

CERNER CORP /MO/  
Form 10-Q  
July 25, 2014  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: June 28, 2014

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: 0-15386

CERNER CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

2800 Rockcreek Parkway

North Kansas City, MO

(Address of principal executive offices)

(816) 201-1024

(Registrant's telephone number, including area code)

43-1196944

(I.R.S. Employer Identification  
Number)

64117

(Zip 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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

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

Yes  No

Indicate the number of shares outstanding of the issuer's classes of common stock, as of the latest practicable date.

Class

Outstanding at July 18, 2014

Common Stock, \$0.01 par value per share

341,053,734 shares

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CERNER CORPORATION

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## Part I. Financial Information

## Item 1. Financial Statements

CERNER CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

As of June 28, 2014 (unaudited) and December 28, 2013

(In thousands, except share data)

	2014	2013
Assets		
Current assets:		
Cash and cash equivalents	\$315,260	\$202,377
Short-term investments	673,532	677,004
Receivables, net	614,930	582,926
Inventory	31,710	32,299
Prepaid expenses and other	175,074	175,488
Deferred income taxes, net	92,763	91,614
Total current assets	1,903,269	1,761,708
Property and equipment, net	863,684	792,781
Software development costs, net	384,813	347,077
Goodwill	324,108	307,422
Intangible assets, net	137,069	144,132
Long-term investments	478,963	554,873
Other assets	173,369	190,371
Total assets	\$4,265,275	\$4,098,364
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$148,854	\$145,019
Current installments of long-term debt and capital lease obligations	59,287	54,107
Deferred revenue	228,166	209,746
Accrued payroll and tax withholdings	141,160	147,986
Other accrued expenses	95,055	83,574
Total current liabilities	672,522	640,432
Long-term debt and capital lease obligations	96,084	111,717
Deferred income taxes and other liabilities	229,083	170,392
Deferred revenue	7,817	8,159
Total liabilities	1,005,506	930,700
Shareholders' Equity:		
Common stock, \$.01 par value, 500,000,000 shares authorized, 345,664,766 shares issued at June 28, 2014 and 344,338,030 shares issued at December 28, 2013	3,457	3,443
Additional paid-in capital	865,386	812,853
Retained earnings	2,641,607	2,393,048
	(245,333 )	(28,251 )

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Treasury stock, 4,652,515 shares at June 28, 2014 and 570,616 shares at December 28, 2013

Accumulated other comprehensive loss, net	(5,348	)	(13,429	)
Total shareholders' equity	3,259,769		3,167,664	
Total liabilities and shareholders' equity	\$4,265,275		\$4,098,364	

See notes to condensed consolidated financial statements (unaudited).

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CERNER CORPORATION AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
 For the three and six months ended June 28, 2014 and June 29, 2013  
 (unaudited)

(In thousands, except per share data)	Three Months Ended		Six Months Ended	
	2014	2013	2014	2013
Revenues:				
System sales	\$234,563	\$200,503	\$441,250	\$399,405
Support, maintenance and services	588,167	486,647	1,145,596	953,203
Reimbursed travel	29,032	20,411	49,677	34,982
Total revenues	851,762	707,561	1,636,523	1,387,590
Costs and expenses:				
Cost of system sales	81,306	71,708	146,419	153,191
Cost of support, maintenance and services	52,031	33,681	95,372	64,856
Cost of reimbursed travel	29,032	20,411		