

CASTLIGHT HEALTH, INC.
Form 10-Q
May 10, 2016
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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, 2016

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: 001-36330
CASTLIGHT HEALTH, INC.
(Exact name of registrant as specified in its charter)

Delaware 26-1989091
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)

Two Rincon Center
121 Spear Street, Suite 300
San Francisco, CA 94105
(Address of principal executive offices)

(415) 829-1400
(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

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

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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 definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Non-accelerated filer

Large accelerated filer Accelerated filer (Do not check if a smaller reporting company)
reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of May 6, 2016, there were 54,504,065 shares of the Registrant's Class A common stock outstanding and 42,382,263 shares of the Registrant's Class B common stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CASTLIGHT HEALTH, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	As of	
	March 31,	December 31,
	2016	2015
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$35,111	\$ 19,150
Marketable securities	85,385	101,274
Accounts receivable, net	14,033	12,751
Deferred commissions	4,627	5,438
Prepaid expenses and other current assets	4,314	3,772
Total current assets	143,470	142,385
Property and equipment, net	6,612	6,896
Marketable securities, noncurrent	—	13,335
Restricted cash, noncurrent	1,000	1,000
Deferred commissions, noncurrent	4,861	4,923
Other assets	4,669	4,735
Total assets	\$160,612	\$ 173,274
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$4,105	\$ 3,384
Accrued expenses and other current liabilities	7,111	4,550
Accrued compensation	5,249	11,477
Deferred revenue	31,622	26,590
Total current liabilities	48,087	46,001
Deferred revenue, noncurrent	6,902	7,522
Other liabilities, noncurrent	1,761	1,397
Total liabilities	56,750	54,920
Commitments and contingencies		
Stockholders' equity:		
Class A common stock	6	6
Class B common stock	4	4
Additional paid-in capital	422,279	415,519
Accumulated other comprehensive income (loss)	24	(79)
Accumulated deficit	(318,451)	(297,096)
Total stockholders' equity	103,862	118,354
Total liabilities and stockholders' equity	\$160,612	\$ 173,274

See Notes to Condensed Consolidated Financial Statements.

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CASTLIGHT HEALTH, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (In thousands, except per share data)
 (unaudited)

	Three Months Ended March 31,	
	2016	2015
Revenue:		
Subscription	\$21,037	\$14,906
Professional services	1,680	1,045
Total revenue	22,717	15,951
Cost of revenue:		
Cost of subscription (1)	4,136	2,519
Cost of professional services (1)	5,113	4,653
Total cost of revenue	9,249	7,172
Gross profit	13,468	8,779
Operating expenses:		
Sales and marketing (1)	16,282	16,463
Research and development (1)	10,085	6,594
General and administrative (1)	8,545	5,463
Total operating expenses	34,912	28,520
Operating loss	(21,444)	(19,741)
Other income, net	89	98
Net loss	\$(21,355)	\$(19,643)
Net loss per Class A and B share, basic and diluted	\$(0.22)	\$(0.21)
Weighted-average shares used to compute basic and diluted net loss per Class A and B share	96,291	91,786

(1) Includes stock-based compensation expense as follows:

	Three Months Ended March 31, 2016 2015	
Cost of revenue:		
Cost of subscription	\$108	\$33
Cost of professional services	477	425
Sales and marketing	2,235	1,751
Research and development	1,405	633
General and administrative	1,269	1,027

See Notes to Condensed Consolidated Financial Statements.

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CASTLIGHT HEALTH, INC		
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS		
(In thousands)		
(unaudited)		
	Three Months Ended	
	March 31,	
	2016	2015
Net loss	\$(21,355)	\$(19,643)
Other comprehensive income:		