemed to exist about the Company’s ability to continue as a going concern. As we continue to incur losses, our transition to profitability is dependent upon achieving a level of revenues adequate to support its cost structure. We may never achieve profitability, and unless and until doing so, we intend to fund future operations through additional dilutive or non-dilutive financings. There can be no assurances, however, that additional funding will be available on terms acceptable to us, if at all.

As of December 31, 2018, our working capital deficit was approximately \$13,553,000, our accumulated deficit was approximately \$161,987,000, and our stockholders' deficit was approximately \$77,819,000. Operating loss was approximately \$3,651,000 and \$6,616,000 for the years ended December 31, 2018 and 2017, respectively. Our net loss was approximately \$16,078,000 and \$20,072,014 for the years ended December 31, 2018 and 2017, respectively.

The following is a summary of cash flow activity for the years ended December 31, 2018 and 2017.

	2018	2017
	(000's)	
Net cash flows used in operating activities	\$(4,841)	\$(6,260)
Net cash flows used in investing activities	(624)	(1,262)
Net cash provided by (used in) financing activities	2,850	(500)
Decrease in cash	(2,615)	(8,022)
Cash, cash equivalents and restricted cash at beginning of period	4,566	12,588
Cash, cash equivalents and restricted cash at end of period	\$1,951	\$4,566

The principal use of cash in operating activities for the year ended December 31, 2018 was to fund our current expenses primarily related to research and development activities and administrative changes, adjusted for non-cash items. The decrease in cash flows used in operating activities of approximately \$1,419,000 is primarily a result of changes in the components of working capital. The decrease in cash flows used in investing activities of approximately \$638,000 is primarily a result of the reduction of purchases and installation of CareView Systems and costs associated with patents and trademarks. The change in cash provided by financing activities is a result of funding provided by certain officers and directors totaling \$3,050,000 partially offset by payments made to Rockwell Holdings I, LCC during 2018 (see *NOTE 13* in the accompanying consolidated financial statements for further details).

## Results of Operations

*Year ended December 31, 2018 compared to year ended December 31, 2017*

	Year Ended		
	December 31,		
	2018	2017	Change
	(000's)		
Revenue, net	\$6,096	\$6,264	\$(168)
Operating expenses:			
Network operations	3,405	4,640	(1,235)

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General and administration	3,234	4,013	(779 )
Sales and marketing	394	691	(297 )
Research and development	1,429	1,649	(220 )
Depreciation and amortization	1,285	1,887	(602 )
Operating expenses	9,747	12,880	(3,133)
Operating loss	\$(3,651)	\$(6,616)	\$2,965

*Revenue, net*

Revenue decreased approximately \$168,000 for the year ended December 31, 2018 as compared to the year ended December 31, 2017. Hospitals with billable units decreased to 100 for the year ended December 31, 2018 as compared to 103 for the comparable period for the prior year. Of the 100 hospitals with billable units on December 31, 2018, four hospitals groups accounted for 49 hospitals or 52% of the total. Billable units (RCPs and Nurse Stations) for all hospitals totaled 7,737 (7,218 and 519, respectively) on December 31, 2018 as compared to 8400 (7,852 and 548, respectively) on December 31, 2017.

*Operating Expenses*

Our principal operating costs include the following items as a percentage of total expense.