

ASURE SOFTWARE INC
Form 10-Q
August 14, 2017

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2017

OR

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

For the transition period from _____ to _____

Commission file number: 0-20008

ASURE SOFTWARE, INC.

(Exact Name of Registrant as Specified in its Charter)

<u>Delaware</u>	<u>74-2415696</u>
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

110 Wild Basin Road, Suite 100	
<u>Austin, Texas</u>	<u>78746</u>
(Address of Principal Executive Offices)	(Zip Code)

(512) 437-2700
(Registrant's Telephone Number, including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

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 provide 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

As of August 11, 2017, the registrant had outstanding 12,421,196 shares of its Common Stock, \$0.01 par value.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ASURE SOFTWARE, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Amounts in thousands)

	June 30, 2017 (Unaudited)	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 30,419	\$ 12,767
Accounts and note receivable, net of allowance for doubtful accounts of \$495 and \$338 at June 30, 2017 and December 31, 2016, respectively	13,050	8,108
Inventory	491	487
Prepaid expenses and other current assets	2,273	1,256
Total current assets before funds held for clients	46,233	22,618
Funds held for clients	28,427	22,981
Total current assets	74,660	45,599
Restricted cash	200	-
Property and equipment, net	3,065	1,878
Goodwill	75,510	26,259
Intangible assets, net	34,576	12,048
Other assets	477	39
Total assets	\$ 188,488	\$ 85,823
Liabilities and stockholders' equity		
Current liabilities:		
Current portion of notes payable, net of debt issuance cost and debt discount	\$ 8,094	\$ 5,455
Accounts payable	1,892	1,576
Accrued compensation and benefits	1,929	1,192
Other accrued liabilities	2,051	936
Deferred revenue	11,029	9,252
Total current liabilities before client fund obligations	24,995	18,411
Client fund obligations	28,427	22,981
Total current liabilities	53,422	41,392
Long-term liabilities:		
Deferred revenue	1,408	769
Notes payable, net of current portion of debt issuance cost and debt discount	68,239	24,581
Other liabilities	161	835
Total long-term liabilities	69,808	26,185
Total liabilities	123,230	67,577
Stockholders' equity:		
Preferred stock, \$.01 par value; 1,500 shares authorized; none issued or outstanding	-	-
Common stock, \$.01 par value; 22,000 shares authorized; 12,754 and 8,901 shares issued, 12,370 and 8,517 shares outstanding at June 30, 2017 and December 31, 2016, respectively	128	89
Treasury stock at cost, 384 shares at June 30, 2017 and December 31, 2016	(5,017)	(5,017)
Additional paid-in capital	344,970	295,044

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Accumulated deficit	(274,771)	(271,875)
Accumulated other comprehensive income (loss)	(52)	5
Total stockholders' equity	65,258	18,246
Total liabilities and stockholders' equity	\$ 188,488	\$ 85,823

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

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ASURE SOFTWARE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Amounts in thousands, except share and per share data)

(Unaudited)

	FOR THE THREE MONTHS ENDED June 30, 2017		FOR THE SIX MONTHS ENDED June 30, 2016	
Revenues:				
Cloud revenue	\$8,826	\$5,389	\$16,662	\$9,251
Hardware revenue	1,560	1,275	2,648	1,968
Maintenance and support revenue	1,165	1,192	2,098	2,431
On premise software license revenue	281	458	450	598
Professional services revenue	1,048	1,350	1,749	2,138
Total revenues	12,880	9,664	23,607	16,386
Cost of sales	2,826	2,176	5,264	3,906
Gross margin	10,054	7,488		