

PAYMENT DATA SYSTEMS INC

Form 10-Q

November 14, 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 September 30, 2014

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: 000-30152

PAYMENT DATA SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Nevada 98-0190072  
(State or other  
jurisdiction of  
incorporation  
or  
organization) (I.R.S.  
Employer  
Identification  
No.)

12500 San Pedro,  
Ste. 120, San 78216  
Antonio, TX  
(Address of  
principal  
executive  
offices) (Zip  
Code)

(210) 249-4100

(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

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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 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, 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

(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 November 13, 2014, 137,224,398 shares of the issuer's common stock, \$0.001 par value, were outstanding.

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## PART I – FINANCIAL INFORMATION

## Item 1. FINANCIAL STATEMENTS.

PAYMENT DATA SYSTEMS, INC.  
CONSOLIDATED BALANCE SHEETS

	September 30, 2014 (Unaudited)	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$60,775,756	\$26,573,771
Accounts receivable, net	935,090	585,037
Prepaid expenses and other	137,535	98,966
Total current assets	61,848,381	27,257,774
Property and equipment, net	126,594	122,061
Other assets:		
Marketable securities	27,979	27,450
Other assets	165,704	121,144
Total other assets	193,683	148,594
Total assets	\$62,168,658	\$27,528,429
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$42,611	\$60,818
Accrued expenses	1,019,351	1,088,644
Customer deposits payable	58,906,806	25,740,163
Total current liabilities	59,968,768	26,889,625
Stockholders' equity:		
Common stock, \$0.001 par value, 200,000,000 shares authorized; 147,795,152 and 147,721,077 issued, and 137,224,398 and 137,150,323 outstanding at September 30, 2014 (unaudited) and December 31, 2013, respectively	147,795	147,721
Additional paid-in capital	56,878,349	56,873,423
Treasury stock, at cost; 10,570,754 and 10,570,754 shares	(1,241,750 )	(1,241,750 )
Deferred compensation	(1,067,985 )	(1,286,970 )
Accumulated deficit	(52,516,519)	(53,853,620)
Total stockholders' equity	2,199,890	638,804
Total liabilities and stockholders' equity	\$62,168,658	\$27,528,429

See notes to interim consolidated financial statements.



PAYMENT DATA SYSTEMS, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)

	Three Months Ended September 30,		Nine months Ended September 30,	
	2014	2013	2014	2013
Revenues	\$3,596,004	\$962,633	\$9,631,000	\$2,952,966
Operating expenses:				
Cost of services	2,440,410	824,857	6,881,704	2,474,945
Selling, general and administrative:				
Stock-based compensation	72,995	73,270	223,985	219,810
Other expenses	395,623	324,862	1,180,882	1,049,247
Depreciation	10,202	8,871	30,812	22,749
Total operating expenses	2,919,230	1,231,860	8,317,383	3,766,751
Operating income (loss)	676,774			