

COMPUTER PROGRAMS & SYSTEMS INC

Form 10-Q

August 09, 2010

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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, 2010.

.. 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)

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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 August 6, 2010, there were 10,962,874 shares of the issuer's common stock outstanding.

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(For the three and six months ended June 30, 2010)

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	June 30, 2010 (Unaudited)	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,674,301	\$ 4,386,763
Investments	13,336,295	13,243,118
Accounts receivable, net of allowance for doubtful accounts of \$865,000 and \$759,000, respectively	21,280,165	19,472,642
Financing receivables, current portion	3,524,477	3,767,613
Inventories	2,108,558	1,703,668
Deferred tax assets	1,894,009	1,526,605
Prepaid income taxes	76,709	867,825
Prepaid expenses	672,417	705,481
Total current assets	44,566,931	45,673,715
Property and equipment		
Land	936,026	936,026
Maintenance equipment	4,057,360	3,819,469
Computer equipment	7,584,599	6,687,155
Office furniture and equipment	4,996,087	2,479,587
Automobiles	158,042	132,926
	17,732,114	14,055,163
Less accumulated depreciation	(10,052,165)	(9,039,396)
Net property and equipment	7,679,949	5,015,767
Financing receivables, net of current portion	4,335,101	3,761,239
Total assets	\$ 56,581,981	\$ 54,450,721
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	\$ 1,105,536	\$ 2,212,085
Deferred revenue	4,965,227	3,582,870
Accrued vacation	2,870,329	2,606,043
Other accrued liabilities	4,389,386	2,846,349
Total current liabilities	13,330,478	11,247,347
Deferred tax liabilities	851,209	512,103
Stockholders equity:		
Common stock, par value \$0.001 per share; 30,000,000 shares authorized; 10,962,874 and 10,972,757 shares issued and outstanding	10,963	10,973

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Additional paid-in capital	30,118,577	29,679,385
Accumulated other comprehensive income	85,760	100,103
Retained earnings	12,184,994	12,900,810
Total stockholders' equity	42,400,294	42,691,271
Total liabilities and stockholders' equity	\$ 56,581,981	\$ 54,450,721

See accompanying notes.

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	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Sales revenues:				
System sales	\$ 14,866,987	\$ 9,721,386	\$ 24,567,121	\$ 19,338,240
Support and maintenance	14,468,055	13,820,046	28,674,357	27,653,440
Business management services	8,378,107	7,305,856	16,013,118	13,991,358
Total sales revenues	37,713,149	30,847,288	69,254,596	60,983,038
Costs of sales:				
System sales	11,719,462	8,481,586	21,186,279	16,288,363
Support and maintenance	5,928,631	5,380,479	11,458,917	10,321,337
Business management services	4,380,225	4,357,789	8,815,147	8,239,664
Total costs of sales	22,028,318	18,219,854	41,460,343	34,849,364
Gross profit	15,684,831	12,627,434	27,794,253	26,133,674
Operating expenses:				
Sales and marketing	2,804,440	2,252,020	5,003,500	4,327,983
General and administrative	6,066,531	5,040,378	11,577,520	10,182,364
Total operating expenses	8,870,971	7,292,398	16,581,020	14,510,347
Operating income	6,813,860	5,335,036	11,213,233	11,623,327
Other income:				
Interest income	119,500	238,750	290,881	471,927
Total other income	119,500	238,750	290,881	471,927
Income before taxes	6,933,360	5,573,786	11,504,114	12,095,254
Income taxes	2,669,042	2,032,631	4,319,545	4,528,817
Net income	\$ 4,264,318	\$ 3,541,155	\$ 7,184,569	\$ 7,566,437
Net income per share - basic	\$ 0.39	\$ 0.32	\$ 0.66	\$ 0.69
Net income per share - diluted	\$ 0.39	\$ 0.32	\$ 0.66	\$ 0.69
Weighted average shares outstanding				
Basic	10,962,874	10,962,386	10,962,874	10,934,422
Diluted	10,962,874	10,962,386	10,962,874	10,937,285
Dividends declared per share	\$ 0.36	\$ 0.36	\$ 0.72	\$ 0.72

See accompanying notes.

Table of Contents**COMPUTER PROGRAMS AND SYSTEMS, INC.****CONDENSED 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, 2009	10,972,757	\$ 10,973	\$ 29,679,385	\$ 100,103	\$ 12,900,810	\$ 42,691,271
Net income					7,184,569	7,184,569
Forfeiture of restricted stock	(9,883)	(10)	10			
Unrealized loss on investments available for sale, net of tax				(14,343)		(14,343)
Stock-based compensation			430,827			430,827
Income tax benefit from dividends on restricted stock			8,355			8,355
Dividends					(7,900,385)	(7,900,385)
Balance at June 30, 2010	10,962,874	\$ 10,963	\$ 30,118,577	\$ 85,760	\$ 12,184,994	\$ 42,400,294

See accompanying notes.

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COMPUTER PROGRAMS AND SYSTEMS, INC.

CONDENSED STATEMENTS OF CASH FLOWS (Unaudited)

	Six months ended June 30,	
	2010	2009
Operating Activities		
Net income	\$ 7,184,569	\$ 7,566,437
Adjustments to net income:		