

AMERICAN SOFTWARE INC
Form 10-Q/A
September 18, 2002
Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D. C. 20549

**FORM 10-Q/A
Amendment No. 1**

(Mark One)

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

For the quarterly period ended July 31, 2002

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: 0-12456

AMERICAN SOFTWARE, INC.

(Exact name of registrant as specified in its charter)

Georgia
(State or other jurisdiction of incorporation or organization)

58-1098795
(IRS Employer Identification Number)

470 East Paces Ferry Road, N.E., Atlanta, Georgia
(Address of principal executive offices)

30305
(Zip Code)

(404) 261-4381
(Registrant's telephone number, including area code)

None
(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 the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

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Classes	Outstanding at September 12, 2002
Class A Common Stock, \$.10 par value	18,432,910 Shares
Class B Common Stock, \$.10 par value	4,082,289 Shares

Table of Contents

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-Q/A to the registrant's Quarterly Report on Form 10-Q for the quarter ended July 31, 2002 is being filed for the sole purpose of adding Exhibit 99.1.

Table of Contents

AMERICAN SOFTWARE, INC. AND SUBSIDIARIES

Form 10-Q/A

Quarter ended July 31, 2002

Index

	<u>Page No.</u>
<u>Part I Financial Information</u>	
<u>Item 1. Financial Statements</u>	
<u>Condensed Consolidated Balance Sheets</u>	
Unaudited July 31, 2002 and April 30, 2002	4
<u>Condensed Consolidated Statements of Operations</u>	
Unaudited Three Months ended July 31, 2002 and July 31, 2001	5
<u>Condensed Consolidated Statements of Cash Flows</u>	
Unaudited Three Months ended July 31, 2002 and July 31, 2001	6
<u>Notes to Condensed Consolidated Financial Statements - Unaudited</u>	7-13
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	14-23
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	23
<u>Item 4. Controls and Procedures</u>	24
<u>Part II Other Information</u>	24

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements**

AMERICAN SOFTWARE, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(In thousands except share and per share data)
(Unaudited)

	July 31, 2002	April 30, 2002
	<u> </u>	<u> </u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 31,632	\$ 31,429
Investments - current	22,958	20,433
Trade accounts receivable, less allowance for doubtful accounts of \$733,000 at July 31, 2002 and \$906,000 at April 30, 2002:		
Billed	7,404	9,828
Unbilled	3,052	1,848
Prepaid expenses and other current assets	809	1,197
	<u> </u>	<u> </u>
Total current assets	65,855	64,735
Investments - noncurrent	2,870	5,393
Property and equipment, less accumulated depreciation and amortization	9,892	10,213
Intangible assets, less accumulated amortization	12,037	12,094
Other assets	1,651	1,740
	<u> </u>	<u> </u>
	\$ 92,305	\$ 94,175
	<u> </u>	<u> </u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 436	\$ 1,820
Accrued compensation and related costs	2,049	2,626
Income tax payable	687	701
Other current liabilities	7,270	7,791
Deferred revenue	10,434	10,573
	<u> </u>	<u> </u>
Total current liabilities	20,876	23,511
Other noncurrent liabilities	38	152
	<u> </u>	<u> </u>
Total liabilities	20,914	23,663
	<u> </u>	<u> </u>
Minority interest	4,013	4,095
Shareholders' equity:		
Common stock:		
Class A, \$.10 par value. Authorized 50,000,000 shares; Issued 21,652,895 shares at July 31, 2002 and 21,644,410 shares at April 30, 2002	2,165	2,164
Class B, \$.10 par value. Authorized 10,000,000 shares; Issued and outstanding 4,082,289 shares at July 31, 2002 and 4,082,289 shares at April 30, 2002; convertible into Class A shares on a one-for-one basis	408	408
Additional paid-in capital	66,257	66,165
Accumulated other comprehensive income	243	248
Retained earnings	16,735	15,286
Class A treasury stock, 3,200,685 shares at July 31, 2002 and 3,026,154 shares at April 30, 2002.	(18,430)	(17,854)
	<u> </u>	<u> </u>

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Total shareholders' equity	67,378	66,417
Commitments and contingencies		
	\$ 92,305	\$ 94,175

See accompanying notes to condensed consolidated financial statements unaudited.

Table of Contents

AMERICAN SOFTWARE, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(in thousands except per share data)
(Unaudited)

	Three Months Ended July 31,	
	2002	2001
Revenues:		
License fees	\$ 2,959	\$ 3,852
Services	6,505	8,457
Maintenance	5,094	5,612
Total revenues	14,558	17,921
Cost of revenues:		
License fees	1,026	1,263
Services	4,554	4,781
Maintenance	1,399	834
Total cost of revenues	6,979	6,878
Gross Margin	7,579	11,043
Operating expenses:		
Research and development costs	2,249	2,902
Less: Capitalizable software	(809)	(1,042)
Marketing and sales	3,001	3,981
General and administrative	2,232	3,126
Provision for (recovery of) doubtful accounts	128	195
Total operating expense	6,801	9,162
Operating income	778	1,881
Other income (expense):		
Interest income	349	332
(Loss)/gain on investments & other	(158)	225
Minority interest	19	(131)
Income from continuing operations before income taxes	988	2,307
Income tax expense (benefit)		
Income from continuing operations	988	2,307
Discontinued Operations:		
Loss from operations of discontinued segment		(1,198)
Gain on sale of discontinued segment	462	
Net earnings	\$ 1,450	\$ 1,109
Net earnings (loss) per common share:		
Basic:		
Continuing operations	\$ 0.04	\$ 0.10
Discontinued operations	\$ 0.02	\$ (0.05)

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	\$ 0.06	\$ 0.06
	<u> </u>	<u> </u>
Diluted:		
Continuing operations	\$ 0.04	\$ 0.10
Discontinued operations	\$ 0.02	\$ (0.05)
	<u> </u>	<u> </u>
	\$ 0.06	\$ 0.05
	<u> </u>	<u> </u>
Shares used in the calculation of net earnings (loss) per common share:		
Basic	\$ 22,625	\$ 22,781
Diluted	\$ 23,475	\$ 22,788

Table of Contents

AMERICAN SOFTWARE, INC.
Condensed Consolidated Statements of Cash Flows (Unaudited)
(in thousands)

	Three Months Ended July 31,	
	2002	2001
Cash flows from operating activities:		
Net earnings	\$ 1,450	\$ 1,109
Income (loss) from discontinued operations	462	\$ (1,198)
	988	2,307
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	1,345	1,911
Minority interest in subsidiary (loss)/income	(19)	131
Allowance for doubtful accounts	128	195
Net loss (gain) on investments	365	(77)
Change in operating assets and liabilities:		
Purchases of trading securities	(1,684)	(162)
Proceeds from sales of trading securities	2,754	198
Proceeds from sales and maturities of investments		200
Accounts receivable	1,092	1,072
Prepaid expenses and other assets	477	156
Accounts payable and other accrued liabilities	(2,590)	