

COMPUTER SOFTWARE INNOVATIONS INC

Form 424B3

June 27, 2007

**PROSPECTUS SUPPLEMENT NO. 3**

To Prospectus dated May 14, 2007

**Filed Pursuant to Rule 424(b)(3)**

**Registration No. 333-129842**

## **Computer Software Innovations, Inc.**

**14,435,472 SHARES OF COMMON STOCK**

This Prospectus Supplement supplements the Prospectus dated May 14, 2007, as amended and supplemented, relating to the offer and sale by the selling stockholder identified in the Prospectus of up to 14,435,472 shares of common stock of Computer Software Innovations, Inc. (the Company ).

This Prospectus Supplement includes the Company's Form 8-K filed with the Securities and Exchange Commission on June 27, 2007.

The information contained in the report included in this Prospectus Supplement is dated as of the period of such report. This Prospectus Supplement should be read in conjunction with the Prospectus dated May 14, 2007, as supplemented on May 25, 2007 and June 1, 2007, which supplements are to be delivered with this Prospectus Supplement. This Prospectus Supplement is qualified by reference to the Prospectus except to the extent that the information in this Prospectus Supplement updates and supersedes the information contained in the Prospectus dated May 14, 2007, including any supplements or amendments thereto.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement No. 3 is June 27, 2007.

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, DC 20549**

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the**  
**Securities Exchange Act of 1934**

**Date of report (Date of earliest event reported) June 27, 2007**

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**COMPUTER SOFTWARE**  
**INNOVATIONS, INC.**

**(Exact Name of Registrant as Specified in Charter)**

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**Delaware**

**(State or other jurisdiction of incorporation)**

**000-51758**  
**(Commission File Number)**

**98-0216911**  
**(IRS Employer Identification No.)**

**900 East Main Street, Suite T, Easley, South Carolina**  
**(Address of principal executive offices)**

**29640**  
**(Zip Code)**

**(864) 855-3900**

**(Registrant's telephone number, including area code)**

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(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  
  - .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  
  - .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  
  - .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

**Item 7.01. Regulation FD Disclosure.**

Computer Software Innovations, Inc. (the Company ) is furnishing as Exhibit 99.1 a PowerPoint presentation to be presented in meetings with various interested persons. The presentation contains certain forward-looking financial information concerning the Company.

**Item 9.01. Financial Statements and Exhibits.**

(c) Exhibits.

The following exhibit is furnished as part of this report:

<b>Exhibit Number</b>	<b>Description</b>
Exhibit 99.1	PowerPoint Presentation (June 27, 2007)

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

COMPUTER SOFTWARE INNOVATIONS, INC.

By: /s/ David B. Dechant  
Name: David B. Dechant  
Title: Chief Financial Officer

Date: June 27, 2007

**EXHIBIT INDEX**

<b>Exhibit Number</b>	<b>Description</b>
Exhibit 99.1	PowerPoint Presentation (June 27, 2007)

Computer Software Innovations, Inc.  
OTCBB: CSWI.OB  
June 2007  
Distribution  
Exhibit 99.1

Safe Harbor  
This presentation  
contains  
forward-looking  
statements

that  
is,  
statements



related  
to future, not past, events. In this context, forward looking statements often address  
our expected future business and financial performance, and often contain words such  
as may,  
could,  
should,  
expect,  
believe,  
seek,  
estimate,  
predict,  
or  
project.

Forward-looking statements by their nature address matters that are, to  
different degrees, uncertain. For us, particular uncertainties arise from the economic  
health  
of  
the  
software  
and  
technology  
industry,  
demand  
for  
CSI s  
products  
and engineering services, competitive pricing pressures and the availability of  
necessary financing.

In  
addition,  
other  
risks  
are  
more  
fully  
described  
in  
CSI s  
2006

Form 10-KSB and other filings with the Securities and Exchange Commission. These  
uncertainties may cause our actual results to be materially different from those  
expressed in our forward-looking statements. We do not undertake to update our  
forward-looking statements.

## Highlights

### Horizontal Growth

Business Model Easily Scalable and Replicable to Other Regions

\$28M business in 3 State Territory, Expanded to projected \$38M to \$40M+ business in 8 State Territory following January 2007 Acquisition (est. for year ending 2007).

Competitive Proprietary Software

### Vertical Growth

Loyal Customer Base

Software Client Retention Rate > 90%

Additional Technology Solution Sell-Through

### Financial Strengths

Strong Gross Margins (Software = 47.2% Technology = 13.9%)

Recurring Revenues

Public Sector  
Good Collection History & Ongoing Technology Budgets  
Historically profitable up to Going Public  
(2005). Projected return to  
profitability in  
2007  
primarily  
as  
costs  
related  
to  
going  
public  
normalize.  
(Q2 '07 est. >\$12M and profitable.)

#### Company Overview

Computer Software Innovations, Inc. (OTCBB:CSWI), CSI: Technology Outfitters, is a full service company providing software and technology solutions primarily to public sector organizations.

The software solutions include financial management, billing and revenue

management, school activity accounting, lesson planning and automated workflow.

The technology solutions include IP telephony, IP video surveillance, visual communications, interactive classrooms, network security and traffic monitoring, infrastructure design, wireless solutions, network management, engineering services, disaster recovery and hardware solutions.

CSI's client base includes school districts, higher education, municipalities,

county governments, and other non-profit organizations. Currently, more than 600 public sector organizations utilize CSI's software systems and network integration services.

Company History  
Founded in 1989 in Easley, SC  
Financial Management  
Software

1989  
Released CSI  
*Accounting+Plus*  
(Microsoft  
Windows  
platform)

-

1999

Released SmartFusion (Microsoft.Net/SQL platform) 2007

Technology Division added in 1999

Computer &

Network

Hardware

1999

IP Telephony

2001

IP Surveillance

2003

Interactive

Whiteboards

2003

Classroom

Audio

Augmentation

2004

Network Security

2005

Storage

and

Disaster

Recovery

2006

Reverse merger in 2005 created publicly traded CSWI

Acquisition of McAleer Computer Associates

Jan, 2007

Select Financials

Current Market Cap: \$3.57 Million

Management/Board Ownership

2.17 Million Shares or 61% of

Common outstanding; 20%

outstanding shares (common &

preferred)

Common Shares Outstanding: 3.54 M



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F/D Shares Outstanding: 14.5 M

Full Potential Diluted: 17.9 M

Estimated Public Float 320K

Summary of Capitalization

\$5.7M

Total Current

Assets

\$35.36M

2006 Revenues

(trailing twelve months)

Key Statistics as of 3/31/07 (except share price data)

\$1.01

Current Share

Price (06/21/07)

December 31

Fiscal Year Ends

\$8.0M (w/sub debt)

\$4.8M (w/o sub debt)

Total Debt

\$.75 -

\$1.80

52 Week Trading Range

(thru 6/21/07):

\$12.5M

Total Assets

\$11.65M

3 Mos

2007 Revenues

Senior Management Team

Management Ownership = 59% outstanding common shares; 19% outstanding shares (common & preferred)

Nancy K. Hedrick  
CEO & President

27 Yrs in IT Field

President of CSI since 1989

Thomas P. Clinton  
Sr. Vice President of Strategic Partnerships

22 Yrs in IT Field

(including The Computer Group & IKON)

VP at CSI since 1999

David Dechant, CPA  
Chief Financial Officer

22 Yrs in Finance

(including Conso  
Int'l Corp & Warner-Lambert)

CFO at CSI since 2005

Beverly N. Hawkins  
Sr. Vice President of Product Development

21 Yrs in IT Field

VP of CSI since 1989

William J. Buchanan  
Sr. Vice President of Delivery & Support

22 Yrs in IT Field

(including The Computer Group & IKON)

VP at CSI since 1999

Company Awards and Recognitions

2004, 2005, 2006 & 2007 VAR Business 500

2005 Government VAR 100

2004 VAR Business 50 Fastest Growing Technology Companies

2004 VAR Business Technology Innovator Award-Application Development

2003 CRN Top 5 Rising Stars

2002, 2003, 2004 SC Fastest Growing Companies Award

2003 Ingram Micro National Fastest Growing K-12 Sector

2002 Ingram Micro Southeast Region Fastest Growing K-12 Sector

Horizontal Growth  
Expansion with January, 2007 Acquisition

County Government

3,100 County Governments  
Municipal/City Government

36,000 Municipalities/City  
Governments  
School Districts

14,000 School Districts  
Horizontal Growth -  
US Target Markets

1  
2

3

1. Per U.S. Dept of Census
2. Per National League of Cities
3. Per National Center for Education Statistics

Horizontal Growth -  
Organic & Acquisition Strategy  
Replicate business model into other  
regions with CSI sales force or  
through acquisition  
Target companies with  
complimentary products and/or  
complimentary footprint

Horizontal Growth -  
Competitive Proprietary Software  
Products  
-  
Accounting+*Plus*/Smart Fusion/NextGen  
-  
28 Different Modules  
-  
Curriculator  
Our People -  
Our Experience:  
-  
Financial Management Software Expertise  
-



K12 and Local Government Experience

Competitive with Nationally Marketed

Products

Software Client Retention >90%

An outfitter's job is to equip the person or organization with the tools to become successful.

Ledger

Budget

Preparation

Audit

Reporting

Claims

Reimburse-  
ment

Purchasing

Accounts

Payable

Inventory

Fixed Assets

Accounts

Receivable

Check

Reconciliation

Payroll

Insurance &

Benefits

Absent

Employee

Personnel

Cost

Allocation

Hospitality

Fees

Business

License

Construction

Permits

Cash

Collections

Cash

Drawer

Interface

Utility Billing

Property Tax

Collection

Handheld

Interface

Utility

Billing Work

Orders

Available

Subs  
Applicant  
Tracking  
Warehouse  
Requisitions  
Food Service  
Reporting

Vertical Growth

-

The

Total **Technology Solution Outfitters**

Vertical Growth -  
Technology Solutions  
Interactive Classroom Technologies  
Interactive Whiteboards  
Interactive Assessment and Selection Device  
Classroom Audio Augmentation  
Consulting Services  
Project Management  
Deployment Services  
Network Services and Converged Technologies

Analysis

Design

Integration

Implementation

Support Services

Hardware

Network

Convergence

Certified Reseller for Cisco, HP and other major vendors

Financial Strengths

Strong Gross Margins

Software = 47.2%

Technology = 13.9%

Recurring Revenue

Approximately 50% of Software Revenues

Increased Emphasis on Technology Support Contracts

Advantages of Public Sector Focus

Good Collection History

Little bad debt write-offs

Ongoing Technology Budgets

(\$2,449)  
(\$430)  
\$285  
Net income (loss)  
\$1,390  
\$3,085  
\$957

\$376  
 Reverse Merger, Acquisition  
 & Compliance Related Costs  
 Warrant Loss  
 (\$1,050)  
 (\$527)  
 \$580  
 Operating income (loss)  
 \$1,158  
 \$1,504  
 \$2,533  
 Gross profit  
 \$4,092  
 \$4,842  
 \$11,652  
 Net sales  
 Quarter Ending  
 03-31-06  
 Quarter Ending  
 03-31-07  
 Quarter Ending  
 03-31-05  
 Income Statement Data  
 (in thousands)  
 \$3,750  
 \$2,642  
 \$4,837  
 Total Interest Bearing Debt  
 (\$7,667)  
 (\$340)  
 \$273  
 Stockholder s Equity (Deficit)  
 \$14,623  
 \$6,703  
 \$12,269  
 Total Liabilities  
 \$12,373  
 \$6,387  
 \$11,261  
 Current Liabilities  
 \$6,956  
 \$6,632  
 \$12,542  
 Total Assets  
 \$5,906  
 \$4,624  
 \$5,697  
 Current Assets  
 Quarter Ending  
 03-31-06



Quarter Ending

03-31-07

Quarter Ending

03-31-05

Balance Sheet Data

(in thousands)

Historical Financials

(\$756)  
(\$880)  
\$285  
Net income (loss)  
\$2,371  
\$414  
\$1,703

\$329  
 \$376  
 Reverse Merger, Acquisition  
 & Compliance Related Costs  
 Warrant Loss  
 (\$186)  
 (\$243)  
 \$580  
 Operating income (loss)  
 \$6,546  
 \$6,373  
 \$2,533  
 Gross profit  
 \$24,287  
 \$28,554  
 \$11,652  
 Net sales  
 Year Ending  
 12-31-06  
 Quarter Ending  
 03-31-07  
 Year Ending  
 12-31-05  
 Income Statement Data  
 (in thousands)  
 \$3,951  
 \$2,565  
 \$4,837  
 Total Interest Bearing Debt  
 (\$525)  
 (\$104)  
 \$273  
 Stockholder's Equity (Deficit)  
 \$8,098  
 \$9,564  
 \$12,269  
 Total Liabilities  
 \$8,098  
 \$9,359  
 \$11,261  
 Current Liabilities  
 \$7,574  
 \$9,460  
 \$12,542  
 Total Assets  
 \$6,156  
 \$6,497  
 \$5,697  
 Current Assets  
 Year End

12-31-06

Quarter End

03-31-07

Year End

12-31-05

Balance Sheet Data

(in thousands)

Historical Financials

Key Highlights!

Diverse product offerings targeting schools, governments and small business

Representing

a

more

than

\$9B

Market

Opportunity

in

the

U.S.

Strong Horizontal Growth Potential

Business Model Easily Scalable and Replicable to Other Regions

\$28M

business

in

3

States

expanded

to

projected

07

\$38M

to

\$40M+

in

8

States

Model Easily Replicated for Rapid Territory Expansion

Market Competitive Proprietary Software Applications

Excellent Vertical Growth Opportunities

Loyal Customer Base

Software Client Retention Rate Greater than 90%

Additional Technology Solution Sell-Through

Leveraging Relationships for Cross Selling

Financial Strengths

Strong Gross Margins (Software = 47.2% Technology = 13.9%)

Recurring Revenue Model for Engineering Services and Software Updates

Public Sector = Good Collection History & Ongoing Technology Budgets

Historically profitable

up

to

Going

Public

(2005).

Projected

return

to

profitability

in

2007

primarily as costs related to going public normalize. (Q2 07 est.>\$12M and profitable.)

\*

\* per IDC, a subsidiary of International Data Group, Inc. (the parent company of IDG News Service)

Company Contact

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