

DecisionPoint Systems, Inc.
Form 10-Q
August 07, 2014

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, 2014

Or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

DECISIONPOINT SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

000-54200
(Commission File Number)

37-1644635
(IRS Employer Identification No.)

8697 Research Drive Irvine CA, 92618-4204
(Address of principal executive offices) (Zip code)

(949) 465-0065
(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 requirement 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

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company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(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 Act). Yes No

The number of shares of common stock, par value \$0.001 per share of DecisionPoint Systems, Inc. outstanding as of the close of business on July 31, 2014, were 12,729,563.

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DECISIONPOINT SYSTEMS, INC.

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DECISIONPOINT SYSTEMS, INC.
 Unaudited Condensed Consolidated Balance Sheets
 (In thousands, except share and per share data)

| | June 30, 2014 | December 31, 2013 |
|--|------------------|-------------------------|
| ASSETS | | |
| Current assets | | |
| Cash | \$1,420 | \$641 |
| Accounts receivable, net | 9,649 | 10,504 |
| Due from related party | - | 188 |
| Inventory, net | 681 | 1,533 |
| Deferred costs | 4,055 | 3,809 |
| Deferred tax assets | 49 | 49 |
| Prepaid expenses and other current assets | 52 | 188 |
| Total current assets | 15,906 | 16,912 |
| Property and equipment, net | 145 | 136 |
| Other assets, net | 141 | 165 |
| Deferred costs, net of current portion | 1,615 | 1,807 |
| Goodwill | 8,401 | 8,395 |
| Intangible assets, net | 3,029 | 3,907 |
| Total assets | \$29,237 | \$31,322 |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | | |
| Current liabilities | | |
| Accounts payable | \$8,443 | \$9,774 |
| Accrued expenses and other current liabilities | 2,897 | 2,976 |
| Lines of credit | 4,642 | 3,883 |
| Current portion of debt | 1,095 | 1,474 |
| Due to related parties | 114 | 77 |
| Accrued earn out consideration | 291 | 319 |
| Warrant liability | 637 | 803 |
| Unearned revenue | 7,263 | 7,481 |
| Total current liabilities | 25,382 | 26,787 |
| Long term liabilities | | |
| Unearned revenue, net of current portion | 2,313 | 2,481 |
| Debt, net of current portion and discount | 1,805 | 1,961 |
| Accrued earn out consideration, net of current portion | 94 | 149 |
| Deferred tax liabilities | 732 | 740 |
| Other long term liabilities | 72 | 77 |
| Total liabilities | 30,398 | 32,195 |

| | | |
|--|-----------|-----------|
| Commitments and contingencies and subsequent event | - | - |
| STOCKHOLDERS' DEFECIT | | |
| Cumulative Convertible Preferred stock, \$0.001 par value, 10,000,000 shares authorized, 1,547,845 and 1,514,155 shares issued and outstanding, including cumulative and imputed preferred dividends of \$2,122 and \$1,956, and with a liquidation preference of \$13,584 and \$13,232 at June 30, 2014 and December 31, 2013, respectively | 12,649 | 12,193 |
| Common stock, \$0.001 par value, 100,000,000 shares authorized, 12,883,446 issued and 12,729,563 outstanding as of June 30, 2014, and as of December 31, 2013 | 13 | 13 |
| Additional paid-in capital | 17,235 | 17,231 |
| Treasury stock, 153,883 shares of common stock | (205) | (205) |
| Accumulated deficit | (30,271) | (29,475) |
| Unearned ESOP shares | (557) | (629) |
| Accumulated other comprehensive income | (25) | (1) |
| Total stockholders' deficit | (1,161) | (873) |
| Total liabilities and stockholders' deficit | \$29,237 | \$31,322 |

See accompanying notes to unaudited condensed consolidated financial statements

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