UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ Annual report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended **December 31, 2019.**

☐ Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934 (No fee required)

For the transition period from _______ to _______.

Commission file number: **000-27407**

SPINE INJURY SOLUTIONS, INC.
(Name of Registrant in Its Charter)

Delaware	**98-0187705**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

5151 Mitchelldale
Suite A2
Houston, Texas 77092
(Address of Principal Executive Offices)

(713) 521-4220
(Issuer's Telephone Number, Including Area Code)

Securities registered under Section 12(g) of the Exchange Act:
Common Stock ($0.001 Par Value)
(Title of Each Class)

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

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 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 whether the registrant is large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definition of "large accelerated filer," accelerated filer" "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

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 13(a) of the Exchange Act. ☐

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

The aggregate market value of the registrant's common stock outstanding held by non-affiliates (computed at a price of $0.03 per share, the price at which the registrant's common stock was last sold as of June 28, 2019, the last business day of the registrant's most recently completed second fiscal quarter) was $346,652.

At March 30, 2020, there were 20,240,882 shares of the registrant’s common stock outstanding (the only class of voting common stock).

DOCUMENTS INCORPORATED BY REFERENCE

None.

NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, among other things, statements regarding plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements, which are other than statements of historical facts. Forward-looking statements may appear throughout this report, including without limitation, the following sections: Item 1 "Business," Item 1A "Risk Factors," and Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations." Forward-looking statements generally can be identified by words such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "projects," "will be," "will continue," "will likely result," and similar expressions. These forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties, which could cause our actual results to differ materially from those reflected in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in this Annual Report on Form 10-K, and in particular, the risks discussed under the caption "Risk Factors" in Item 1A and those discussed in other documents we file with the Securities and Exchange Commission ("SEC"). Important factors that in our view could cause material adverse effects on our financial condition and results of operations include, but are not limited to, risks associated with the company's ability to obtain capital to begin funding medical procedures again, service demands and acceptance, our ability to expand, changes in healthcare practices, changes in technology, economic conditions, the impact of competition and pricing, government regulation and approvals in the healthcare industry and other risks and uncertainties set forth below and in the "Risk Factors" section below. We undertake no obligation to revise or publicly release the results of any revision to any forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

As used herein, the "Company," "we," "our," and similar terms include Spine Injury Solutions, Inc. and its subsidiaries and predecessors, unless the context indicates otherwise.

TABLE OF CONTENTS

PART I

Item 1.	Business	4
Item 1A.	Risk Factors	7
Item 1B.	Unresolved Staff Comments	11
Item 2.	Properties	12
Item 3.	Legal Proceedings	12
Item 4.	Mine Safety Disclosures	12

PART II

Item 5.	Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	13
Item 6.	Selected Financial Data	13
Item 7.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	13
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	16
Item 8.	Financial Statements and Supplementary Data	17
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	33
Item 9A.	Controls and Procedures	33
Item 9B.	Other Information	34

PART III

Item 10.	Directors, Executive Officer and Corporate Governance	35
Item 11.	Executive Compensation	37
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	38
Item 13.	Certain Relationships and Related Transactions, and Director Independence	39
Item 14.	Principal Accountant Fees and Services	40

PART IV

Item 15.	Exhibits, Financial Statement Schedules	41
	Signatures	43

PART I

ITEM 1. BUSINESS

Spine Injury Solutions Inc. was incorporated under the laws of Delaware on March 4, 1998. We changed our name from Spine Pain Management Inc. to Spine Injury Solutions, Inc. on October 1, 2015.

We are a technology, marketing, billing, and collection company facilitating diagnostic services for patients who have sustained spine injuries resulting from traumatic accidents. We deliver turnkey solutions to spine surgeons, orthopedic surgeons and other healthcare providers for necessary and appropriate treatment of musculo-skeletal spine injuries resulting from automobile and work-related accidents. Our goal is to become a leader in providing technology and monetizing services to spine and orthopedic surgeons and other healthcare providers to facilitate proper treatment of their injured clients. By monetizing the providers accounts receivable, which includes diagnostic testing and non-invasive surgical care, patients are not unnecessarily delayed or prevented from obtaining needed treatment. By facilitating early treatment through affiliated doctors, we believe that health conditions can be prevented from escalating and injured victims can be quickly placed on the road to recovery. Through our affiliate system, we facilitate spine surgeons, orthopedic surgeons and other healthcare providers to provide reasonable, necessary, and appropriate treatments to patients with musculo-skeletal spine injuries. We assist the centers that provide the spine diagnostic injections and treatment and pay the doctors a fee for the medical procedures they performed. After a patient is billed for the procedures performed by the affiliated doctor, we take control of the patients' unpaid bill and oversee collection. In most instances, the patient is a plaintiff in an accident case, where the patient is represented by an attorney. Typically, the defendant (and/or the insurance company of the defendant) in the accident case pays the patient's bill upon settlement or final judgment of the accident case. The payment to us is made through the attorney of the patient. In most cases, we must agree to the settlement price and the patient must sign off on the settlement. Once we are paid, the patient's attorney can receive payment for his or her legal fee.

During the fourth quarter of 2018, the decision was made to discontinue funding future medical procedures due to our cash position, and we have not funded any procedures in 2019 and will not do so unless we can access additional capital. However, we continue to actively pursue the collection of previously funded procedures. We are seeking additional funding for expansion by way of reasonable debt financing or equity injection to fund future development. In connection with this strategy, we plan to open additional diagnostic centers in new market areas that are attractive under our business model, assuming adequate funds are available. Without additional funding, there is no guarantee that we can continue as a going concern. As an alternative, we are also investigating possible strategic business transactions with third party companies.

We own a patented device and process by which a video recording system is attached to a fluoroscopic x-ray machine, the "four camera technology," which we believe can attract additional physicians and patients as well as provide us with additional revenue streams with our new programs designed to assist in treatment documentation. We have refined the technology, through research and development, resulting in a fully commercialized Quad Video Halo System 3.0. Using this technology, diagnostic and treatment procedures are recorded from four separate video feeds that capture views from both inside and outside the body, and a video is made which is given to the patient's representative to verify the treatment received.

In September 2014, we created a wholly owned subsidiary, Quad Video Halo, Inc. The purpose of this entity is to hold certain company assets affiliated with the QVH units.

Billing and Operations

We work with independent medical contractors who perform the medical services for patients and bill a fixed fee for the services. Historically, we funded certain spine injury diagnostic centers where we work with healthcare providers as independent contractors to perform medical services for patients (although we discontinued funding future medical procedures during the fourth quarter of 2018—see above). We pay the healthcare providers for medical services performed. The patients are billed based on Current Procedural Terminology ("CPT") codes for the medical procedure performed. CPT codes are numbers assigned to every task and service a medical practitioner may provide to a patient including medical, surgical and diagnostic services. CPT codes are developed, maintained and copyrighted by the American Medical Association. Patients are billed at the normal billing amount, based on national averages, for a particular CPT code procedure. We take control of the patients' unpaid bills.

The clinic facilities where our spine injury diagnostic centers operate are owned or leased by a medical affiliate or third party. We have no ownership interest in these clinic facilities, nor do we have any responsibilities towards building or operating the clinic facilities.

Marketing

Direct contact with key spine surgeons, orthopedic surgeons and other healthcare providers who are highly visible in their communities is an important step in targeting appropriate referral sources. Additional marketing to spine surgeons is done at national medical meetings and trade shows.

Governmental Regulation

All of the medical diagnostic procedures offered at the clinics are performed by independent medical contractors, who are subject to regulation by a number of governmental entities at the federal, state, and local levels. We are subject to laws and regulations relating to business corporations in general. In recent years, Congress and state legislatures have introduced an increasing number of proposals to make significant changes in the healthcare system. Changes in law and regulatory interpretations could reduce our revenue and profitability.

Corporate Practice of Medicine and Other Laws

We are not licensed to practice medicine. Most states in which our business operates or in which we anticipate it will operate, limits the practice of medicine to licensed individuals or professional organizations comprised of licensed individuals. Business corporations generally may not exercise control over the medical decisions of physicians. Many states also limit the scope of business relationships between business entities and medical professionals, particularly with respect to fee splitting. Most state fee-splitting laws only prohibit a physician from sharing medical fees with a referral source, but some states have interpreted certain management agreements between business entities and physicians as unlawful fee-splitting. Statutes and regulations relating to the practice of medicine, fee-splitting, and similar issues vary widely from state to state. Because these laws are often vague, their application is frequently dependent on court rulings and attorney general opinions. There are many states that permit the corporate practice of medicine, and we are exploring opportunities in these states.

Under the affiliate doctor agreements, the doctors retain sole responsibility for all medical decisions, developing operating policies and procedures, implementing professional standards and controls, and maintaining malpractice insurance. We attempt to structure all our health services operations, including arrangements with our doctors, to comply with applicable state statutes regarding corporate practice of medicine, fee-splitting, and similar issues. However, there can be no assurance:

- that private parties, courts or governmental officials with the power to interpret or enforce these laws and regulations, will not assert that we are in violation of such laws and regulations;
- that future interpretations of such laws and regulations will not require us to modify the structure and organization of our business; or
- that any such enforcement action, which could subject us and our affiliated professional groups to penalties or restructuring or reorganization of our business, will not adversely affect our business or results of operations.

HIPAA Administrative Simplification Provisions—Patient Privacy and Security

The Health Insurance Portability and Accountability Act of 1996, commonly known as “HIPAA,” requires the adoption of standards for the exchange of health information in an effort to encourage overall administrative simplification and to enhance the effectiveness and efficiency of the healthcare industry. Pursuant to HIPAA, the Secretary of the Department of Health and Human Services has issued final rules concerning the privacy and security of health information, the establishment of standard transactions and code sets, and the adoption of a unique employer identifier and a national provider identifier. Noncompliance with the administrative simplification provisions can result in civil monetary penalties up to $100 per violation as well as criminal penalties that include fines and imprisonment. The Department of Health and Human Services Office of Civil Rights is charged with implementing and enforcing the privacy standards, while the Centers for Medicare and Medicaid Services are responsible for implementing and enforcing the security standards, the transactions and code sets standards, and the other HIPAA administrative simplification provisions.

The HIPAA requirements only apply to “covered entities,” such as health plans, healthcare clearinghouses, and healthcare providers, which transmit any health information in electronic form. Our business is likely considered a “covered entity” under HIPAA.

Of the HIPAA requirements, the privacy standards and the security standards have the most significant impact on our business operations. The privacy standards require covered entities to implement certain procedures to govern the use and disclosure of protected health information and to safeguard such information from inappropriate access, use, or disclosure. Protected health information includes individually identifiable health information, such as an individual’s medical records, transmitted or maintained in any format, including paper and electronic records. The privacy standards establish the different levels of individual permission that are required before a covered entity may use or disclose an individual’s protected health information and establish new rights for the individual with respect to his or her protected health information.

The final security rule establishes security standards that apply to covered entities. The security standards are designed to protect health information against reasonably anticipated threats or hazards to the security or integrity of the information, and to protect the information against unauthorized use or disclosure. The security standards establish a national standard for protecting the security and integrity of medical records when they are kept in electronic form.

The administrative simplification provisions of HIPAA require the use of uniform electronic data transmission standards for healthcare claims and payment transactions submitted or received electronically. We believe that we are in substantial compliance with the transaction and code set standards. The transaction standards require us to use standard code sets when we transmit health information in connection with certain transactions, including health claims, health payments and remittance advices.

In addition, the Secretary of the Department of Health and Human Services issued a final rule that requires each healthcare provider to adopt a standard unique health identifier, the National Provider Identifier ("NPI"). The NPI will identify healthcare providers in the electronic transactions for which the Secretary has already adopted standards (the "standard transactions"). These transactions include claims, eligibility inquiries and responses, claim status inquiries and responses, referrals, and remittance advices. All health plans and all healthcare clearinghouses must accept and use NPIs in standard transactions.

Other Privacy and Confidentiality Laws

In addition to the HIPAA requirements described above, numerous other state and federal laws regulate the privacy of an individual's health information. These laws specify how an individual's health information may be used internally, the persons to whom health information may be disclosed, and the conditions under which such uses and disclosures may occur. Many states have requirements relating to an individual's right to access his or her own medical records, as well as requirements relating to the use and content of consent or authorization forms. Also, because of employers' economic interests in paying medical bills for injured employees and in the timing of the injured employees' return to work, many states have enacted special confidentiality laws relating to disclosures of medical information in workers' compensation claims. These laws limit employer access to such information. Many states have also passed laws that regulate the notification process to individuals when a security breach involving an individual's personally identifiable information, such as social security number or date of birth, occurs. To the extent that state law affords greater protection of an individual's health information than that provided under HIPAA, the state law will control.

We anticipate that there will be more regulation in the areas of privacy and confidentiality, particularly with respect to medical information. We regularly monitor the privacy and confidentiality requirements that relate to our business, and we anticipate that we may have to modify our operating practices and procedures in order to comply with these requirements.

Environmental

Although we currently contract with independent contractor medical providers, who are responsible for compliance with environmental laws, our operations may be subject to various federal, state, and local laws and regulations relating to the protection of human health and the environment, including those governing the management and disposal of infectious medical waste and other waste generated and the cleanup of contamination. If an environmental regulatory agency finds any of our facilities to be in violation of environmental laws, penalties and fines may be imposed for each day of violation and the affected facility could be forced to cease operations. The responsible party could also incur other significant costs, such as cleanup costs or claims by third parties, as a result of violations of, or liabilities under, environmental laws. Although we believe that our independent medical providers' environmental practices, including waste handling and disposal practices, will be in material compliance with applicable laws, future claims or violations, or changes in environmental laws could have an adverse effect on our business.

Competition

The market to provide healthcare pain diagnostic services is highly competitive and fragmented. Our primary competitors are typically independent physicians, chiropractors, hospital emergency departments, and hospital-owned or hospital-affiliated medical facilities. As managed care techniques continue to gain acceptance in the automobile accident marketplace, we believe that our competitors will increasingly consist of nationally-focused care management service companies providing their service to insurance companies and litigation defense experts.

Because the barriers to entry in our geographic markets have a low threshold and our diagnostic centers' patients have the flexibility to move easily to new healthcare service providers, the addition of new competitors may occur relatively quickly. Some of our affiliated physicians and other healthcare providers may elect to compete with us by offering their own products and services to patients. If competition within our industry intensifies, our ability to assist patients or associated physicians, or maintain or increase our revenue growth, price flexibility and control over medical costs, trends, and marketing expenses, may be compromised.

In order to mitigate the effects of intensifying competition, we will make careful study of population trends and demographic growth patterns in determining the best locations to compete. Moreover, we will endeavor to have all of our physicians under strict contract to avoid unnecessary attrition and loss of skilled personnel.

Research and Development

During the year ended December 31, 2018, we spent $15,688 in design and testing fees for our Quad Video Halo system. No such costs were incurred during the year ended December 31, 2019. These costs do not reflect the marketing and other associated costs with the development of the Quad Video Halo system.

Employees

We currently have two full time employees, plus one part time employee and one QVH consultant at our corporate headquarters. We expect to continue to use independent contractors, consultants, attorneys and accountants as necessary, to complement services rendered by our employees.

ITEM 1A. RISK FACTORS

Our future operating results are highly uncertain. Before deciding to invest in us or to maintain or increase your investment, you should carefully consider the risks described below, in addition to the other information contained in this annual report. If any of these risks actually occur, our business, financial condition or results of operations could be seriously harmed. In that event, the market price for our common stock could decline and you may lose all or part of your investment.

Risks Related to Our Company

We have discontinued funding future medical procedures due to our cash position

During the fourth quarter of 2018, the decision was made to discontinue funding future medical procedures due to our cash position, which also hampers our ability to pay back existing debt to Wells Fargo and a current shareholder (see Note 6—Notes Payable and Long-Term Debt). We have not funded any procedures in 2019 and will not do so unless we can access additional capital. The service revenue we have funded has resulted in longer settlement times, which has created a slowdown in cash collections. Additionally, our efforts to establish a market for the Quad Video Halo has not met our expectations and we have cut back its development and operations. If we are unable to access additional capital in the near future, these recent developments could have a material negative impact on our financial performance and could have a material adverse effect on our results of operations and financial condition. As an alternative, we are also investigating possible strategic business transactions with third party companies.

Management has determined that certain factors raise substantial doubt about our ability to continue as a going concern, and our continued existence is dependent upon our ability to successfully execute our business plan.

The financial statements included with this report are presented under the assumption that we will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business over a reasonable length of time. Management has determined that certain factors raise substantial doubt about our ability to continue as a going concern, including our net loss of $1,612,569 for the year ended December 31, 2019 and our accumulated deficit of $19,840,789 at year-end. We are not generating sufficient operating cash flows to support continuing operations. Our ability to continue as a going concern is dependent upon our ability to successfully execute our business plan, obtain additional financing and achieve a level of cash flows from operations adequate to support our cost structure. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our limited history in the healthcare services business makes an evaluation of us and our future extremely difficult, and profits are not assured.

We have a limited operating history, having begun development of our healthcare services business at the end of December 2008 and having opened our first spine injury diagnostic center in August 2009. There can be no assurance that we will be profitable in the future or that investors’ investments in us will be returned to them in full, or at all, over time. In view of our limited history in the healthcare industry, an investor must consider our business and prospects in light of the risks, expenses and difficulties frequently encountered by companies in their early stages. There can be no assurance that we will be successful in undertaking any or all of the activities required for successful commercial operations. Our failure to successfully undertake such activities could materially and adversely affect our business, prospects, financial condition and results of operations. There can be no assurance that our business operations will generate significant revenues, that we will generate additional positive cash flow from our operations or that we will be able to achieve or sustain profitability in any future period. Additionally, we have expended a great deal of resources developing, testing, and marketing the Quad Video Halo, but we have no assurances that the market will accept this product.

***We are dependent on key personnel*.**

We depend to a large extent on the services of certain key management personnel, including our executive officers and other key consultants, the loss of any of which could have a material adverse effect on our operations. There is no assurance that our executive officers will continue to be employed by us. We currently maintain $1,000,000 in key-man life insurance with respect to William Donovan, our Chief Executive Officer.

We may experience potential fluctuations in results of operations.

Our future revenues may be affected by a variety of factors, many of which are outside our control, including the success of implementing our business and trends and changes in the healthcare industry. We have no control on how long it takes cases to settle, making it difficult to forecast cash flow. As a result of our limited operating history and the emerging nature of our business plan, it is difficult to forecast revenues or earnings accurately, which may fluctuate significantly from quarter to quarter.

We had a history of significant operating losses prior to the opening of our first diagnostic center in August, 2009.

Since our inception in 1998, until commencement of our spine injury diagnostic operations in August, 2009, our expenses substantially exceeded our revenue, resulting in continuing losses and an accumulated deficit from operations of $15,004,698 as of December 31, 2009. Since that time, our accumulated deficit has increased to $19,840,788, as of December 31, 2019. We plan to decrease our operating expenses as we increase our service development, marketing efforts and brand building activities. We also plan to decrease our general and administrative functions to support our growing operations. We will need to generate significant revenues to achieve our business plan. Our continued existence is dependent upon our ability to successfully execute our business plan, as well as our ability to increase revenue from services and obtain additional capital from borrowing and selling securities, as needed, to fund our operations. There is no assurance that additional capital can be obtained or that it can be obtained on terms that are favorable to us and our existing stockholders. Any expectation of future profitability is dependent upon our ability to expand and develop our healthcare services business, of which there can be no assurances.

If we are unable to manage growth, we may be unable to achieve our expansion strategy.

The success of our business strategy depends in part on our ability to expand our operations in the future. Our growth has placed, and will continue to place, increased demands on our management, our operational and financial information systems, and other resources. Further expansion of our operations will require substantial financial resources and management attention. To accommodate our past and anticipated future growth, and to compete effectively, we will need to continue to improve our management, to implement our operational and financial information systems, and to expand, train, manage, and motivate our workforce. Our personnel, systems, procedures, or controls may not be adequate to support our operations in the future. Further, focusing our financial resources and diverting management's attention to the expansion of our operations may negatively impact our financial results. Any failure to improve our management, to implement our operational and financial information systems, or to expand, train, manage, or motivate our workforce may reduce or prevent our growth.

We may incur significant expenses as a result of being a publicly traded company, which may negatively impact our financial performance.

We may incur significant legal, accounting and other expenses as a result of being a publicly traded company. The Sarbanes-Oxley Act of 2002, as well as related rules implemented by the SEC, has required changes in corporate governance practices of public companies. We expect that compliance with these laws, rules and regulations, including compliance with Section 404 of the Sarbanes-Oxley Act of 2002 as discussed in the following risk factor, may substantially increase our expenses, including our legal and accounting costs, and make some activities more time-consuming and costly. As a result, there may be a substantial increase in legal, accounting and certain other expenses in the future, which would negatively impact our financial performance and could have a material adverse effect on our results of operations and financial condition.

Our internal control over financial reporting may not be considered effective, which could result in a loss of investor confidence in our financial reports and in turn could have an adverse effect on our stock price.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, with our annual reports, we are required to furnish a report by our management on our internal control over financial reporting. Such report will contain, among other matters, an assessment of the effectiveness of our internal control over financial reporting as of the end of the year, including a statement as to whether or not our internal control over financial reporting is effective. This assessment must include disclosure of any material weaknesses in our internal control over financial reporting identified by management. If we are unable to assert that our internal control is effective, investors could be adversely affected.

Our healthcare business model is unproven.

Our healthcare business model depends upon our ability to implement and successfully execute our business and marketing strategy, which includes our ability to find and form relationships with spine surgeons, orthopedic surgeons and other healthcare providers, from whom they may obtain referrals for injured patients. If we are unable to find and form relationships with such healthcare providers, our business will likely fail.

If competition increases, our growth and profits, if any, may decline.

The market to provide healthcare services and solutions is highly fragmented and competitive. Currently, we believe the business solutions that we can provide to spine surgeons, orthopedic surgeons and other healthcare providers for necessary, reasonable and appropriate treatment for musculo-skeletal spine injuries resulting from automobile and work-related accidents, are somewhat unique in most geographic markets. However, if we achieve our goal of becoming a leader in providing technology and monetizing services to spine surgeons, orthopedic surgeons and other healthcare providers to facilitate proper treatment of their injured clients, we believe that competition for our business model will substantially increase. Further, there are many alternatives to the services we can provide, that are currently available to surgeons and their injured patients. We can make no assurances that we will be able to effectively compete with the various services that are currently available or may become available in the future.

Because the barriers to entry in our geographic markets are not substantial and customers have the flexibility to move easily to new care management service providers, we believe that the addition of new competitors may occur relatively quickly. Some physicians and other healthcare providers may elect to compete with us by offering their own products and services to their clients and patients. In addition, significant merger and acquisition activity has occurred in our industry as well as in industries that will supply products to us, such as the hospital, physician, pharmaceutical, medical device, and health information systems industries. If competition within our industry intensifies, our ability to affiliate with new doctors and/or obtain physician referrals, or maintain or increase our revenue growth, pricing flexibility, control over medical cost trends, and marketing expenses may be compromised.

Future acquisitions and joint ventures may use significant resources or be unsuccessful.

As part of our business strategy, we may pursue acquisitions of companies providing services that are similar or complementary to those that we provide or plan to provide in our business, and we may enter into joint ventures to provide services at certain facilities. These acquisitions and joint venture activities may involve:

- significant cash expenditures;
- additional debt incurrence;
- additional operating losses;
- increases in intangible assets relating to goodwill of acquired companies; and
- significant acquisition and joint venture related expenses,

any of which could have a material adverse effect on our financial condition and results of operations.

Additionally, a strategy of growth by acquisitions and joint ventures involves numerous risks, including:

- difficulties integrating acquired personnel and harmonizing distinct corporate cultures into our current businesses;
- diversion of our management’s time from existing operations; and
- potential losses of key employees or customers of acquired companies.

We cannot assure you that we will be able to identify suitable candidates or negotiate and consummate suitable acquisitions or joint ventures. Also, we cannot assure you that we will succeed in obtaining financing for any future acquisitions or joint ventures at a reasonable cost, or that such financing will not contain restrictive covenants that limit our operating flexibility or other unfavorable terms. Even if we are successful in consummating acquisitions or joint ventures, we may not succeed in developing and achieving satisfactory operating results for the acquired businesses or integrating them into our existing operations.

If lawsuits are brought against us and are successful, we may incur significant liabilities.

Although we are not a medical service provider, spine surgeons, orthopedic surgeons and other healthcare providers with whom we form relationships are involved in the delivery of healthcare and related services to the public. In providing these services, the physicians and other licensed providers in our affiliated professional groups are exposed to the risk of professional liability claims. Further, plaintiffs have proposed expanded theories of liability against managed care companies as well as against employers who use managed care in many cases that, if established and successful, could expose us to liability from such claims, and could adversely affect our operations.

Regulatory authorities or other parties may assert that, in conducting our business, we may be engaged in unlawful fee splitting or the corporate practice of medicine.

The laws of many states prohibit physicians from splitting professional fees with non-physicians and prohibit non-physician entities, such as us, from practicing medicine, self-referral and from employing physicians to practice medicine. The laws in most states regarding the corporate practice of medicine have been subjected to limited judicial and regulatory interpretation. We believe our current and planned activities do not constitute fee-splitting or the unlawful corporate practice of medicine as contemplated by these laws. There can be no assurance, however, that future interpretations of such laws will not require structural and organizational modification of our existing relationships with the practices. In addition, statutes in some states in which we do not currently operate could require us to modify our affiliation structure. If a court, payer or regulatory body determines that we have violated these laws, we could be subject to civil or criminal penalties, our contracts could be found legally invalid and unenforceable (in whole or in part), or we could be required to restructure our arrangements with our contracted physicians and other licensed providers.

We operate in an industry that is subject to extensive federal, state, and local regulation, and changes in law and regulatory interpretations could reduce our revenue and profitability.

The healthcare industry is subject to extensive federal, state, and local laws, rules, and regulations relating to, among other things:

- payment for services;
- conduct of operations, including fraud and abuse, anti-kickback, physician self-referral, and false claims prohibitions;
- operation of provider networks and provision of case management services;
- protection of patient information;
- business, facility, and professional licensure, including surveys, certification, and recertification requirements;
- corporate practice of medicine and fee splitting prohibitions;
- ERISA health benefit plans; and
- medical waste disposal and environmental protection.

In recent years, both federal and state government agencies have increased civil and criminal enforcement efforts relating to the healthcare industry. This heightened enforcement activity increases our potential exposure to damaging lawsuits, investigations, and other enforcement actions. Any such action could distract our management and adversely affect our business reputation and profitability.

In the future, different interpretations or enforcement of laws, rules, and regulations governing the healthcare industry could subject our current business practices to allegations of impropriety, self-referral or illegality or could require us to make changes in our facilities, equipment, personnel, services, and capital expenditure programs, increase our operating expenses, and distract our management. If we fail to comply with these extensive laws and government regulations, we could suffer civil and criminal penalties, or be required to make significant changes to our operations. In addition, we could be forced to expend considerable resources to respond to an investigation or other enforcement action under these laws or regulations.

Changes in laws, rules, and regulations, including those governing the corporate practice of medicine, fee splitting, workers' compensation, and insurance, may affect our ability to expand our operations into other states and, therefore, may reduce our profitability.

State laws, rules, and regulations relating to our business vary widely from state to state, and courts and regulatory agencies have seldom interpreted them in a way that provides guidance with respect to our business operations. Changes in these laws, rules, and regulations may adversely affect our profitability. In addition, the application of these laws, rules, and regulations may affect our ability to expand our operations into new markets.

Most states limit the practice of medicine to licensed individuals or professional organizations comprised of licensed individuals. Many states also limit the scope of business relationships between business entities like ours and licensed professionals and professional organizations, particularly with respect to fee splitting between a licensed professional or professional organization and an unlicensed person or entity. We operate our business by maintaining long-term administrative and management agreements with affiliated professional doctors. Through these agreements, we perform only non-medical administrative services. All control over medical matters is retained by the affiliated physicians or professional groups. Although we believe that our arrangements with physicians and the other affiliated licensed providers comply with applicable laws, regulatory authorities or other third parties may assert that we are engaged in the corporate practice of medicine or that our arrangements with the physicians or affiliated professional groups constitute fee-splitting or self-referral, or new laws may be introduced that would render our arrangements illegal. If this were to occur, we and/or the affiliated professional groups could be subject to civil or criminal penalties and/or we could be required to restructure these arrangements, all of which may result in significant cost to us and affect our profitability.

Risks Related to Our Common Stock

We may issue a large number of shares of common stock in the future, including without limitation in a strategic business transaction, which could cause substantial dilution to all stockholders.

We may seek to raise equity or equity-related capital in the future. Additionally, we may seek to enter into a strategic business transaction with another company. Either event could result in us issuing a large number of shares of common stock. Any issuance of shares of our common stock will dilute the percentage ownership interest of all stockholders and may further dilute the book value per share of our common stock. This dilution could be substantial, depending on the size of such issuance transaction.

We do not anticipate paying any cash dividends.

We have never paid cash dividends on our common stock and do not anticipate doing so for the foreseeable future. The payment of dividends, if any, is within the discretion of our board of directors and is dependent on our revenues and earnings, if any, capital requirements, general financial condition, and other relevant factors. We presently intend to retain all earnings, if any, to implement our business strategy.

The market for our stock is limited and our stock price may be volatile.

There is a limited market for our common stock and a stockholder may not be able to liquidate his or her shares regardless of the necessity of doing so. The prices of our shares are highly volatile. This could have an adverse effect on developing and sustaining the market for our securities. We cannot assure you that the market price of our common stock will not fluctuate or decline significantly. In addition, the stock markets in general can experience considerable price and volume fluctuations.

The trading price of our common stock entails additional regulatory requirements, which may negatively affect such trading price.

Generally, the Securities and Exchange Commission generally defines a “penny stock” as any equity security that is quoted over-the-counter, such as on the OTC Bulletin Board (which is a facility of FINRA) or OTC Link LLC (which is owned by OTC Markets Group, Inc., formerly known as Pink OTC Markets Inc.) that has a market price of less than $5.00 per share. The trading price of our common stock is below $5.00 per share. As a result of this price level, our common stock is considered a penny stock and trading in our common stock is subject to the requirements of certain rules promulgated under the Securities Exchange Act of 1934. These rules require additional disclosure by broker-dealers in connection with any trades generally involving penny stocks subject to certain exceptions. Such rules require the delivery, before any penny stock transaction, of a disclosure schedule explaining the penny stock market and the risks associated therewith and impose various sales practice requirements on broker-dealers who sell penny stocks to persons other than established customers and accredited investors (generally institutions). For these types of transactions, the broker-dealer must determine the suitability of the penny stock for the purchaser and receive the purchaser’s written consent to the transaction before sale. The additional burdens imposed upon broker-dealers by such requirements may discourage broker-dealers from effecting transactions in our common stock. As a consequence, the market liquidity of our common stock could be severely affected or limited by these regulatory requirements.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not Applicable.

ITEM 2. PROPERTIES

We currently maintain our executive offices at 5151 Mitchelldale A2, Houston, Texas 77092. This office space encompasses approximately 800 square feet and is provided to us at the rental rate of $3,750 per month on a monthly basis by Northshore Orthopedics, Assoc. (“NSO”), a company owned by William Donovan, M.D., our Director and Chief Executive Officer. The rent includes the use of the telephone system, computer server, and copy machines.

We previously leased a 2,400 square foot warehouse/office in Clear Lake Shores, Texas where we assembled, developed, tested, and marketed the Quad Video Halo. This lease had a monthly rent of $1,950 and was terminated when we moved out of this location in February 2019.

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

PART II

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

Our common stock is quoted on the OTC Markets under the symbol, "SPIN."

Record Holders

As of March 30, 2020, there were approximately 66 stockholders of record of our common stock, and we estimate that there were approximately 600 additional beneficial stockholders who hold their shares in "street name" through a brokerage firm or other institution. As of March 30, 2020, we have a total of 20,240,882 shares of common stock issued and outstanding. The holders of the common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. Holders of the common stock have no preemptive rights and no right to convert their common stock into any other securities. There are no redemption or sinking fund provisions applicable to the common stock.

Equity Compensation Plan Information

As of December 31, 2019, we do not have any compensation plans under which our equity securities are authorized for issuance.

ITEM 6. SELECTED FINANCIAL DATA

Not Applicable.

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

The following discussion should be read in conjunction with the audited consolidated financial statements and the related notes to the consolidated financial statements included in this Form 10-K.

Management Overview

At the end of 2008, we launched our new business concept of medical services and technology that delivers turnkey solutions to spine surgeons, orthopedic surgeons and other healthcare providers for necessary, reasonable and appropriate treatment for musculo-skeletal spine injuries. Moving forward, our main focus will be on the expansion and development of spine injury diagnostic centers across the nation.

During the fourth quarter of 2018, the decision was made to discontinue funding future medical procedures due to our cash position, which also hampers our ability to pay back existing debt to Wells Fargo. We did not fund any procedures in 2019 and will not do so unless we can access additional capital. The service revenue we have funded has resulted in longer settlement times, which has created a slowdown in cash collections. Additionally, our efforts to establish a market for the Quad Video Halo has not met our expectations and we have cut back its development and operations, however in late 2018 we were able to sell certain contracts to customers for the use of our QVH units along with image processing services.

There can be no guarantee of us continuing as a going concern if we cannot find additional funds. We continue to explore opportunities to raise additional capital to fund our operations. As an alternative, we are also investigating possible strategic business transactions with third party companies.

Results of Operations

For the years ended December 31, 2019 versus 2018:

We recorded $73,046 in QVH lease revenue for the year ended December 31, 2019 coupled with $136,327 relating to excess collections for previously funded procedures, resulting in revenue of $209,373. For the same period in 2018, we recorded $39,656 in QVH lease revenue coupled with gross revenue (based on gross amounts billed for service revenue) of $3,224,266, offset by $1,428,302 of the settlement discount, resulting in net service revenue of $1,795,964. For the year ended December 31, 2019, we funded no new procedures with spine injury diagnostic centers, thus revenue for 2019 was significantly lower due to discontinuing funding of any medical procedures.

Service cost for the year ended December 31, 2019 was $115,235 which consisted of inventory obsolescence write downs for the period, compared to service cost of $656,777 and inventory obsolescence write downs of $50,000 for the year ended December 31, 2019, which consisted of costs associated with funding procedures for the period. No funding of procedures occurred in 2019.

Expenses

For the years ended December 31, 2019 versus 2018:

Operating, general and administrative expenses for the year ended December 31, 2019 were $1,643,803 as compared to $1,792,554 for the year ended December 31, 2018. Operating expenses decreased due to decreases in bad debt expenses, investor relations expenses, payroll, consulting, travel, legal, marketing and rent expense coupled with higher amortization costs, factoring costs and of accounts that have been previously written off. Recoveries from written off accounts totaled $41,300 in 2019 compared to $91,970 in 2018 and are recorded as an offset to bad debt expense.

Bad debt expense, net of recoveries, included in operating, general and administrative expenses, totaled $538,577 and $523,030, respectively, for the years ended December 31, 2019 and 2018. The increase in bad debt expense is primarily attributable to our assessment of active cases that have aged greater than historic norms. While we continue to pursue all amounts owed, we increased the allowance for bad debt to encompass those receivables in which collection is doubtful.

Other income (expense) for the year ended December 31, 2019 was a net expense of $62,904 as compared to a net expense of $57,944 for the year ended December 31, 2018. For the year ended December 31, 2019, other income was $2,399 offset by interest expense of $65,303. For the year ended December 31, 2018, other income was $8,297 offset by interest expense of $66,241.

Net Loss

For the years ended December 31, 2019 versus 2018:

Net loss for the year ended December 31, 2019 was $1,612,569 compared to net loss of $671,655 for the year ended December 31, 2018. The main reason for the increase is that we stopped funding cases in 2019 resulting in significantly lower revenue.

Liquidity and Capital Resources

For the year ended December 31, 2019 versus 2018:

During 2019, cash provided by operating activities was $635,908 as compared to $123,164 of cash used in 2018. The increase in cash provided by (used) in operations was mainly due to decreases in bad debt expense, accounts receivable, depreciation and amortization, inventory and offset by the net increases in accounts payable and prepaid expenses.

During 2019 and 2018, we had no change in cash flows from investing activities; however, in 2018 we did reclassify certain inventory components totaling $59,526 related to three QVH units to equipment.

Cash flows used in financing activities totaled $585,000 for the year ended December 31, 2019, consisting of $90,000 in payments on our note and $495,000 in payments on our line of credit. Cash flows provided in financing activities totaled $105,000 for the year ended December 31, 2018, consisting of $240,000 line of credit proceeds, offset by $135,000 in payments on our current debt.

Income Tax Expense (Benefit)

We have experienced losses and as a result have net operating loss carryforwards available to offset future taxable income.

Critical Accounting Policies

In Note 3 to the audited consolidated financial statements for the years ended December 31, 2019 and 2018 included in this Form 10-K, we discuss those accounting policies that are considered to be significant in determining the results of operations and our financial position. The following critical accounting policies and estimates are important in the preparation of our financial statements:

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires our management to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. By their nature, these judgments are subject to an inherent degree of uncertainty. On an ongoing basis, we evaluate estimates. We base our estimates on historical experience and other facts and circumstances that we believe to be reasonable, and the results form the basis for making judgments about the carrying value of assets and liabilities. The actual results may differ from these estimates under different assumptions or conditions.

Revenue Recognition and Accounts Receivable

The Company's accounting for revenues is governed by two accounting standards. The Company's service and product sale revenue are accounted for under ASC 606, Revenue from Contracts with Customers. Additionally, the Company's QVH rental revenues are accounted for under ASC 842, Leases.

Service and Product Sale Revenue Recognition

Our net revenues include service and product revenues. Service revenues arise from the delivery of medical diagnostic services provided to the patient by medical professionals at the spine injury diagnostic centers, only after the patient completes and signs required medical and financial paperwork. Service revenues are recorded as net patient service revenues based on variable consideration elements further described below and in Note 3. Product sales arise from the sale and transfer of control of the Company's QVH units to a consumer. QVH services sales arise when a customer requests use of a QVH unit along with video processes and storage. The QVH services are provided on a monthly basis satisfying the contractual performance obligation. The Company did not have material product or service sales related to the QVH units included during the year ended December 31, 2019 and, 2018.

For service revenues, the patients are billed by the healthcare provider based on CPT codes for the medical procedure performed. CPT codes are numbers assigned to every task and service a medical practitioner may provide to a patient including medical, surgical and diagnostic services. CPT codes are developed, maintained and copyrighted by the American Medical Association. Patients are billed at the normal billing amount, based on national averages, for a particular CPT code procedure.

Additionally, service revenue and corresponding accounts receivable are recognized by reference to "net revenue" and "accounts receivable, net" which is defined as gross amounts billed using CPT codes less account discounts that are expected to result when individual cases are ultimately settled, which is the variable consideration associated with this revenue stream. While we do collect 100% of the accounts on some patients, our historical collection rate is used to estimate the variable consideration expected and is reflected in the carrying balance of the accounts receivable and service revenue as recorded. A discount rate of 48%, based on payment history, was used to reduce revenue to 52% of CPT code billings ("gross revenue") during the years ended December 31, 2018. No service revenue was recorded during the year ended December 31, 2019 associated with new procedures.

Our credit policy has been established based upon extensive experience by management in the industry and has been determined to ensure that collectability is reasonably assured. Payment for services are primarily made to us by a third party and the credit policy includes terms of net 240 days for collections; however, collections occur upon settlement or judgment of cases (see Note 4). As of December 31, 2019 and 2018, there were no material contract assets, contract liabilities, or deferred contract costs recorded on the consolidated financial statements.

Revenue expected to be recognized in any future year related to remaining performance obligations, excluding revenue pertaining to contracts that have an original expected duration of one year or less, contracts where revenue is recognized as invoiced and contracts with variable consideration related to undelivered performance obligations, is not material.

Lease Revenues

Rental revenues from operating leases are recognized on a straight-line basis over the term of the lease. Rental billings for periods extending beyond period end are recorded as deferred income and are recognized in the period earned. For the QVH Leases, rental related services revenues for support, maintenance and video processing, delivery, and installation are lease related because the payments are considered minimum lease payments that are an integral part of the negotiated lease agreement with the customer. These revenues are recognized on a straight-line basis over the term of the lease. As of the year ended December 31, 2019 the Company's leases consisted solely of operating leases.

Accounting Standards Updates

In Note 3 to the audited consolidated financial statements for the years ended December 31, 2019 and 2018 included in this Form 10-K, we discuss those recent accounting pronouncements that may be considered to be significant in determining the results of operations and our financial position.

Going Concern

Since our inception in 1998, until commencement of our spine injury diagnostic operations in August, 2009, our expenses substantially exceeded our revenue, resulting in continuing losses and an accumulated deficit from operations of $15,004,698 as of December 31, 2009. Since that time, our accumulated deficit has increased $4,836,090 to $19,840,788 as of December 31, 2019. During the year ended December 31, 2019, we recorded net revenue of $209,373 and a net loss of $1,612,569. Successful business operations and our transition to attaining profitability are dependent upon obtaining additional financing and achieving a level of revenue adequate to support our cost structure. Considering the nature of the business, we are not generating immediate liquidity and sufficient working capital within a reasonable period of time to fund our planned operations and strategic business plan through the period of one year from the issuance of this report. There can be no assurances that there will be adequate financing available to us.

Additionally, during the fourth quarter of 2018, the decision was made to discontinue funding future medical procedures due to our cash position, which also hampered our ability to pay back existing debt to Wells Fargo and a current director and shareholder (see Note 6—Notes Payable). We did not fund any procedures in 2019 and will not do so unless we can access additional capital. The service revenue we have funded has resulted in longer settlement times, which has created a slowdown in cash collections. Additionally, our efforts to establish a market for the Quad Video Halo has not met our expectations and we have cut back its development and operations. If we are unable to access additional capital in the near future, these recent developments could have a material negative impact on our financial performance and could have a material adverse effect on our results of operations and financial condition. The accompanying consolidated financial statements have been prepared assuming that we will continue as a going concern. This basis of accounting contemplates the recovery of our assets and the satisfaction of liabilities in the normal course of business. The consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Our financial statements for the fiscal years ended December 31, 2019 and 2018 are attached hereto.

Report of Independent Registered Public Accounting Firm 18

Consolidated Financial Statements

Consolidated Balance Sheets at December 31, 2019 and 2018 19

Consolidated Statements of Operations for the years ended December 31, 2019 and 2018 20

Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2019 and 2018 21

Consolidated Statements of Cash Flows for the years ended December 31, 2019 and 2018 22

Notes to Consolidated Financial Statements 23

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of Spine Injury Solutions, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Spine Injury Solutions, Inc. (the "Company") as of December 31, 2019 and 2018, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the years then ended and the related notes (collectively referred to as the "financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal controls over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit includes performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Other Matter

The accompanying consolidated financial statements referred to above have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 2, the Company has an accumulated deficit of $19,840,788 and a net loss of $1,612,569 as of and for the year ended December 31, 2019. Additionally, the Company is not generating sufficient cash flows to meet its regular working capital requirements. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans as to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Ham, Langston & Brezina, LLP

We have served as the Company's auditor since 2010.

Houston, Texas
March 30, 2020

SPINE INJURY SOLUTIONS, INC.
CONSOLIDATED BALANCE SHEETS

	December 31, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash and Cash equivalents	$ 110,587	$ 59,679
Accounts receivable, net	480,350	1,040,117
Prepaid expenses	12,314	10,650
Inventories	-	116,221
Total current assets	603,251	1,226,667
Accounts receivable, net of allowance for doubtful accounts of $589,243 and $395,873 at December 31, 2019 and 2018, respectively	531,573	1,923,421
Property and equipment, net	25,379	77,187
Intangible assets and goodwill		170,200
Total assets	$ 1,160,203	$ 3,397,475
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Line of credit	$ 1,070,000	$ 1,565,000
Notes payable	-	90,000
Accounts payable and accrued liabilities	41,239	75,975
Due to related parties		4,967
Total current liabilities	1,111,239	1,735,942
Commitments and contingencies		
Stockholders' equity:		
Common stock: $0.001 par value, 50,000,000 shares authorized, 20,240,882 shares issued and outstanding at December 31, 2019 and 2018, respectively	20,241	20,241
Additional paid-in capital	19,869,511	19,869,511
Accumulated deficit	(19,840,788)	(18,228,219)
Total stockholders' equity	48,964	1,661,533
Total liabilities and stockholders' equity	$ 1,160,203	$ 3,397,475

The accompanying notes are an integral part of the consolidated financial statements

SPINE INJURY SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the years ended December 31, 2019 and 2018

	2019	2018
Net service revenue	$ 136,327	$ 1,795,964
Lease revenue	73,046	39,656
Total revenue	209,373	1,835,620
Cost of providing services, including amounts billed by		
Third party providers	-	307,890
Related party providers	-	50,000
Inventory impairment	115,235	298,887
	115,235	656,777
Total cost of providing services		
Gross profit	94,138	1,178,843
Operating, general and administrative expenses	1,643,803	1,792,554
Loss from operations	(1,549,665)	(613,711)
Other income and (expense):		
Other income	2,399	8,297
Interest expense	(65,303)	(66,241)
Total other income and (expense)	(62,904)	(57,944)
Net loss	$ (1,612,569)	$ (671,655)
Net loss per common share:		
Basic/ diluted	$ (0.08)	$ (0.03)
Weighted average shares used in loss per common share:		
Basic/ diluted	20,240,882	20,228,382

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

SPINE INJURY SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2019 and 2018

	Common Stock		Additional	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity
Balances, December 31, 2017	20,215,882	$ 20,216	$ 19,864,536	$ (17,556,564)	$ 2,328,188
Issuance of common stock options for compensation of officers	25,000	25	4,975	-	5,000
Net loss	-	-	-	(671,655)	(671,655)
Balances, December 31, 2018	20,240,882	20,241	19,869,511	(18,228,219)	1,661,533
Net loss	-	-	-	(1,612,569)	(1,612,569)
Balances, December 31, 2019	20,240,882	$ 20,241	$ 19,869,511	$ (19,840,788)	$ 48,964

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

SPINE INJURY SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Net loss	$ (1,612,569)	$ (671,655)
Adjustments to reconcile net (loss) to net cash provided (used) in operating activities:		
Bad debt expense	538,577	523,030
Factoring expense	71,194	-
Issuance of common stocks for services	-	5,000
Obsolete inventory	116,221	50,000
Impairment of goodwill	170,200	-
Depreciation expense	51,808	25,503
Changes in operating assets and liabilities:		
Accounts receivable, net	1,341,844	(2,547)
Prepaid expenses	(1,664)	(1,400)
Inventories	-	(24,922)
Accounts payable and accrued liabilities	(34,736)	(3,230)
Due to related party	(4,967)	(22,943)
Net cash provided (used) in by operating activities	635,908	(123,164)
Cash flows from financing activities:		
Repayments on notes payable	(90,000)	(135,000)
(Payments) proceeds from line of credit, net	(495,000)	240,000
Net cash (used) provided in financing activities	(585,000)	105,000
Net increase (decrease) in cash and cash equivalents	50,908	(18,164)
Cash and cash equivalents at beginning of period	59,679	77,843
Cash and cash equivalents at end of period	$ 110,587	$ 59,679
Supplementary disclosure of cash flow information:		
Interest paid	$ 65,305	$ 66,241
Taxes paid	$ -	$ -
Supplementary disclosure of non-cash investing and financing activities:		
Reclassification of inventory to equipment	$ -	$ 59,256

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

NOTE 1. DESCRIPTION OF BUSINESS

Spine Injury Solutions Inc. (the "Company", "we" or "us") was incorporated under the laws of Delaware on March 4, 1998. We changed our name to Spine Injury Solutions Inc. on October 1, 2015.

We are a technology, marketing, billing, and collection company facilitating diagnostic services for patients who have sustained spine injuries resulting from traumatic accidents. We deliver turnkey solutions to spine surgeons, orthopedic surgeons and other healthcare providers for necessary and appropriate treatment of musculo-skeletal spine injuries resulting from automobile and work-related accidents. Our goal is to become a leader in providing technology and monetizing services to spine and orthopedic surgeons and other healthcare providers to facilitate proper treatment of their injured clients. By monetizing the providers accounts receivable, which includes diagnostic testing and non-invasive surgical care, patients are not unnecessarily delayed or prevented from obtaining needed treatment. By facilitating early treatment through affiliated doctors, we believe that health conditions can be prevented from escalating and injured victims can be quickly placed on the road to recovery. Through our affiliate system, we facilitate spine surgeons, orthopedic surgeons and other healthcare providers to provide reasonable, necessary, and appropriate treatments to patients with musculo-skeletal spine injuries. We assist the centers that provide the spine diagnostic injections and treatment and pay the doctors a fee for the medical procedures they performed. After a patient is billed for the procedures performed by the affiliated doctor, we take control of the patients' unpaid bill and oversee collection. In most instances, the patient is a plaintiff in an accident case, where the patient is represented by an attorney. Typically, the defendant (and/or the insurance company of the defendant) in the accident case pays the patient's bill upon settlement or final judgment of the accident case. The payment to us is made through the attorney of the patient. In most cases, we must agree to the settlement price and the patient must sign off on the settlement. Once we are paid, the patient's attorney can receive payment for his or her legal fee. During the fourth quarter of 2018, the decision was made to discontinue funding future medical procedures due to our cash position, and we have not funded any procedures in 2019 and will not do so unless we can access additional capital (see Note 2 below). However, we continue to actively pursue the collection of previously funded procedures.

We own a patented device and process by which a video recording system is attached to a fluoroscopic x-ray machine, the "four camera technology," which we believe can attract additional physicians and patients and provide us with additional revenue streams with our new programs designed to assist in treatment documentation. We have refined the technology, through research and development, resulting in a fully commercialized Quad Video Halo ("QVH") System 3.0. Using this technology, diagnostic and treatment procedures are recorded from four separate video feeds that capture views from both inside and outside the body, and a video is made which is given to the patient's representative to verify the treatment received.

In September 2014, we created a wholly-owned subsidiary, Quad Video Halo, Inc. The purpose of this entity is to hold certain company assets in connection with the QVH units.

NOTE 2. GOING CONCERN CONSIDERATIONS

Since our inception in 1998, until commencement of our spine injury diagnostic operations in August, 2009, our expenses substantially exceeded our revenue, resulting in continuing losses and an accumulated deficit from operations of $15,004,698 as of December 31, 2009. Since that time, our accumulated deficit has increased $4,836,090 to $19,840,788 as of December 31, 2019. We plan to increase our operating expenses as we increase our service development, marketing efforts and brand building activities, while no specific plans are in place. We also plan to pursue a merger with another company. Our continued existence is dependent upon our ability to successfully execute our business plan, as well as our ability to increase revenue from services and obtain additional capital from borrowing and selling securities, as needed, to fund our operations. There is no assurance that additional capital can be obtained or that it can be obtained on terms that are favorable to us and our existing stockholders. Any expectation of future profitability is dependent upon our ability to expand and develop our healthcare services business, of which there can be no assurances.

Additionally, during the fourth quarter of 2018, the decision was made to discontinue funding future medical procedures due to our cash position, which also hampered our ability to pay back existing debt to Wells Fargo and a current director and shareholder (see Note 6—Notes Payable). We did not fund any procedures in 2019 and will not do so unless we can access additional capital. The previous service revenue we have funded has resulted in longer settlement times, which has created a slowdown in cash collections. Additionally, our efforts to establish a market for the Quad Video Halo has not met our expectations and we have cut back its development and operations. If we are unable to access additional capital in the near future, these recent developments could have a material negative impact on our financial performance and could have a material adverse effect on our results of operations and financial condition. As an alternative, we are also investigating possible strategic business transactions with third party companies.

We are actively pursuing a merger with a private company where they become the controlling company. We find this the best course of actions for our shareholders.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of Spine Injury Solutions, Inc. and its wholly owned subsidiary, Quad Video Halo, Inc. All material intercompany transactions have been eliminated upon consolidation.

Accounting Method

Our consolidated financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities known to exist as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of our consolidated financial statements; accordingly, it is possible that the actual results could differ from these estimates and assumptions and could have a material effect on the reported amounts of our financial position and results of operations.

Revenue Recognition

The Company's accounting for revenues is governed by two accounting standards. The Company's service and product sale revenue are accounted for under ASC 606, Revenue from Contracts with Customers. Additionally, the Company's QVH rental revenues are accounted for under ASC 842, Leases.

Service and Product Sale Revenue Recognition

Our net revenues include service revenues. Service revenues arise from the delivery of medical diagnostic services provided to the patient by medical professionals at the spine injury diagnostic centers, only after the patient completes and signs required medical and financial paperwork. Service revenues are recorded as net patient service revenues based on variable consideration elements further described below and in Note 4. Product sales arise from the sale and transfer of control of the Company's QVH units to a consumer.

For service revenues, the patients are billed by the healthcare provider based on Current Procedural Terminology ("CPT") codes for the medical procedure performed. CPT codes are numbers assigned to every task and service a medical practitioner may provide to a patient including medical, surgical and diagnostic services. CPT codes are developed, maintained and copyrighted by the American Medical Association. Patients are billed at the normal billing amount, based on national averages, for a particular CPT code procedure.

Additionally, service revenue and corresponding accounts receivable are recognized by reference to "net revenue" and "accounts receivable, net" which is defined as gross amounts billed using CPT codes ("gross revenue") less account discounts that are expected to result when individual cases are ultimately settled, which is the variable consideration associated with this revenue stream.

While we do collect 100% of the accounts on some patients, our historical collection rate is used to estimate the variable consideration expected and is reflected in the carrying balance of the accounts receivable and service revenue to be recorded. A discount rate of 48%, based on payment history, was used to reduce revenue to 52% of CPT code billings during the year ended December 31, 2018. We recorded no revenue related to service revenue during the year ended December 31, 2019.

Lease Revenues

Rental revenues from operating leases are recognized on a straight-line basis over the term of the lease. Rental billings for periods extending beyond period end are recorded as deferred income and are recognized in the period earned. For the QVH Leases, rental related services revenues for support, maintenance and video processing, delivery, and installation are lease related because the payments are considered minimum lease payments that are an integral part of the negotiated lease agreement with the customer. These revenues are recognized on a straight-line basis over the term of the lease. As of the year ended December 31, 2019 the Company's leases consisted solely of operating leases.

Fair Value of Financial Instruments

Cash, accounts receivable, accounts payable, accrued liabilities, and notes payable as reflected in the consolidated financial statements, approximates fair value. Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of liquid investments with original maturities of three months or less. Cash equivalents are stated at cost, which approximates fair value. We maintain cash and cash equivalents in banks which at times may exceed federally insured limits. We have not experienced any losses on these deposits.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined by the first-in, first-out method, whereas market is based on the net realizable value. All inventories at December 31, 2018 are classified as finished-goods and consist of our Quad Video Halo. During the year ended December 31, 2019 the Company determined its inventory to be obsolete due to enhancements in technology that rendered the current inventories value to be $0. As such, during the year ended December 31, 2019 and 2018, respectively the company wrote off $116,221 and $50,000.

Property and Equipment

Property and equipment are carried at cost. When retired or otherwise disposed of, the related carrying cost and accumulated depreciation are removed from the respective accounts, and the net difference, less any amount realized from the disposition, is recorded in operations. Maintenance and repairs are charged to operating expenses as incurred. Costs of significant improvements and renewals are capitalized.

Property and equipment consist of computers and equipment and are depreciated over their estimated useful lives of three to five years, using the straight-line method.

Intangible Assets and Goodwill

Intangible assets acquired are initially recognized at cost. Intangible assets acquired in a business combination are recognized at their estimated fair value at the date of acquisition. Intangibles with a finite life are amortized, ratably, based on the contractual terms of the associated agreements.

Goodwill recognized in a business combination is subjective and represents the value of the excess amount given to the acquired company above the estimated fair market value of the identifiable net assets on the acquisition date. Each year, during the fourth quarter, the goodwill amount is reviewed to determine if any impairment has occurred. Impairment occurs when the original amount of goodwill exceeds the value of the expected future net cash flows from the business acquired. During the year ended December 31, 2019, the Company noted significant indicators of impairment, and performed an impairment test on goodwill, noting the discounted future cash flows did not fully support the goodwill balance along with the Company's reduced emphasis on the marketing and development of the QVH, resulting in full impairment of goodwill as of December 31, 2019.

Long-Lived Assets

We periodically review and evaluate long-lived assets such as intangible assets, when events and circumstances indicate that the carrying amount of these assets may not be recoverable. In performing our review for recoverability, we estimate the future cash flows expected to result from the use of such assets and its eventual disposition. If the sum of the expected undiscounted future operating cash flows is less than the carrying amount of the related assets, an impairment loss is recognized in the consolidated statements of operations. Measurement of the impairment loss is based on the excess of the carrying amount of such assets over the fair value calculated using discounted expected future cash flows. At December 31, 2018, no impairment of the long-lived assets was determined to have occurred, however, the Company's goodwill was determined to be fully impaired in the year ended December 31, 2019.

Concentrations of Credit Risk

Assets that expose us to credit risk consist primarily of cash and accounts receivable. Our accounts receivable are from a diversified customer base and, therefore, we believe the concentration of credit risk is minimal. We evaluate the creditworthiness of customers before any services are provided. We record a discount based on the nature of our business, collection trends, and an assessment of our ability to fully realize amounts billed for services. Additionally, we have established an allowance for doubtful accounts in the amount of $589,243 and $395,873, at December 31, 2019 and 2018, respectively.

Stock Based Compensation

We account for the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors, including employee stock options, based on estimated fair values. Under authoritative guidance issued by the Financial Accounting Standards Board ("FASB"), companies are required to estimate the fair value or calculated value of share-based payment awards on the date of grant using an option-pricing model. The value of awards that are ultimately expected to vest is recognized as expense over the requisite service periods in our consolidated statements of operations. We use the Black-Scholes Option Pricing Model to determine the fair-value of stock-based awards. During the year ended December 31, 2019, we did not recognize compensation expense for the issuance of our common stock in exchange for services. During the year ended December 31, 2018 we recognized compensation expense for issuance of our common stock in exchange for services of $5,000.

Income Taxes

We account for income taxes in accordance with the liability method. Under the liability method, deferred assets and liabilities are recognized based upon anticipated future tax consequences attributable to differences between financial statement carrying amounts of assets and liabilities and their respective tax basis. We establish a valuation allowance to the extent that it is more likely than not that deferred tax assets will not be utilized against future taxable income.

Uncertain Tax Positions

Accounting Standards Codification "ASC" Topic 740-10-25 defines the minimum threshold a tax position is required to meet before being recognized in the financial statements as "more likely than not" (i.e., a likelihood of occurrence greater than fifty percent). Under ASC Topic 740-10-25, the recognition threshold is met when an entity concludes that a tax position, based solely on its technical merits, is more likely than not to be sustained upon examination by the relevant taxing authority. Those tax positions failing to qualify for initial recognition are recognized in the first interim period in which they meet the more likely than not standard, or are resolved through negotiation or litigation with the taxing authority, or upon expiration of the statute of limitations. De-recognition of a tax position that was previously recognized occurs when an entity subsequently determines that a tax position no longer meets the more likely than not threshold of being sustained.

We are subject to ongoing tax exposures, examinations and assessments in various jurisdictions. Accordingly, we may incur additional tax expense based upon the outcomes of such matters. In addition, when applicable, we will adjust tax expense to reflect our ongoing assessments of such matters which require judgment and can materially increase or decrease our effective rate as well as impact operating results.

Under ASC Topic 740-10-25, only the portion of the liability that is expected to be paid within one year is classified as a current liability. As a result, liabilities expected to be resolved without the payment of cash (e.g. resolution due to the expiration of the statute of limitations) or are not expected to be paid within one year are not classified as current. We have recently adopted a policy of recording estimated interest and penalties as income tax expense and tax credits as a reduction in income tax expense. For the years ended December 31, 2019 and 2018, we recognized no estimated interest or penalties as income tax expense.

Legal Costs and Contingencies

In the normal course of business, we incur costs to hire and retain external legal counsel to advise us on regulatory, litigation and other matters. We expense these costs as the related services are received.

If a loss is considered probable and the amount can be reasonably estimated, we recognize an expense for the estimated loss. If we have the potential to recover a portion of the estimated loss from a third party, we make a separate assessment of recoverability and reduce the estimated loss if recovery is also deemed probable.

Net Loss per Share

Basic and diluted net loss per common share is presented in accordance with ASC Topic 260, "Earnings per Share," for all periods presented. During years ended December 31, 2019 and 2018, common stock equivalents from outstanding stock options and warrants have been excluded from the calculation of the diluted loss per share in the statements of operations, because all such securities were anti-dilutive. The net loss per share is calculated by dividing the net loss by the weighted average number of shares outstanding during the periods.

Recent Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU No. 2016-13 eliminates the probable initial recognition threshold in current generally accepted accounting principles ("GAAP") and, instead, requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. In addition, ASU No. 2016-13 amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. ASU No. 2016-13 is effective for annual periods beginning after December 15, 2020, with early application permitted in annual periods beginning after December 15, 2018. The amendments of ASU No. 2016-13 should be applied through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. Management is currently evaluating the future impact of ASU No. 2016-13 on the Company's consolidated financial position, results of operations and disclosures.

In June 2018, the FASB issued ASU 2018-07, Compensation – Stock Compensation (Topic 718). The amendments expand the scope of Topic 718, which currently only includes share-based payments to employees, to include share-based payments issued to nonemployees for goods or services. Consequently, the accounting for share-based payments to nonemployees and employees will be substantially aligned. This ASU is effective for all organizations for fiscal years beginning after December 15, 2019 and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. The Company does not expect the adoption of this standard to have a material impact on its consolidated financial statements.

Recent Accounting Pronouncements Adopted

In January 2017, the FASB issued ASU No. 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business. ASU No. 2017-01 clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of a business or as acquisitions (or disposals) of assets. ASU No. 2017-01 is effective for annual periods beginning after December 15, 2018, with early adoption permitted under certain circumstances. The amendments of ASU No. 2017-01 should be applied prospectively as of the beginning of the period of adoption. The adoption of ASU No. 2017-01 did not have material impact on the Company's consolidated financial position, results of operations and disclosures.

In February 2016, the FASB issued ASU No. 2016-02, Leases, which requires lessees to recognize the following for all leases (with the exception of short-term leases) at the commencement date: (1) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under ASU No. 2016-02, lessor accounting is largely unchanged. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2018 with early application permitted. Lessees and lessors must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach. Management has adopted the provisions of ASU No. 2016-02 noting it did not have any material leases falling under this guidance where the Company is considered the lessee. The Company has lease agreements with customers for the use of QVH units where the Company is considered the lessor. As part of the implementation of ASU No. 2016-02, the Company elected the package of practical expedients that allows for not reassessing: (1) whether any expired or existing contracts are or contain leases, (2) the lease classification for any expired or existing leases and (3) initial direct costs for any expired or existing leases.

The Company's QVH unit rentals are governed by agreements that detail the lease terms and conditions. The determination of whether these contracts with customers contain a lease generally does not require significant judgement. The Company accounts for these rentals as operating leases. These leases do not include material amounts of variable payments and the Company has made the accounting policy election to exclude all taxes assessed by a governmental authority. The Company provides an option for the lessee to purchase the rented equipment upon the termination of the lease for the as then fair market value; however, the Company has not generated material revenue from sales of equipment under such options. Initial lease terms vary in length based upon customer needs and generally range from twelve to thirty-six months. Customers have the option to keep equipment on rent beyond the initial lease term on a one-year successive term that auto renews unless canceled by the customer. All of the Company's rental products have long useful lives relative to the typical rental term with the original investment typically recovered in approximately five years. The rental products are typically rented for a majority of the time owned and a significant portion of the original investment is recovered when sold from inventory. The Company's lease agreements do not contain residual value guarantees or restrictive covenants.

As of December 31, 2019, maturities of operating lease payments to be received are as follows:

(in thousands)		
2020		103
2021		39
	$	142

Included in property and equipment, net, as of December 31, 2019 and December 31, 2018 is equipment available for rent in the amount of $25,379 and $39,654, respectfully.

NOTE 4. ACCOUNTS RECEIVABLE

The patients are billed by the healthcare provider based on Current Procedural Terminology ("CPT") codes for the medical procedure performed. CPT codes are numbers assigned to every task and service a medical practitioner may provide to a patient including medical, surgical and diagnostic services. CPT codes are developed, maintained and copyrighted by the American Medical Association. Patients are billed at the normal billing amount, based on national averages, for a particular CPT code procedure.

Revenue and corresponding accounts receivable are recognized by reference to "net revenue" and "accounts receivable, net" which is defined as gross amounts billed using CPT codes less account discounts that are expected to result when individual cases are ultimately settled. While we do collect 100% of the accounts on some patients, our historical collection rate is used to calculate the carrying balance of the accounts receivable and the estimated revenue to be recorded. A discount rate of 48%, based on payment history, was used to reduce revenue to 52% of CPT code billings ("gross revenue") during the year ended December 31, 2018. During the year ended December 31, 2019 no service revenue was recorded.

The patients who receive medical services at the diagnostic centers are typically patients involved in auto accidents or work injuries. The patient completes and signs medical and financial paperwork, which includes an acknowledgement of the patient's responsibility of payment for the services provided. Additionally, the paperwork should include an assignment of benefits. The timing of collection of receivables varies depending on patient sources of payment. Historical experience, through 2018, demonstrated that the collection period for individual cases may extend for two years or more. Accordingly, we have classified receivables as current or long term based on our experience, which indicates as of December 31, 2019 and 2018 that 30% of cases will be collected within one year of a medical procedure.

Our credit policy has been established based upon extensive experience by management in the industry and has been determined to ensure that collectability is reasonably assured. Payment for services are primarily made to us by a third party and the credit policy includes terms of net 240 days for collections; however, collections occur upon settlement or judgment of cases. As of December 31, 2019 and 2018, we determined an allowance for uncollectable accounts of $589,243 and $395,873, respectively was needed for those customer accounts whose collections appear doubtful. During the years ended December 31, 2019 and 2018 we recorded bad debt expense, net of recoveries of $538,577 and $523,030, respectively.

For the year ended December 31, 2019, we sold certain individual accounts receivable balances to a third party at a discounted rate without recourse resulting in the receipt of $136,665 which resulted in the recognition of $71,194 in factoring expense for the year ended December 31, 2019. This expense represents the discount provided to the purchaser and was recorded as an operating, general and administrative expense in the Company's statement of operations for the year ended December 31, 2019.

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2019 and 2018:

	2019	2018
Computers and equipment	$ 145,025	$ 151,638
Less: accumulated depreciation	(119,646)	(74,451)
	$ 25,379	$ 77,187

Depreciation expense totaling $51,808 and $25,503, respectively, was charged to operating, general and administrative expenses during the years ended December 31, 2019 and 2018.

NOTE 6. NOTES PAYABLE

Convertible and secured notes payable

On August 29, 2012, we issued Peter Dalrymple, a director of the Company, a $1,000,000 three-year secured promissory note bearing interest at 12% per year, with thirty-five monthly payments of interest commencing on September 29, 2013, and continuing thereafter on the 29th day of each successive month throughout the term of the promissory note. Under the terms of the secured promissory note, the holder received a detachable warrant to purchase 333,333 shares of our common stock at the price of $1.60 per share that were originally to expire on August 29, 2015; however, such warrants were extended as described below. This promissory note is secured by $3,000,000 in gross accounts receivable. On the maturity date, one balloon payment of the entire outstanding principal amount plus any accrued and unpaid interest is due.

On August 20, 2014, we entered into a Financing Agreement with Mr. Dalrymple, whereby he agreed to assist us in obtaining financing in the form of a $2,000,000 revolving line of credit (see Line of Credit below) from a commercial lender and provide a personal guaranty of the line of credit. Under the terms of the Financing Agreement, upon finalization of the line of credit with Wells Fargo Bank on September 8, 2014, we (i) extended the term of the $1,000,000 promissory note, described above, by one year to mature on August 29, 2016, (ii) reduced the interest rate on the promissory note to 6%, (iii) extended the expiration date on the warrants issued in connection with the promissory note by one year to an expiration date of August 29, 2016, (iv) granted Mr. Dalrymple 200,000 restricted shares of common stock, and (v) used $500,000 of advances under the line of credit as payment of principal and interest on the promissory note.

In August 2016, the note and associated warrants were amended to extend the maturity date to August 29, 2017, then again in September 2017, we extended the maturity date of the promissory note to September 8, 2018. In connection with the extension of the Wells Fargo line of credit discussed below, on September 5, 2018 we entered into a Financing Agreement with Mr. Dalrymple and an Amendment to Amended and Restated Secured Promissory Note, under which we extended the maturity date of the promissory note with Mr. Dalrymple to be due and payable on September 8, 2019. We paid off this note in September 2019. We will continue to provide collateral to Mr. Dalrymple in an amount of $3,000,000 in our gross accounts receivable to secure payment of his obligations in connection with the line of credit with Wells Fargo. As of December 31, 2019 and 2018, the note had a principal balance of $0 and $90,000, respectively. During the year ended December 31, 2019 and 2018, the Company recorded $3,032 and $9,606, respectively, in interest expense related to this note.

Line of Credit

On September 3, 2014, we entered into a $2,000,000 revolving line of credit agreement with Wells Fargo Bank, N.A. Outstanding principal on the line of credit bears interest at the 30-day London Interbank Offered Rate ("LIBOR") plus 2%, resulting in an effective rate of 3.76% at December 31, 2019.

In September 2017, the line of credit agreement was amended, whereby the outstanding principle was due and payable in full on August 31, 2018 and the maximum amount we can borrow under the line of credit is $1,750,000. On September 7, 2018 we entered into an Amended and Restated Revolving Line of Credit Note to extend our revolving line of credit facility, whereby the outstanding principal is due and payable in full on August 31, 2019. On September 30, 2019 the credit line was amended into a one year term loan precluding any additional draws on the note, but all other terms of the loan remained the same. The term loan also remains guaranteed by Peter L. Dalrymple, a member of our Board of Directors, and is secured by a first lien interest in certain of his assets. As of December 31, 2019 and 2018, the outstanding borrowings under the line of credit totaled $1,070,000 and $1,565,000 respectively. During the years ended December 31, 2019 and 2018 the Company recorded $61,808 and $56,635 in interest expense related to this note.

NOTE 7. STOCKHOLDERS' EQUITY

Common Stock

During the year ended December 31, 2019 we did not issue any common stock to compensate officers, employees, directors or outside professionals. During the year ended December 31, 2018 we issued 25,000 shares for services provided. The stock issuances were valued based on the quoted market price of our common stock on the respective measurement dates. Following is an analysis of common stock issuances during the years ended December 31, 2019 and 2018:

During the year ended December 31, 2019 we did not issue any shares of common stock.

During the year ended December 31, 2018, we issued 25,000 shares of common stock, valued at $0.20 per share, in connection with consulting agreements. During the year ended December 31, 2018, we expensed $5,000, in connection with this agreement which is included in operating, general and administrative expenses in the accompanying consolidated statements of operations.

Warrants

During 2012, we issued 333,333 warrants in conjunction with the secured note payable. The warrants have an exercise price of $1.60 per share and expired in August 2018. There are no warrants outstanding as of December 31, 2019. A summary of the warrant activity for the year ended December 31, 2018 follows:

Description	Shares Underlying Warrants		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (In-the-Money)
Outstanding and exercisable at December 31, 2017	333,333	$	1.60	0.6	N/A
Warrants expired	(333,333)		-	-	N/A
Outstanding and exercisable at December 31, 2018	-	$	-	-	N/A

Stock Options

We recognize compensation expense related to stock options in accordance with the FASB standard regarding share-based payments, and as such, have measured the share-based compensation expense for stock options granted during the years ended December 31, 2019 and 2018 based upon the estimated fair value of the award on the date of grant and recognizes the compensation expense over the award's requisite service period. The weighted average fair values were calculated using the Black Scholes option pricing model.

Details of stock option activity for the years ended December 31, 2019 and 2018 follows:

Description	Shares Underlying Options		Weighted Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In-the-Money)
Outstanding at December 31, 2017	20,000	$	0.40	3.5	-
Options expired in 2018	-				
Outstanding at December 31, 2018	20,000		0.40	2.5	-
Options expired in 2019	-		-	-	-
Outstanding at December 31, 2019	20,000	$	0.40	1.5	-

The following summarizes outstanding stock options and their respective exercise prices at December 31, 2019:

Description	Shares Underlying Options	Exercise Price	Date of Expiration	Remaining Contractual Term (in years)
Employee Options	20,000	$ 0.40	Aug 2021	1.5

For the year ended December 31, 2019 and 2018, no options were issued or expired. As of December 31, 2019, all unrecognized compensation expense related to non-vested stock option awards has been recognized.

NOTE 8. RELATED PARTY TRANSACTIONS

We have an agreement with Northshore Orthopedics, Assoc. ("NSO"), which is 100% owned by our Chief Executive Officer, William Donovan, M.D., to provide medical services as our independent contractor at Houston and Odessa spine injury diagnostic centers. As of December 31, 2019 and 2018, we had balances payable to NSO of $0 and $4,967, respectively. This outstanding payable is non-interest bearing, due on demand and does not follow any specific repayment schedule. We do not directly pay Dr. Donovan (in his individual capacity as a physician) any fees in connection with NSO. However, Dr. Donovan is the sole owner of NSO, and we pay NSO under the terms of our agreement.

As further described in Note 6, during 2012 we borrowed $1,000,000 from Peter Dalrymple, a director of the Company, under a secured promissory note. The outstanding balance of the note was $0 and $90,000 at December 31, 2019 and 2018, respectively.

NOTE 9. INCOME TAXES

We have not made provision for income taxes for the years ended December 31, 2019 or 2018, since we have net operating loss carryforwards generated from recurring net losses offset by a full valuation allowance as described below.

On December 22, 2017, the Tax Reform Act was signed into law. The legislation significantly changes U.S. tax law by, among other things, lowering the U.S. corporate income tax rate from a maximum of 35% to a flat 21% rate, effective January 1, 2018. As a result of the decrease in the corporate income tax rate, we revalued our ending net deferred tax assets at December 31, 2019, but did not recognize any incremental income tax expense in 2018 due to the revaluation of the valuation allowance.

Deferred tax assets consist of the following at December 31:

	2019	2018
Benefit from net operating loss carryforwards	$ 2,388,540	$ 2,101,778
Allowance for doubtful accounts	113,101	129,150
Less: valuation allowance	(2,501,641)	(2,230,928)
	$ -	$ -

Due to uncertainties surrounding our ability to generate future taxable income to realize these assets, a full valuation has been established to offset the net deferred income tax asset. Based on management's assessment, utilizing an effective combined tax rate for federal and state taxes of approximately 21%, we have determined that it is not currently more likely than not that we will realize our deferred income tax assets of approximately $2,502,000 and $2,231,000 attributable predominantly to the future utilization of the approximate $11,374,000 and $9,762,000 in eligible net operating loss carryforwards, and the allowance for doubtful accounts, as of December 31, 2019 and 2018, respectively. We will continue to review this valuation allowance and make adjustments as appropriate. The net operating loss carryforwards will begin to expire in varying amounts from year 2020 to 2038, with those net operating losses generated during the year ended December 31, 2019 set to never expire based on the provisions of the Tax Reform Act.

Current income tax laws limit the amount of loss available to be offset against future taxable income when a substantial change in ownership occurs. Therefore, amounts available to offset future taxable income may be limited under Section 382 of the Internal Revenue Code.

Following is a reconciliation of the (provision) benefit for federal income taxes as reported in the accompanying consolidated statements of operations, to the expected amount at the 21% federal statutory rate:

For the years ended December 31, 2019 and 2018, the reasons for the difference between the statutory federal rate of 21% and the effective tax rate were as follows:

	2019		2018	
	Amount	**Percentage of Pre-Tax Income**	**Amount**	**Percentage of Pre-Tax Income**
Benefit for income tax at federal statutory rate	$ 338,639	21.0%	$ 141,047	21.0%
Benefit for state income tax, net of federal effect	38,218	2.4%	15,918	2.4%
Non-deductible expenses	-	-%	-	-%
Effect of change in enacted tax rate	-	-%	-	-%
Change in available NOLs	(97,775)	(6.1%)	(44,222)	(6.6%)
Change in valuation allowance	(270,713)	(16.8%)	(112,743)	(16.8%)
Other	(8,369)	(0.5%)	-	-
Total	$ -	-%	$ -	-%

NOTE 10. COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Company leased office space under an operating lease that expired in January 2017 with minimum lease payments of $6,000. Subsequent to the expiration the Company maintained the lease at $6,000 per month on a month-to-month basis.

In June 2019, the Company moved its offices and is currently maintaining a month-to-month lease at $3,750 for the new office space.

During 2018, we leased a 2,400 square foot warehouse/office in Clear Lake Shores, Texas where we assembled, developed, tested, and marketed the Quad Video Halo. The lease was month-to-month with a monthly rent of $1,950. We moved out of this location in February 2019.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

William Donovan, M.D., our President and Chief Executive Officer, is our principal executive officer and John Bergeron, our Chief Financial Officer, is our principal financial officer.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of December 31, 2019. Based on this evaluation, our principal executive officer and our principal financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective and adequately designed to ensure that the information required to be disclosed by us in the reports we submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms and that such information was accumulated and communicated to our principal executive officer and principal financial officer, in a manner that allowed for timely decisions regarding disclosure.

Management's Annual Report on Internal Control over Financial Reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Our internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements; and
(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized transactions.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control – *Integrated Framework and Internal Control over Financial Reporting – Guidance for Smaller Public Companies.*

Our management evaluated the effectiveness of our internal control over financial reporting as of December 31, 2019. Based on this evaluation, our management concluded that, as of December 31, 2019, we maintained effective internal control over financial reporting.

Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting during the year ended December 31, 2019 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Our management, including our principal executive officer and principal financial officer, does not expect that its disclosure controls or internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake.

Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management's override of the control. The design of any systems of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of these inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Individual persons perform multiple tasks which normally would be allocated to separate persons and therefore extra diligence must be exercised during the period these tasks are combined.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Our directors and executive officers are as follows:

Name	Age	Position(s) and Office(s)
William Donovan, M.D.	77	Chief Executive Officer, President and Chairman
John Bergeron	63	Chief Financial Officer and Director
Peter Dalrymple	76	Director
Jerry Bratton	67	Director
Jeffrey Cronk	58	Director

William F. Donovan, M.D. – Dr. Donovan has served as our Chief Executive Officer since January 2009 and as our President since May 2010. He has served as one of our directors since April 2008. He is a Board Certified Orthopedic Surgeon, and has been involved with venture funding and management for over 25 years. He was the co-founder of DRCA (later known as I.O.I) and became Chairman of this company that went from the pink sheets, to NASDAQ and then to the AMEX before being acquired by a subsidiary of the Bass Family. He was a founder of "I Need A Doc," later changed to IP2M that was acquired by Dialog Group, a publicly traded company. He was the Chairman of House of Brussels, an international chocolate company and president of ChocoMed, a specialized confectionery company combining Nutraceuticals with chocolate bars. Dr. Donovan has been practicing as a physician in Houston, Texas since 1975. Throughout his career as a physician, he has been involved in projects with both public and private enterprises. He received his Orthopedic training at Northwestern University in Chicago. He was a Major in the USAF for 2 years at Wright Patterson Air Force base in Dayton, Ohio. He established Northshore Orthopedics, Assoc. in 1975 and continues in active practice in Houston, specializing in Orthopedic Surgery.

John Bergeron, CPA – Mr. Bergeron has served as our Chief Financial Officer since October 2011 and as one of our directors since July 2010. From May 2008 through September 2014, he served as President of Jolpeg Inc., a private firm that consults on financial matters in service industries. From May 2002 until May 2008, Mr. Bergeron served as Divisional Controller of Able Manufacturing, a division of NCI Group, Inc, where his responsibilities included financial reporting, budgeting and Sarbanes-Oxley Act compliance. Prior to that, Mr. Bergeron worked as controller of different internet companies and as an accounting manager for several other private firms. He has also worked as an auditor for Arthur Andersen. Mr. Bergeron has more than thirty years' experience in financial management and corporate development of manufacturing and service industry companies. He has extensive experience in financial reporting of public companies, risk management, business process re-engineering, structuring and implementing accounting procedures and internal control programs for Sarbanes-Oxley Act compliance. Mr. Bergeron is a Certified Public Accountant. He received a Bachelor of Business Administration in Accounting from Lamar University in 1979. He is also currently the President of the Montgomery County MUD #83.

Jerry Bratton, J.D., MBA – Mr. Bratton has served as one of our directors since July 2010. He has served as President of Bratton Steel, L.P. since 2006 and previously with Bratton Steel, Inc. (its predecessor) since 1991. Bratton Steel is a structural steel fabricating company. As President, Mr. Bratton has grown the company from a startup to a company that employs up to approximately 75 employees. He has significant experience in overseeing sales, estimating, project management and contracting. Mr. Bratton served as President of the Texas Structure Steel Institute from 2007 to 2008. He is also a member of the American Institute of Steel Construction. Mr. Bratton has business and investment background in medical software, personal medical information records storage, RFID security products and energy ventures. Mr. Bratton is a licensed attorney in the State of Texas and previously served as an assistant general counsel in the construction industry. Mr. Bratton earned Juris Doctorate and Master of Business Administration degrees from Texas Tech University in 1977.

Peter L. Dalrymple – Mr. Dalrymple joined our Board of Directors in August 2014. Since July 2012, he has served as General Partner of LPD Investments Ltd. and Manager of DLD Oil & Gas LLC. Prior to that, he was one of the co-founders and owners of the Royal Purple Synthetic Lubricants Company, which at the time of its sale in 2012, was one of the largest synthetic lubricants companies in North America. While with Royal Purple, he was in charge of Sales and Marketing. After the company was sold to Calumet Specialty Products Partner, a New York Stock Exchange company, in July of 2012, Mr. Dalrymple became a very active investor in several companies. He is also a trustee of Norwich University, from which he holds a Bachelor of Science Degree in Engineering Management. He previously served as a Lieutenant with the United States Army Corp. of Engineers.

Jeffrey A. Cronk, D.C., J.D. – Dr. Cronk joined our Board of Directors in November 2015. He served as our Chief Operating Officer from August 2017 until September 11, 2018. Since 2010 he has been the CEO and owner of Biocybernetics Inc; DBA American Spinal Injury and Impairment Consultants, which provides spinal injury and impairment educational programs for doctors, attorneys, case managers, insurers and allied healthcare providers, the purpose of which is to improve diagnostic accuracy, improve treatment results, improve documentation procedures and reduce costs. From 2010 to present, he is the Director of Education for Spinal Kinetics LLC, a company that provides assessment services of spinal soft-tissue injuries. Prior to this, he was the owner of National Injury Diagnostics from 2005 to 2010. Dr. Cronk graduated from Palmer College of Chiropractic with a bachelor's degree in General Sciences and a Doctorate Degree in Chiropractic in 1988. That same year he became a Licensed Doctor of Chiropractic. In 2013 he completed his law degree with a special emphasis on personal injury law.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers, and persons who own beneficially more than ten percent of our common stock, to file reports of ownership and changes of ownership with the Securities and Exchange Commission. Based solely upon a review of Forms 3, 4 and 5 furnished to us during the fiscal year ended December 31, 2019, we believe that the directors, executive officers, and greater than ten percent beneficial owners have complied with all applicable filing requirements during the fiscal year ended December 31, 2019.

Code of Ethics

We have adopted a code of ethics that applies to our directors, principal executive officers, principal financial officers, principal accounting officer or controller, and persons performing similar functions. The Code of Ethics for Directors and Executive Officers can be found on our website at spineinjurysolutions.com/corporate-governance/. Further, we undertake to provide by mail to any person without charge, upon request, a copy of such code of ethics if we receive the request in writing by mail to: Spine Injury Solutions, Inc., P.O. Box 541566, Houston, Texas 77254-1566.

Audit Committee

We maintain a separately-designated standing audit committee. The Audit Committee currently consists of Peter Dalrymple, Jerry Bratton and Jeffrey A. Cronk. Although the Charter of the Audit Committee provides for a majority of the Audit Committee to be independent, presently only Mr. Bratton is independent. A majority of the Audit Committee was independent until August 2017 when Dr. Cronk was appointed Chief Operating Officer. He resigned as Chief Operating Officer in September 2018 but remains on the Board or Directors and the Audit Committee. Dr. Cronk is no longer deemed an independent director because he was employed by us during the past three years. We anticipate that Dr. Cronk will remain on the Audit Committee until we appoint or elect an additional independent member of the Board who can join the Audit Committee. If we are unable to appoint or elect an additional independent member of the Board, we will consider amending the Charter of the Audit Committee.

Mr. Bratton is the Chairman of the Audit Committee, and the Board of Directors has determined that he is an audit committee financial expert as defined in Item 5(d)(5) of Regulation S-K. The primary purpose of the Audit Committee is to oversee our accounting and financial reporting processes and audits of our financial statements on behalf of the Board of Directors. The Audit Committee meets privately with our management and with our independent registered public accounting firm and evaluates the responses by our management both to the facts presented and to the judgments made by our outside independent registered public accounting firm.

ITEM 11. EXECUTIVE COMPENSATION

The following table provides summary information for the years 2019 and 2018 concerning cash and non-cash compensation paid or accrued to or on behalf of certain executive officers ("named executive officers").

Summary Executive Compensation Table

Name and Principal Position		Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation ($)	All Other Compensation ($)	Total ($)
William Donovan, M.D.	2019	$ 27,692	-	-	-	-	-	-	27,692
CEO and President	2018	120,000	-	-	-	-	-	-	120,000
John Bergeron	2019	110,000	-	-	-	-	-	-	110,000
CFO	2018	110,000	-	-	-	-	-	-	110,000
Jeffery Cronk, D.C (1)	2019	-	-	-	-	-	-	-	-
COO	2018	15,000	-	-	-	-	-	-	15,000

(1) On September 11, 2018, Dr. Cronk resigned as Chief Operating Officer for personal reasons but remains on our Board.

Employment Agreements

On September 16, 2017, our employment agreement with William F. Donovan, M.D. expired. Since that time, he has worked for us on an at-will basis and during 2018 received an annual salary of $120,000. Dr. Donovan's pay was stopped in March 2019 resulting in compensation of $27,692 for the year ended December 31, 2019.

On November 30, 2014, our employment agreement with John Bergeron expired. Since that time, he has worked for us on an at-will basis and presently receives an annual salary of $110,000.

Outstanding Equity Awards at Fiscal Year End

There are no equity awards outstanding at December 31, 2019.

Compensation of Directors

Currently, Board members are not compensated for attending meetings nor do they receive any other form of compensation in their capacity as members of the Board. We anticipate the Board may revisit the issue of Board member compensation at a later date.

Compensation Policies and Practices as they Relate to Risk Management

We attempt to make our compensation programs discretionary, balanced and focused on the long term. We believe goals and objectives of our compensation programs reflect a balanced mix of quantitative and qualitative performance measures to avoid excessive weight on a single performance measure. Our approach to compensation practices and policies applicable to employees and consultants is consistent with that followed for its executives. Based on these factors, we believe that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on us.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information, as of March 30, 2020, concerning, except as indicated by the footnotes below, (i) each person whom we know beneficially owns more than 5% of our common stock, (ii) each of our directors, (iii) each of our named executive officers and (iv) all of our directors and executive officers as a group. We have determined beneficial ownership in accordance with the rules of the SEC. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the table below have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws. Applicable percentage ownership is based on 20,240,882 shares of common stock outstanding at March 30, 2020. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed outstanding shares of common stock subject to stock options or warrants held by that person that are currently exercisable or exercisable within 60 days of March 30, 2020. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person. Unless otherwise noted, stock options and warrants referenced in the footnotes below are currently fully vested and exercisable.

Name and Address of Beneficial Owner	Number of Common Shares Beneficially Owned	Percent of Class
William F. Donovan, M.D. (1)	3,872,427 (2)	19.13%
Jeffrey Cronk, D.C.(1)	85,000 (3)	0.42%
John Bergeron (1)	160,000 (4)	0.79%
Jerry Bratton (1)	1,556,100 (5)	7.69%
Peter L. Dalrymple (1)	2,987,276 (6)	14.76%
All Directors and named executive officers as a group (5 persons)	8,660,803	42.79%

(1) The named individual is one of our executive officers or directors. His address is c/o Spine Injury Solutions, Inc., 5151 Mitchelldale, Suite A2, Houston, Texas 77092

(2) Includes 557,486 shares of common stock held indirectly through NorthShore Orthopedics, Assoc. (of which Dr. Donovan is the sole shareholder and has voting and investment authority) and 3,314,941 shares held directly by Dr. Donovan.

(3) Includes 85,000 shares of common stock.

(4) Includes 160,000 shares of common stock.

(5) Includes 1,556,100 shares of common stock held by Mr. Bratton, of which Mr. Bratton has sole voting and investment authority of 320,000 shares and shared voting and investment authority with his spouse of 1,236,100 shares.

(6) Includes (a) securities held individually by Peter L. Dalrymple, including (i) 1,000,000 shares of common stock; and (b) 1,987,276 shares of common stock held by LPD Investments Ltd. (“LPD”). Mr. Dalrymple is General Partner of LPD and has voting and investment authority over shares held by it. He is also a Limited Partner of LPD with the other Limited Partners being his wife and three trusts, of which he is trustee and his children are beneficiaries.

Securities Authorized for Issuance under Equity Compensation Plans

The following table summarizes our equity compensation plan information as of December 31, 2019:

Plan Category	(a) Common Shares to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted-average Exercise Price of Outstanding Options, Warrants and Rights ($)	(c) Common Shares Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by our stockholders	--	--	--
Equity compensation plans not approved by security holders	20,000 (1)	0.40	--
Total	20,000	0.40	--

(1) Consists of common shares to be issued upon exercise of outstanding stock options.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

We have an agreement with Northshore Orthopedics, Assoc. ("NSO"), which is 100% owned by our Chief Executive Officer, William Donovan, M.D., to provide medical services as our independent contractor. As of December 31, 2019 and 2018, we had balances payable to NSO of $0 and $4,967 respectively. This outstanding payable is non-interest bearing, due on demand and does not follow any specific repayment schedule. We do not directly pay Dr. Donovan (in his individual capacity as a physician) any fees in connection with NSO. However, Dr. Donovan is the sole owner of NSO, and we pay NSO under the terms of our agreement.

On August 29, 2012, we issued Peter Dalrymple, a member of our Board of Directors, a secured promissory note, which was amended in September 2014, August 2016, September 2017 and September 2018. We paid off this note in September 2019. We will continue to provide collateral to Mr. Dalrymple in an amount of $3,000,000 in our gross accounts receivable to secure payment of his obligations in connection with the line of credit with Wells Fargo described below. As of December 31, 2019 and 2018, the note had a principle balance of $0 and $90,000, respectively. During 2019, we made a total of $90,000 in principal payments and a total of $3,032 in interest payments on this note.

On September 3, 2014, we entered into a $2,000,000 revolving line of credit agreement with Wells Fargo Bank, N.A. Outstanding principal on the line of credit bears interest at the 30-day London Interbank Offered Rate ("LIBOR") plus 2%, resulting in an effective rate of 3.97% at December 31, 2019. In September 2017, the line of credit agreement was amended, whereby the outstanding principle was due and payable in full on August 31, 2018 and the maximum amount we can borrow under the line of credit is $1,750,000. On September 7, 2018 we entered into an Amended and Restated Revolving Line of Credit Note to extend our revolving line of credit facility, whereby the outstanding principal was due and payable in full on August 31, 2019. On September 30, 2019 the credit line was amended into a one-year term loan precluding any additional draws on the note, but all other terms of the loan remain the same. The term loan also remains guaranteed by Peter L. Dalrymple, a member of our Board of Directors, and is secured by a first lien interest in certain of his assets. As of December 31, 2019 and 2018, outstanding borrowings under the line of credit totaled $1,070,000 and $1,565,000, respectively. During the years ended December 31, 2019 and 2018 we made interest payments in the amount of $61,808 and $56,635, respectively, on this term loan. As of March 30, 2020, the term loan has an outstanding balance of $865,000.

Director Independence

We currently have one independent director on our Board, Jerry Bratton. The definition of "independent" used herein is arbitrarily based on the independence standards of The NASDAQ Stock Market LLC. The Board performed a review to determine the independence of Jerry Bratton and made a subjective determination as to each of these directors that no transactions, relationships or arrangements exist that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director of Spine Injury Solutions, Inc. In making these determinations, the Board reviewed information provided by these directors with regard to each individual's business and personal activities as they may relate to us and our management.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the fees paid or accrued by us for the audit and other services provided or to be provided by our principal independent accountants during the years ended December 31, 2019 and 2018.

	2019	2018
Audit Fees(1)	$ 54,000	$ 56,000
Audit Related Fees(2)	-	-
Tax Fees(3)	-	-
Total Fees	$ 54,000	$ 56,000

(1) Audit Fees: This category represents the aggregate fees billed for professional services rendered by the principal independent accountant for the audit of our annual financial statements and review of financial statements included in our Form 10-Q and services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for the fiscal years.

(2) Audit Related Fees: This category consists of the aggregate fees billed for assurance and related services by the principal independent accountant that are reasonably related to the performance of the audit or review of our financial statements and are not reported under “Audit Fees.”

(3) Tax Fees: This category consists of the aggregate fees billed for professional services rendered by the principal independent accountant for tax compliance, tax advice, and tax planning.

Pre-Approval of Audit and Non-Audit Services

All above audit services, audit-related services and tax services, for the fiscal years ended December 31, 2019 and 2018, were pre-approved by our Audit Committee, which concluded that the provision of such services was compatible with the maintenance of that firm’s independence in the conduct of its auditing functions. The Audit Committee’s outside auditor independence policy provides for pre-approval of all services performed by the outside auditors.

PART IV

ITEM 15. EXHIBITS

Exhibit No.	Description
3.1	Articles of Incorporation dated March 4, 1998. (Incorporated by reference from Form 10-SB filed with the SEC on January 5, 2000.) *
3.2	Amended Articles of Incorporation dated April 23, 1998. (Incorporated by reference from Form 10-SB filed with the SEC on January 5, 2000.) *
3.3	Amended Articles of Incorporation dated January 4, 2002. (Incorporated by reference from Form 10KSB filed with the SEC on May 21, 2003.) *
3.4	Amended Articles of Incorporation dated December 19, 2003. (Incorporated by reference from Form 10-KSB filed with the SEC on May 20, 2004.) *
3.5	Amended Articles of Incorporation dated November 4, 2004. (Incorporated by reference from Form 10-KSB filed with the SEC on April 15, 2005) *
3.6	Amended Articles of Incorporation dated September 7, 2005. (Incorporated by reference from Form 10-QSB filed with the SEC on November 16, 2005) *
3.7	Certificate of Amendment to Certificate of Incorporation (Incorporated by reference from Form 8-K filed with the SEC on October 7, 2015.) *
3.8	By-Laws dated April 23, 1998. (Incorporated by reference from Form 10-SB filed with the SEC on January 5, 2000.) *
10.1	Financing Agreement with Peter Dalrymple (Incorporated by reference from Form 8-K filed with the SEC on August 26, 2014) *
10.2	Wells Fargo Loan Documentation (Incorporated by reference from Form 10-Q filed with the SEC on May 13, 2015) *
10.3	Letter agreement between Spine Injury Solutions, Inc. and Jeffrey Cronk (Incorporated by reference from Form 8-K filed with the SEC on September 7, 2017) *
10.4	Amended and Restated Revolving Line of Credit Note and Amended and Restated Credit Agreement with Wells Fargo Bank dated August 17, 2017 (Incorporated by reference from Form 10-Q filed with the SEC on November 13, 2017) *
10.5	Financing Agreement, Amended and Restated Secured Promissory Note and Amended Security Agreement with Peter Dalrymple dated September 8, 2017 (Incorporated by reference from Form 10-Q filed with the SEC on November 13, 2017) *
10.6	Amended and Restated Revolving Line of Credit Note dated September 7, 2018 (Incorporated by reference from Form 10-Q filed with the SEC on November 13, 2018) *
10.7	Amended and Restated Continuing Guaranty from Peter Dalrymple dated September 7, 2018 (Incorporated by reference from Form 10-Q filed with the SEC on November 13, 2018) *
10.8	Financing Agreement and Amended and Restated Secured Promissory Note with Peter Dalrymple dated September 5, 2018 (Incorporated by reference from Form 10-Q filed with the SEC on November 13, 2018) *
10.9	Amended and Restated Promissory Note with Wells Fargo Bank dated September 30, 2019 (Incorporated by reference from Form 10-Q filed with the SEC on November 14, 2019) *
10.10	Amended and Restated Security Agreement from Peter Dalrymple dated September 30, 2019 (Incorporated by reference from Form 10-Q filed with the SEC on November 14, 2019) *
10.11	Amended and Restated Continuing Guaranty from Peter Dalrymple dated September 30, 2019 (Incorporated by reference from Form 10-Q filed with the SEC on November 14, 2019) *

21.1	Subsidiaries
31.1	Certification of principal executive officer required by Rule 13a – 14(1) or Rule 15d – 14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of principal financial officer required by Rule 13a – 14(1) or Rule 15d – 14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of principal executive officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and Section 1350 of 18 U.S.C. 63.
32.2	Certification of principal financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and Section 1350 of 18 U.S.C. 63.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definitions Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* Incorporated by reference from our previous filings with the SEC

SIGNATURES

In accordance with the requirements of Section 13 of 15(d) of the Exchange Act, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 30, 2020.

Spine Injury Solutions, Inc.

/s/ William F. Donovan, M.D.
By: William F. Donovan, M.D.
Chief Executive Officer

Pursuant to the requirements of the Exchange Act, this report has been signed below by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
/s/ William F. Donovan, M.D. William F. Donovan, M.D.	Chief Executive Officer (Principal Executive Officer), President and Director	March 30, 2020
/s/ John Bergeron John Bergeron	Chief Financial Officer (Principal Financial and Accounting Officer) and Director	March 30, 2020
/s/ Jerry Bratton Jerry Bratton	Director	March 30, 2020
/s/ Jeffrey Cronk, D.C. Jeffrey Cronk, D.C.	Director	March 30, 2020
/s/ Peter Dalrymple Peter Dalrymple	Director	March 30, 2020