

CPI AEROSTRUCTURES INC

Form 10-Q

May 09, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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

Commission File Number 1-11398

CPI AEROSTRUCTURES, INC.
(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction
of incorporation or organization)

11-2520310
(IRS Employer Identification Number)

91 Heartland Blvd., Edgewood, NY
(Address of principal executive offices)

11717
(zip code)

(631) 586-5200
(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 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 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

As of May 7, 2012, the number of shares of common stock, par value \$.001 per share, outstanding was 7,007,719.

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CPI AEROSTRUCTURES, INC.

Part I - Financial Information

Item 1 – Financial Statements

CONDENSED BALANCE SHEETS

| | March 31, 2012 (Unaudited) | December 31, 2011 (Note 1) |
|--|-------------------------------------|----------------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash | \$530,578 | \$878,200 |
| Accounts receivable, net | 8,209,188 | 4,285,570 |
| Costs and estimated earnings in excess of billings on uncompleted Contracts | 82,583,986 | 79,010,362 |
| Deferred income taxes | 257,000 | 257,000 |
| Prepaid expenses and other current assets | 450,452 | 662,326 |
| Total current assets | 92,031,204 | 85,093,458 |
| Plant and equipment, net | 2,990,250 | 2,629,569 |
| Deferred income taxes | 1,155,000 | 1,105,000 |
| Other assets | 108,080 | 112,080 |
| Total Assets | \$96,284,534 | \$88,940,107 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Accounts payable | \$11,721,567 | \$11,998,244 |
| Accrued expenses | 211,373 | 994,398 |
| Current portion of long-term debt | 1,694,480 | 887,380 |
| Line of credit | 17,600,000 | 16,100,000 |
| Income tax payable | 2,630,000 | 2,802,000 |
| Deferred income taxes | 125,000 | 125,000 |
| Total current liabilities | 33,982,420 | 32,907,022 |
| Long-term debt, net of current portion | 4,351,306 | 889,239 |
| Deferred income taxes | 660,000 | 660,000 |
| Other liabilities | 518,597 | 457,639 |
| Total Liabilities | 39,512,323 | 34,913,900 |
| Shareholders' Equity: | | |
| Common stock - \$.001 par value; authorized 50,000,000 shares, issued 7,007,719 and 7,079,638 shares, respectively, and outstanding 7,007,719 and 6,946,381 shares, respectively | 7,008 | 7,080 |
| Additional paid-in capital | 35,058,081 | 35,346,273 |
| Retained earnings | 21,754,172 | 19,834,852 |

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| | | |
|--|--------------|--------------|
| Accumulated other comprehensive loss | (47,050) | (21,772) |
| Treasury stock, 0 and 133,257 shares, respectively (at cost) | ---- | (1,140,226) |
| Total Shareholders' Equity | 56,772,211 | 54,026,207 |
| Total Liabilities and Shareholders' Equity | \$96,284,534 | \$88,940,107 |

See Notes to Condensed Financial Statements

CPI AEROSTRUCTURES, INC.

CONDENSED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

| For the Three Months Ended March 31, | | |
|---|--------------|--------------|
| | 2012 | 2011 |
| | (Unaudited) | (Unaudited) |
| Revenue | \$19,721,095 | \$16,009,608 |
| Cost of sales | 14,756,709 | 12,159,504 |
| Gross profit | 4,964,386 | 3,850,104 |
| Selling, general and administrative expenses | 2,104,881 | 1,800,422 |
| Income from operations | 2,859,505 | 2,049,682 |
| Interest expense | 149,185 | 37,632 |
| Income before provision for income taxes | 2,710,320 | 2,012,050 |
| Provision for income taxes | 791,000 | 644,000 |
| Net income | 1,919,320 | 1,368,050 |
| Other comprehensive income (loss), net of tax | | |
| Change in unrealized loss – interest rate swap | (25,278) | 7,736 |
| Comprehensive Income | \$1,894,042 | \$1,375,786 |
| Income per common share – basic | \$0.28 | \$0.20 |
| Income per common share – diluted | \$0.27 | \$0.19 |
| Shares used in computing income per common share: | | |
| Basic | 6,952,910 | 6,795,229 |
| Diluted | 7,228,061 | 7,193,073 |

See Notes to Condensed Financial Statements

CPI AEROSTRUCTURES, INC

CONDENSED STATEMENTS OF SHAREHOLDERS' EQUITY

| | Common Stock Shares | Amount | Additional Paid-in Capital | Retained Earnings | Treasury Stock | Accumulated Other Comprehensive Loss | Total Shareholders' Equity |
|---|---------------------------|----------|----------------------------------|----------------------|-------------------|---|----------------------------------|
| Balance at January 1, 2011 | 6,911,570 | \$ 6,912 | \$ 33,272,237 | \$ 12,417,924 | \$ (981,226) | \$ (45,404) | \$ 44,670,443 |
| Net Income | ---- | ---- | ---- | 1,368,050 | ---- | ---- | 1,368,050 |
| Change in unrealized loss from interest rate swap | ---- | ---- | ---- | ---- | ---- | 7,736 | 7,736 |
| Common stock issued upon exercise of options | 35,000 | 35 | 278,215 | ---- | ---- | ---- | 278,250 |
| Stock compensation expense | ---- | ---- | 286,806 | ---- | ---- | ---- | 286,806 |
| Treasury stock acquired | ---- | ---- | ---- | ---- | (159,000) | ---- | |