

PARK CITY GROUP INC
Form 10-Q
May 14, 2012

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

FORM 10-Q

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

For the quarterly period ended March 31, 2012.

- 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 000-03718

PARK CITY GROUP, INC.
(Exact name of small business issuer as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

37-1454128
(IRS Employer Identification No.)

3160 Pinebrook Road; Park
City, UT 84098
(Address of principal
executive offices)

(435) 645-2000
(Registrant's telephone
number)

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 and 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,

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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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

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

Yes No

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. Common Stock, \$0.01 par value: 11,909,586 shares as of May 14, 2012.

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Exhibit 32 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	
Signatures	

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PARK CITY GROUP, INC.
Consolidated Condensed Balance Sheets

	March 31, 2012 (unaudited)	June 30, 2011
Assets		
Current assets:		
Cash	\$ 631,132	\$ 2,618,229
Receivables, net of allowance of \$152,000 and \$15,581 at March 31, 2012 and June 30, 2011, respectively	1,426,229	2,059,773
Prepaid expenses and other current assets	215,712	265,818
Total current assets	2,273,073	4,943,820
Property and equipment, net	552,414	651,992
Other assets:		
Deposits and other assets	20,697	24,026
Customer relationships	2,868,230	3,184,967
Goodwill	4,805,933	4,805,933
Capitalized software costs, net	255,789	365,413
Total other assets	7,950,649	8,380,339
Total assets	\$ 10,776,136	\$ 13,976,151
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 507,108	\$ 790,914
Accrued liabilities	1,363,048	1,162,775
Deferred revenue	1,198,069	1,663,232
Capital lease obligations	56,372	107,547
Lines of credit	1,200,000	1,200,000
Notes payable	789,984	2,414,853
Total current liabilities	5,114,581	7,339,321
Long-term liabilities:		
Notes payable, less current portion	859,377	1,271,691
Capital lease obligations, less current portion	-	41,202
Total liabilities	5,973,958	8,652,214
Commitments and contingencies	-	-
Stockholders' equity:		
Series A Convertible Preferred Stock, \$0.01 par value, 30,000,000 shares authorized; 680,559 and 667,955 shares issued and outstanding at March 31, 2012 and June 30, 2011, respectively	6,806	6,680
	4,119	4,119

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Series B Convertible Preferred Stock, \$0.01 par value, 30,000,000 shares authorized; 411,927 shares issued and outstanding at March 31, 2012 and June 30, 2011, respectively

Common Stock, \$0.01 par value, 50,000,000 shares authorized; 11,862,031 and 11,612,460 shares issued and outstanding at March 31, 2012 and June 30, 2011, respectively

	118,620	116,125
Additional paid-in capital	36,998,069	36,088,584
Accumulated deficit	(32,325,436)	(30,891,571)
Total stockholders' equity	4,802,178	5,323,937
Total liabilities and stockholders' equity	\$ 10,776,136	\$ 13,976,151

See accompanying notes to consolidated condensed financial statements.

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PARK CITY GROUP, INC.
Consolidated Condensed Statements of Operations (unaudited)

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2012	2011	2012	2011
Revenues:				
Subscription	\$ 1,682,751	\$ 1,700,022	\$ 5,105,882	\$ 4,844,914
Maintenance	483,141	521,402	1,492,787	1,674,353
Professional services and other revenue	215,195	180,026	578,210	732,459
Software licenses	128,560	85,260	479,170	547,979
Total revenues	2,509,647	2,486,710	7,656,049	7,799,705
Operating expenses:				
Cost of services and product support	1,198,421	1,094,229	3,453,795	2,894,630
Sales and marketing	712,256	690,804	1,942,801	2,048,339
General and administrative	734,523	668,081	2,284,915	2,380,896
Depreciation and amortization	226,198	199,005	670,998	575,611
Total operating expenses	2,871,398	2,652,119	8,352,509	7,899,476
Income (loss) from operations	(361,751)	(165,409)	(696,460)	(99,771)
Other income (expense):				
Interest expense	(46,881)	(80,643)	(167,765)	(263,820)
Other gains	55,995	-	55,995	-
Income (loss) before income taxes	(352,637)	(246,052)	(808,230)	(363,591)
(Provision) benefit for income taxes	-	-	-	-
Net income (loss)	(352,637)	(246,052)	(808,230)	(363,591)
Dividends on preferred stock	(208,415)	(205,412)	(625,635)	(619,483)
Net income (loss) applicable to common shareholders	\$ (561,052)	\$ (451,464)	\$ (1,433,865)	\$ (983,074)
Weighted average shares, basic and diluted	11,838,000	11,325,000	11,733,000	11,136,000
Basic and diluted loss per share	\$ (0.05)	\$ (0.04)	\$ (0.12)	\$ (0.09)

See accompanying notes to consolidated condensed financial statements.

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PARK CITY GROUP, INC.
Consolidated Condensed Statements of Cash Flows (Unaudited)
For the Nine Months Ended March 31,

	2012	2011
Cash Flows From Operating Activities:		
Net income (loss)	\$ (808,230)	\$ (363,591)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	670,997	575,611
Bad debt expense	173,194	13,596
Stock compensation expense	811,171	653,211
Stock issued for litigation settlement	-	375,000
Other gains	(55,995)	-
Decrease (increase) in:		
Receivables	460,350	299,655
Prepays and other assets	53,435	(161,139)
(Decrease) increase in:		
Accounts payable	(227,811)	27,710
Accrued liabilities	31,559	(483,699)
Deferred revenue	(465,163)	(25,201)
Net cash provided by operating activities	643,507	911,153
Cash Flows From Investing Activities:		
Purchase of property and equipment	(145,058)	(43,904)
Capitalization of software costs	-	(197,051)
Net cash used in investing activities	(145,058)	(240,955)
Cash Flows From Financing Activities:		
Proceeds from issuance of notes	255,334	-
Proceeds from exercise of options and warrants	14,748	75,712
Proceeds from issuance of common stock	-	140,800
Dividends paid	(370,734)	(247,156)
Payments on notes payable and capital leases	(2,384,894)	(526,493)
Net cash used in financing activities	(2,485,546)	(557,137)
Net (decrease) increase in cash	(1,987,097)	113,061
Cash at beginning of period	2,618,229	1,157,431
Cash at end of period	\$ 631,132	\$ 1,270,492
Supplemental Disclosure of Cash Flow Information:		
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ 238,264	\$ 272,987
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		

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Common stock to pay accrued liabilities	\$	645,398	\$	604,274
Dividends accrued on preferred stock				