

COMPUTER PROGRAMS & SYSTEMS INC
Form 10-Q/A
August 12, 2013
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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: June 30, 2013

- 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 000-49796

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
(IRS Employer
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 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 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. (Check one):

Large accelerated filer Accelerated filer

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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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Shares of common stock, par value \$0.001 per share, outstanding as of August 8, 2013 were 11,080,062 shares.

Explanatory Note

This Amendment No. 1 to the Quarterly Report on Form 10-Q/A (the "Amendment") amends the Quarterly Report on Form 10-Q of Computer Programs and Systems, Inc. (the "Company") for the quarter ended June 30, 2013 (the "Original Filing"), that was originally filed with the U.S. Securities and Exchange Commission on August 9, 2013. The Amendment is being filed solely for the purpose of correcting an incorrect date in the certifications by the Company's Chief Executive Officer and Chief Financial Officer pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act of 2002, filed as Exhibits 31.1, 31.2 and 32.1. Each certification as corrected was true and correct as of the filing date of the Original Filing.

Except as described above, the Amendment does not modify or update the disclosures presented in, or exhibits to, the Original Filing in any way, and speaks as of the date of the Original Filing and does not reflect events occurring subsequent to the original filing date.

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PART I

FINANCIAL INFORMATION

Item 1. Financial Statements.

COMPUTER PROGRAMS AND SYSTEMS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2013 (Unaudited)	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$1,583,642	\$8,912,457
Investments	10,686,239	10,674,609
Accounts receivable, net of allowance for doubtful accounts of \$1,055,000 and \$1,124,000, respectively	18,783,001	19,704,767
Financing receivables, current portion, net	27,961,060	4,618,131
Inventories	1,795,356	1,682,008
Deferred tax assets	2,938,682	2,463,567
Prepaid income taxes	415,587	1,809,220
Prepaid expenses and other	913,342	1,081,421
Total current assets	65,076,909	50,946,180
Property and equipment		
Land	2,848,276	2,848,276
Buildings and improvements	9,299,660	9,067,504
Maintenance equipment	2,071,230	2,588,452
Computer equipment	5,582,680	5,795,707
Leasehold improvements	4,376,083	3,067,756
Office furniture and equipment	3,472,045	2,845,548
Automobiles	341,387	314,905
	27,991,361	26,528,148
Less accumulated depreciation	(7,931,813)	(7,498,174)
Property and equipment, net	20,059,548	19,029,974
Financing receivables	1,067,272	7,862,833
Total assets	\$86,203,729	\$77,838,987
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$2,844,443	\$2,980,174
Deferred revenue	9,650,245	7,452,612
Accrued vacation	3,827,871	3,506,106
Other accrued liabilities	5,699,520	4,521,773
Total current liabilities	22,022,079	18,460,665
Deferred tax liabilities	2,184,037	2,176,130
Stockholders' equity:		
Common stock, \$0.001 par value; 30,000,000 shares authorized; 11,080,062 and 11,077,672 shares issued and outstanding	11,080	11,078
Additional paid-in capital	33,528,384	32,848,101
Accumulated other comprehensive income	13,919	27,693
Retained earnings	28,444,230	24,315,320
Total stockholders' equity	61,997,613	57,202,192
Total liabilities and stockholders' equity	\$86,203,729	\$77,838,987

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

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Sales revenues:				
System sales	\$22,376,682	\$17,828,593	\$43,098,667	\$34,903,111
Support and maintenance	17,737,916	16,878,896	35,414,777	33,544,821
Business management, consulting and managed IT services	13,146,746	11,023,600	24,296,407	21,772,564
Total sales revenues	53,261,344	45,731,089	102,809,851	90,220,496
Costs of sales:				
System sales	13,083,461	12,679,266	26,334,039	24,578,510
Support and maintenance	7,160,027	6,659,555	14,412,884	13,526,275
Business management, consulting and managed IT services	7,541,263	6,253,519	14,467,394	12,709,519
Total costs of sales	27,784,751	25,592,340	55,214,317	50,814,304
Gross profit	25,476,593	20,138,749	47,595,534	39,406,192
Operating expenses:				
Sales and marketing	4,134,897	3,640,828	7,710,614	7,281,288
General and administrative	8,193,506	6,572,601	16,627,562	13,200,205
Total operating expenses	12,328,403	10,213,429	24,338,176	20,481,493
Operating income	13,148,190	9,925,320	23,257,358	18,924,699
Other income:				
Interest income	136,985	189,355	273,299	348,491
Total other income	136,985	189,355	273,299	348,491
Income before taxes	13,285,175	10,114,675	23,530,657	19,273,190
Income taxes	4,799,542	1,853,378	8,101,302	5,362,843
Net income	\$8,485,633	\$8,261,297	\$15,429,355	\$13,910,347
Net income per share—basic	\$0.77	\$0.75	\$1.39	\$1.26
Net income per share—diluted	\$0.77	\$0.75	\$1.39	\$1.26
Weighted average shares outstanding				
Basic	11,080,062	11,063,529	11,079,235	11,063,374
Diluted	11,080,062	11,063,529	11,079,235	11,063,374
Dividends declared per share	\$0.51	\$0.46	\$1.02	\$0.92

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

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COMPUTER PROGRAMS AND SYSTEMS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net income	\$8,485,633	\$8,261,297	\$15,429,355	\$13,910,347
Other comprehensive income(loss), net of tax				
Unrealized gain(loss) on investments available for sale, net of tax	(17,517)	(10,825)	(13,774)	15,591
Total other comprehensive income(loss), net of tax	(17,517)	(10,825)	(13,774)	15,591
Comprehensive income	\$8,468,116	\$8,250,472	\$15,415,581	\$13,925,938

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

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COMPUTER PROGRAMS AND SYSTEMS, INC.

CONDENSED CONSOLIDATED 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, 2012	11,077,672	\$ 11,078	\$32,848,101	\$ 27,693	\$24,315,320	\$57,202,192
Net income	—	—	—	—	15,429,355	15,429,355
Unrealized loss on investments held for sale, net of tax	—	—	—	(13,774)	—	(13,774)
Issuance of restricted stock	2,390	2	(2)	—	—	—
Stock-based compensation	—	—	703,894	—	—	703,894
Dividends	—	—	—	—	(11,300,445)	(11,300,445)
Income tax benefit from restricted stock dividends	—	—	31,989	—	—	31,989
Deficient tax benefit from restricted stock	—	—	(55,598)	—	—	(55,598)
Balance at June 30, 2013	11,080,062	\$ 11,080	\$33,528,384	\$ 13,919	\$28,444,230	\$61,997,613

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

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COMPUTER PROGRAMS AND SYSTEMS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Six Months Ended June 30,	
	2013	2012
Operating Activities		
Net income	\$15,429,355	\$13,910,347
Adjustments to net income:		
Provision for bad debt	1,647,291	234,735
Deferred taxes	(459,131) (95,674
Stock based compensation	703,894	614,779
Deficient tax benefit from restricted stock	55,598	96,934
Income tax benefit from restricted stock dividends	(31,989) (32,404
Depreciation	1,717,676	1,666,838