

COMPUTER PROGRAMS & SYSTEMS INC

Form 10-Q

May 08, 2014

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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, 2014.

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)

Delaware  
(State or Other Jurisdiction of  
Incorporation or Organization)

74-3032373  
(I.R.S. Employer  
Identification No.)

6600 Wall Street, Mobile, Alabama  
(Address of Principal Executive Offices)  
(251) 639-8100

36695  
(Zip Code)

(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 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 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  (Do not check if a smaller reporting company)

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, 2014, there were 11,163,950 shares of the issuer's common stock outstanding.

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COMPUTER PROGRAMS AND SYSTEMS, INC.

Quarterly Report on Form 10-Q

(For the three months ended March 31, 2014)

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## PART I

## FINANCIAL INFORMATION

Item 1. Financial Statements.

COMPUTER PROGRAMS AND SYSTEMS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2014 (Unaudited)	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$18,549,241	\$11,729,185
Investments	10,704,410	10,702,626
Accounts receivable, net of allowance for doubtful accounts of \$1,425,000 and \$1,125,000, respectively	24,447,854	20,076,592
Financing receivables, current portion, net	24,005,695	25,387,637
Inventories	1,476,189	1,588,673
Deferred tax assets	2,918,166	2,366,369
Prepaid expenses and other	934,902	901,228
Total current assets	83,036,457	72,752,310
Property and equipment, net	18,380,952	19,231,372
Financing receivables, net of current portion	593,232	550,956
Total assets	\$102,010,641	\$92,534,638
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$2,870,783	\$3,213,714
Deferred revenue	10,567,386	9,581,357
Accrued vacation	4,087,302	3,694,600
Income taxes payable	6,058,011	797,101
Other accrued liabilities	5,689,104	4,164,242
Total current liabilities	29,272,586	21,451,014
Deferred tax liabilities	1,518,655	2,001,077
Stockholders' equity:		
Common stock, \$0.001 par value; 30,000,000 shares authorized; 11,163,950 and 11,159,142 shares issued and outstanding	11,164	11,159
Additional paid-in capital	35,382,795	34,643,900
Accumulated other comprehensive income	57,715	11,368
Retained earnings	35,767,726	34,416,120
Total stockholders' equity	71,219,400	69,082,547
Total liabilities and stockholders' equity	\$102,010,641	\$92,534,638

The accompanying notes are an integral part of these financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

	Three Months Ended March 31,	
	2014	2013
Sales revenues:		
System sales	\$20,453,427	\$20,721,986
Support and maintenance	18,245,121	17,676,861
Business management, consulting and managed IT services	13,395,830	11,149,661
Total sales revenues	52,094,378	49,548,508
Costs of sales:		
System sales	11,193,416	13,250,579
Support and maintenance	7,373,953	7,238,969
Business management, consulting and managed IT services	9,091,710	6,940,019
Total costs of sales	27,659,079	27,429,567
Gross profit	24,435,299	22,118,941
Operating expenses:		
Sales and marketing	3,964,167	3,575,717
General and administrative	8,484,121	8,434,056
Total operating expenses	12,448,288	12,009,773
Operating income	11,987,011	10,109,168
Other income (expense):		
Other income (expense)	(40,910	) 136,314
Total other income (expense)	(40,910	) 136,314
Income before taxes	11,946,101	10,245,482
Provision for income taxes	4,231,043	3,301,760
Net income	\$7,715,058	\$6,943,722
Net income per share—basic	\$0.69	\$0.63
Net income per share—diluted	\$0.69	\$0.63
Weighted average shares outstanding		
Basic	11,162,523	11,078,407
Diluted	11,162,523	11,078,407
Dividends declared per share	\$0.57	\$0.51

The accompanying notes are an integral part of these financial statements.

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