ASURE SOFTWARE INC Form 10-O May 11, 2017

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 March 31,	2017			
OR				
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934				
For the transition period fromt	0			
Commission file number: <u>0-20008</u>				
ASURE SOFTWARE, INC. (Exact Name of Registrant as Specified in	its Charter)			
<u>Delaware</u> (State or other jurisdiction of incorporation or organization)	74-2415696 (I.R.S. Employer Identification No.)			
110 Wild Basin Road, Suite 100 <u>Austin, Texas</u> (Address of Principal Executive Offices)  (512) 437-2700				
(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

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

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No

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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provide pursuant to Section 13(a) of the Exchange Act.

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 8, 2017, the registrant had outstanding 8,630,023 shares of its Common Stock, \$0.01 par value.

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#### PART I – FINANCIAL INFORMATION

#### ITEM 1. FINANCIAL STATEMENTS

### ASURE SOFTWARE, INC.

#### CONDENSED CONSOLIDATED BALANCE SHEETS

(Amounts in thousands)

	March 31, 2017 (unaudited)	December 31, 2016
Assets		
Current assets:		*
Cash and cash equivalents	\$2,288	\$12,767
Accounts and note receivable, net of allowance for doubtful accounts of \$328 and \$338 at	0.050	0.400
March 31, 2017 and December 31, 2016, respectively	8,953	8,108
Inventory	530	487
Prepaid expenses and other current assets	2,012	1,256
Total current assets before funds held for clients	13,783	22,618
Funds held for clients	30,544	22,981
Total current assets	44,327	45,599
Property and equipment, net	1,809	1,878
Goodwill	31,455	26,259
Intangible assets, net	17,184	12,048
Other assets	322	39
Total assets	\$95,097	\$85,823
Liabilities and stockholders' equity		
Current liabilities:		
Current portion of notes payable	\$2,971	\$5,455
Accounts payable	2,276	1,576
Accrued compensation and benefits	1,523	1,192
Other accrued liabilities	1,433	936
Deferred revenue	9,265	9,252
Total current liabilities before client fund obligations	17,468	18,411
Client fund obligations	30,544	22,981
Total current liabilities	48,012	41,392
Long-term liabilities:		
Deferred revenue	611	769
Notes payable, net of current portion of debt issuance cost and debt discount	28,165	24,581
Other liabilities	157	835
Total long-term liabilities	28,933	26,185
Total liabilities	76,945	67,577
Commitments (Note 13)		
Stockholders' equity:		
Preferred stock, \$.01 par value; 1,500 shares authorized; none issued or outstanding Common stock, \$.01 par value; 11,000 shares authorized; 9,014 and 8,901 shares issued,	-	-
8,630 and 8,517 shares outstanding at March 31, 2017 and December 31, 2016, respectively	90	89
Treasury stock at cost, 384 shares at March 31, 2017 and December 31, 2016	(5,017	) (5,017 ) 295,044
Additional paid-in capital	296,042	493,0 <del>44</del>

Accumulated deficit	(272,934)	(271,875)
Accumulated other comprehensive income (loss)	(29)	5
Total stockholders' equity	18,152	18,246
Total liabilities and stockholders' equity	\$95,097	\$85,823

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

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#### ASURE SOFTWARE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (Amounts in thousands, except share and per share data)

(Unaudited)

	FOR THE THREE MONTHS ENDED MARCH 31, 2017 2016		
Revenues:			
Cloud revenue	\$7,836	\$3,862	
Hardware revenue	1,088	693	
Maintenance and support revenue	933	1,239	
On premise software license revenue	169	140	
Professional services revenue	701	788	
Total revenues	10,727	6,722	
Cost of Sales	2,438	1,730	
Gross margin	8,289	4,992	
Operating expenses			
Selling, general and administrative	7,043	5,033	
Research and development	769	811	
Amortization of intangible assets	847	377	
Total operating expenses	8,659	6,221	
Loss from operations	(370)	(1,229)	