

COMPUTER PROGRAMS & SYSTEMS INC

Form 10-Q

August 07, 2009

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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 30, 2009.

.. 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: 000-49796

COMPUTER PROGRAMS AND SYSTEMS, INC.

(Exact Name of Registrant as Specified in Its Charter)

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Delaware
(State or Other Jurisdiction of

74-3032373
(I.R.S. Employer

Incorporation or Organization)

Identification No.)

6600 Wall Street, Mobile, Alabama
(Address of Principal Executive Offices)

36695
(Zip Code)

(251) 639-8100

(Registrant's Telephone Number, Including Area Code)

N/A

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Sections 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 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 ☐

(Do not check if a 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 ☒

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As of August 6, 2009, there were 10,972,757 shares of the issuer's common stock outstanding.

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COMPUTER PROGRAMS AND SYSTEMS, INC.

Form 10-Q

(For the three and six months ended June 30, 2009)

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Table of Contents**PART I****FINANCIAL INFORMATION****Item 1. Financial Statements.****COMPUTER PROGRAMS AND SYSTEMS, INC.****BALANCE SHEETS**

	June 30, 2009 (Unaudited)	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,269,208	\$ 11,744,466
Investments	14,575,236	11,845,646
Accounts receivable, net of allowance for doubtful accounts of \$886,000 and \$628,000, respectively	14,945,810	15,600,865
Financing receivables, current portion	3,045,894	2,357,014
Inventories	1,836,974	1,374,302
Deferred tax assets	1,539,121	1,331,708
Prepaid income taxes	391,882	319,152
Prepaid expenses	532,071	501,265
Total current assets	46,136,196	45,074,418
Property and equipment		
Land	936,026	936,026
Maintenance equipment	3,616,585	3,442,925
Computer equipment	6,230,496	5,818,875
Office furniture and equipment	2,086,097	1,749,348
Automobiles	132,926	132,926
	13,002,130	12,080,100
Less accumulated depreciation	(8,159,903)	(7,267,069)
Net property and equipment	4,842,227	4,813,031
Financing receivables, net of current portion	3,108,867	2,979,639
Total assets	\$ 54,087,290	\$ 52,867,088
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,619,013	\$ 1,829,505
Deferred revenue	3,438,429	3,728,356
Accrued vacation	2,495,504	2,297,116
Other accrued liabilities	3,609,651	3,996,547
Total current liabilities	11,162,597	11,851,524
Deferred tax liabilities	501,710	456,394
Stockholders' equity:		
	10,973	10,894

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Common stock, par value \$0.001 per share; 30,000,000 shares authorized; 10,972,757 and 10,893,751 shares issued and outstanding

Additional paid-in capital	29,188,913	27,006,573
Accumulated other comprehensive income	38,747	56,715
Retained earnings	13,184,350	13,484,988

Total stockholders' equity	42,422,983	40,559,170
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Total liabilities and stockholders' equity	\$ 54,087,290	\$ 52,867,088
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See accompanying notes.

Table of Contents**COMPUTER PROGRAMS AND SYSTEMS, INC.****STATEMENTS OF INCOME (Unaudited)**

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Sales revenues:				
System sales	\$ 9,721,386	\$ 8,458,384	\$ 19,338,240	\$ 19,113,744
Support and maintenance	13,820,046	13,132,851	27,653,440	26,218,620
Business management services	7,305,856	6,160,287	13,991,358	11,936,426
Total sales revenues	30,847,288	27,751,522	60,983,038	57,268,790
Costs of sales:				
System sales	8,481,586	7,214,583	16,288,363	15,117,166
Support and maintenance	5,380,479	4,772,077	10,321,337	9,569,421
Business management services	4,357,789	3,639,456	8,239,664	7,224,874
Total costs of sales	18,219,854	15,626,116	34,849,364	31,911,461
Gross profit	12,627,434	12,125,406	26,133,674	25,357,329
Operating expenses:				
Sales and marketing	2,252,020	2,129,736	4,327,983	4,389,494
General and administrative	5,040,378	5,286,870	10,182,364	10,761,221
Total operating expenses	7,292,398	7,416,606	14,510,347	15,150,715
Operating income	5,335,036	4,708,800	11,623,327	10,206,614
Other income:				
Interest income	238,750	230,708	471,927	495,956
Total other income	238,750	230,708	471,927	495,956
Income before taxes	5,573,786	4,939,508	12,095,254	10,702,570
Income taxes	2,032,631	1,948,321	4,528,817	4,205,377
Net income	\$ 3,541,155	\$ 2,991,187	\$ 7,566,437	\$ 6,497,193
Net income per share - basic	\$ 0.32	\$ 0.28	\$ 0.69	\$ 0.60
Net income per share - diluted	\$ 0.32	\$ 0.28	\$ 0.69	\$ 0.60
Weighted average shares outstanding				
Basic	10,962,386	10,829,037	10,934,422	10,827,188
Diluted	10,962,386	10,843,081	10,937,285	10,845,072
Dividends declared per share	\$ 0.36	\$ 0.36	\$ 0.72	\$ 0.72

See accompanying notes.

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COMPUTER PROGRAMS AND SYSTEMS, INC.
STATEMENT OF STOCKHOLDERS EQUITY (Unaudited)

	Common Shares	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total Stockholders Equity
Balance at December 31, 2008	10,893,751	\$ 10,894	\$ 27,006,573	\$ 56,715	\$ 13,484,988	\$ 40,559,170
Net income					7,566,437	7,566,437
Issuance of common stock	79,006	79	1,303,520			1,303,599
Unrealized loss on available for sale investments, net of tax				(17,968)		(17,968)
Stock-based compensation			459,990			459,990
Dividends					(7,867,075)	(7,867,075)
Excess tax benefit from stock option exercises			418,830			418,830
Balance at June 30, 2009	10,972,757	\$ 10,973	\$ 29,188,913	\$ 38,747	\$ 13,184,350	\$ 42,422,983

See accompanying notes.

Table of Contents**COMPUTER PROGRAMS AND SYSTEMS, INC.****STATEMENTS OF CASH FLOWS (Unaudited)**

	Six months ended June 30,	
	2009	2008
Operating Activities		
Net income	\$ 7,566,437	\$ 6,497,193
Adjustments to net income:		
Provision for bad debt	304,344	1,237,271
Deferred taxes	(150,772)	(206,960)
Stock-based compensation	459,990	454,157
Excess tax benefit from stock option exercises	(418,830)	(11,813)
Income tax benefit from restricted stock dividends		(21,639)
Depreciation	892,834	964,805
Changes in operating assets and liabilities:		
Accounts receivable	350,711	(82,133)
Financing receivables	(818,108)	898,060
Inventories	(462,672)	(173,749)
Prepaid expenses	(30,806)	86,095
Accounts payable	(210,492)	(92,210)
Deferred revenue	(289,927)	390,496
Other liabilities	(188,508)	7,723
Income taxes payable	346,100	(432,799)
Net cash provided by operating activities	7,350,301	9,514,497
Investing Activities		
Purchases of property and equipment	(922,030)	(577,332)
Purchases of investments	(2,758,883)	