

PSYCHEMEDICS CORP
Form 10-Q
August 09, 2013

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 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: 1-13738

PSYCHEMEDICS CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

58-1701987
(I.R.S. Employer Identification No.)

125 Nagog Park
Acton, MA **01720**
(Address of Principal Executive Offices) (Zip Code)

Registrant's
telephone
number
including area
code: (978)
206-8220

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, or a non-accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934).

Large accelerated filer Accelerated filer Non-accelerated filer Smaller Reporting Company
(Do not check if smaller reporting Company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

The number of shares of Common Stock of the Registrant, par value \$0.005 per share, outstanding at August 5, 2013 was 5,311,378.

PSYCHEMEDICS CORPORATION

FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2013

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PSYCHEMEDICS CORPORATION**CONDENSED BALANCE SHEETS****(UNAUDITED)**

	June 30, 2013	December 31, 2012
ASSETS		
Current Assets:		
Cash and cash equivalents	\$2,729,175	\$3,065,785
Accounts receivable, net of allowance for doubtful accounts of \$144,088 in 2013 and \$121,583 in 2012	5,190,299	4,620,768
Prepaid expenses and other current assets	978,624	823,274
Income tax receivable	—	854,212
Deferred tax assets	304,124	209,877
Total Current Assets	9,202,222	9,573,916
Fixed Assets, net of accumulated amortization and depreciation of \$4,804,135 in 2013 and \$4,395,605 in 2012	4,489,308	4,201,409
Other assets	436,730	345,293
Total Assets	\$14,128,260	\$14,120,618
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$577,192	\$669,789
Accrued expenses	1,081,764	1,413,541
Total Current Liabilities	1,658,956	2,083,330
Deferred tax liabilities, long-term	814,619	814,619
Total Liabilities	2,473,575	2,897,949
Commitments and Contingencies (Note 7)		
Shareholders' Equity:		
Preferred-stock, \$0.005 par value, 872,521 shares authorized, no shares issued or outstanding	—	—
Common stock, \$0.005 par value; 50,000,000 shares authorized 5,979,508 shares issued in 2013 and 5,940,558 shares issued in 2012	29,898	29,703
Additional paid-in capital	28,592,453	28,460,764
Accumulated deficit	(6,885,877)	(7,186,009)
Less - Treasury stock, at cost, 668,130 shares in 2013 and 2012	(10,081,789)	(10,081,789)

Total Shareholders' Equity	11,654,685	11,222,669
Total Liabilities and Shareholders' Equity	\$14,128,260	\$14,120,618

See accompanying notes to condensed financial statements

PSYCHEMEDICS CORPORATION**CONDENSED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME****(UNAUDITED)**

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Revenues	\$6,898,737	\$6,861,720	\$13,331,179	\$13,105,575
Cost of revenues	2,819,788	2,758,334	5,764,959	5,337,069
Gross profit	4,078,949	4,103,386	7,566,220	7,768,506
Operating Expenses:				
General & administrative	1,006,950	1,004,548	2,000,661	1,999,989
Marketing & selling	1,150,244	1,220,794	2,276,902	2,345,619
Research & development	190,036	213,894	354,746	381,942
Total Operating Expenses	2,347,230	2,439,236	4,632,309	4,727,550
Operating income	1,731,719	1,664,150	2,933,911	3,040,956
Other income	300	485	91,713	995
Net income before provision for income taxes	1,732,019	1,664,635	3,025,624	3,041,951
Provision for income taxes	669,093	663,591	1,140,353	1,213,416
Net income and comprehensive income	\$1,062,926	\$1,001,044	\$1,885,271	\$1,828,535
Basic net income per share	\$0.20	\$0.19	\$0.36	\$0.35
Diluted net income per share	\$0.20	\$0.19	\$0.36	\$0.35
Dividends declared per share	\$0.15	\$0.15	\$0.30	\$0.30
Weighted average common shares outstanding, basic	5,305,296	5,260,462	5,289,066	5,248,011
Weighted average common shares outstanding, diluted	5,316,657	5,266,461	5,304,129	5,255,354

See accompanying notes to condensed financial statements

PSYCHEMEDICS CORPORATION**CONDENSED STATEMENTS OF CASH FLOWS****(UNAUDITED)**

	Six Months Ended June 30,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 1,885,271	\$ 1,828,535
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	418,064	279,204
Stock-based compensation	234,289	215,988
Deferred income taxes	(94,247)	(87,259)
Changes in assets and liabilities:		
Accounts receivable	(569,531)	131,406
Prepaid expenses, other current assets, and income tax receivable	698,862	168,883
Accounts payable	(92,597)	(223,646)
Accrued expenses	(331,777)	—
Net cash provided by operating activities	2,148,334	1,452,500
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of equipment and leasehold improvements	(317,638)	(290,736)