

Crexendo, Inc.
Form 10-Q
August 07, 2017

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2017

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 001-32277

Crexendo, Inc.
(Exact name of registrant as specified in its charter)

Nevada 87-0591719
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

1615 South 52nd Street, Tempe, AZ 85281
(Address of Principal Executive Offices) (Zip Code)

(602) 714-8500
(Registrant's telephone number, including area code)

(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 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

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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, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (check one).

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Yes No .

The number of shares outstanding of the registrant’s common stock as of July 31, 2017 was 13,830,556.

INDEX

PART I – FINANCIAL INFORMATION

Item 1.	Financial Statements	3
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	21
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	33
Item 4.	Controls and Procedures	33

PART II – OTHER INFORMATION

Item 1.	Legal Proceedings	33
Item 1A.	Risk Factors	33
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	33
Item 6.	Exhibits	34
	Signatures	35

PART I - FINANCIAL INFORMATION

Item 1.
Financial Statements.CREXENDO, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(In thousands, except par value and share data)
(unaudited)

	June 30, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$929	\$619
Restricted cash	100	100
Trade receivables, net of allowance for doubtful accounts of \$42 as of June 30, 2017 and \$34 as of December 31, 2016	404	346
Inventories	254	170
Equipment financing receivables	128	121
Prepaid expenses	629	686
Other current assets	8	8
Total current assets	2,452	2,050
Certificate of deposit	-	252
Long-term trade receivables, net of allowance for doubtful accounts of \$11 as of June 30, 2017 and \$13 as of December 31, 2016	36	43
Long-term equipment financing receivables	104	176
Property and equipment, net	12	18
Intangible assets, net	286	335
Goodwill	272	272
Long-term prepaid expenses	169	251
Other long-term assets	122	136
Total assets	\$3,453	\$3,533
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$162	\$116
Accrued expenses	853	997
Notes payable, current portion	127	66

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Income taxes payable	5	5
Deferred revenue, current portion	960	809
Total current liabilities	2,107	1,993
Deferred revenue, net of current portion	36	43
Notes payable, net of current portion	952	966
Other long-term liabilities	-	16
Total liabilities	3,095	3,018
Stockholders' equity:		
Preferred stock, par value \$0.001 per share - authorized 5,000,000 shares; none issued	—	—
Common stock, par value \$0.001 per share - authorized 25,000,000 shares, 13,830,556 shares issued and outstanding as of June 30, 2017 and 13,578,556 shares issued and	14	14
Additional paid-in capital	59,383	58,716
Accumulated deficit	(59,039)	(58,215)
Total stockholders' equity	358	515
Total Liabilities and Stockholders' Equity	\$3,453	\$3,533

The accompanying notes are an integral part of the condensed consolidated financial statements.

CREXENDO, INC. AND SUBSIDIARIES
 Condensed Consolidated Statements of Operations
 (In thousands, except per share and share data)
 (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Service revenue	\$2,182	\$1,837	\$4,247	\$3,660
Product revenue	303	430	582	781
Total revenue	2,485	2,267	4,829	4,441
Operating expenses:				
Cost of service revenue	703			