

ASURE SOFTWARE INC  
Form 10-Q  
August 12, 2015

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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, 2015

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)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

74-2415696  
(I.R.S. Employer  
Identification No.)

110 Wild Basin Road, Suite 100  
Austin, Texas  
(Address of Principal Executive Offices)

78746  
(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, or a smaller reporting company (as defined 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

As of August 11, 2015, the registrant had outstanding 6,289,646 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)  
(Unaudited)

	June 30, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 213	\$ 320
Accounts receivable, net of allowance for doubtful accounts of \$128 and \$120 at June 30, 2015 and December 31, 2014, respectively	5,159	5,295
Inventory	313	170
Prepaid expenses and other current assets	1,516	1,303
Total current assets	7,201	7,088
Property and equipment, net	2,188	1,539
Goodwill	17,441	17,500
Intangible assets, net	7,096	8,322
Other assets	803	19
Total assets	\$ 34,729	\$ 34,468
Liabilities and stockholders' equity		
Current liabilities:		
Current portion of notes payable	\$ 844	\$ 750
Accounts payable	2,124	1,533
Accrued compensation and benefits	239	350
Other accrued liabilities	989	1,128
Deferred revenue	10,409	10,641
Total current liabilities	14,605	14,402
Long-term liabilities:		
Deferred revenue	833	475
Notes payable	13,928	14,381
Other liabilities	631	739
Total long-term liabilities	15,392	15,595
Stockholders' equity:		
Preferred stock, \$.01 par value; 1,500 shares authorized; none issued or outstanding	-	-
Common stock, \$.01 par value; 11,000 shares authorized; 6,674 and 6,434 shares issued, 6,290 and 6,050 shares outstanding at June 30, 2015 and December 31, 2014, respectively	67	64
Treasury stock at cost, 384 shares at June 30, 2015 and December 31, 2014	(5,017)	(5,017)
Additional paid-in capital	279,337	278,656
Accumulated deficit	(269,534)	(269,146)
Accumulated other comprehensive loss	(121)	(86)
Total stockholders' equity	4,732	4,471
Total liabilities and stockholders' equity	\$ 34,729	\$ 34,468

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

	FOR THE THREE MONTHS ENDED June 30,		FOR THE SIX MONTHS ENDED June 30,	
	2015	2014	2015	2014
Revenues	\$ 7,159	\$ 6,548	\$ 13,491	\$ 13,075
Cost of sales	1,879	1,373	3,531	2,931
Gross margin	5,280	5,175	9,960	10,144
<b>Operating expenses</b>				
Selling, general and administrative	3,612	3,495	7,061	6,857
Research and development	743	855	1,481	1,576
Amortization of intangible assets	504	497	1,009	994
Total operating expenses	4,859	4,847	9,551	9,427
Income from operations	421	328	409	717
<b>Other income (loss)</b>				
Loss on lease termination	-	-	(110)	-
Gain on settlement of note payable and litigation	-	-	-	1,034
Loss on debt refinancing	-	-	-	(1,402)
Foreign currency translation gain (loss)	3	(10)	(8)	(12)
Interest expense and other	(279)	(264)	(561)	(721)
Interest expense- amortization of original issue discount (OID)	(8)	(4)	(16)	(54)
Total other loss, net	(284)	(278)	(695)	(1,155)
Income (loss) from operations before income taxes	137	50	(286)	(438)
Income tax provision	(42)	(35)	(102)	(77)
Net income (loss)	\$ 95	\$ 15	\$ (388)	\$ (515)
<b>Other comprehensive income (loss):</b>				
Foreign currency loss	(41)	(10)	(35)	(18)
Other comprehensive income (loss)	\$ 54	\$ 5	\$ (423)	\$ (533)
<b>Basic and diluted net income (loss) per share</b>				
Basic	\$ 0.02	\$ 0.00	\$ (0.06)	\$ (0.09)
Diluted	\$ 0.02	\$ 0.00	\$ (0.06)	\$ (0.09)
<b>Weighted average basic and diluted shares</b>				
Basic	6,066,000	5,979,000	6,061,000	5,975,000
Diluted	6,231,000	6,364,000	6,061,000	5,975,000

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



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ASURE SOFTWARE, INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 (Amounts in thousands)  
 (Unaudited)

	FOR THE SIX MONTHS ENDED JUNE 30,	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (388)	\$ (515)
Adjustments to reconcile net loss to net cash provided by operations:		
Depreciation and amortization	1,553	1,367
Provision for doubtful accounts	40	-
Share-based compensation	98	81
Gain on settlement of note payable and litigation	-	(1,034)
Loss on debt refinancing	-	1,402
Other	26	54
Changes in operating assets and liabilities:		
Restricted cash	-	250
Accounts receivable	96	474
Inventory	(143)	(183)
Prepaid expenses and other assets	(922)	(15)
Accounts payable	572	(264)
Accrued expenses and other long-term obligations		