

TUCOWS INC /PA/
Form 10-Q
May 13, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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 March 31, 2011

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 1-32600

TUCOWS INC.
(Exact Name of Registrant as Specified in Its Charter)

Pennsylvania
(State or Other Jurisdiction of
Incorporation or Organization)

23-2707366
(I.R.S. Employer
Identification No.)

96 Mowat Avenue,
Toronto, Ontario M6K 3M1, Canada
(Address of Principal Executive Offices) (Zip Code)

(416) 535-0123
(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

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 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

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 Exchange Act): Yes No

As of May 12, 2011, there were 53,455,541 outstanding shares of common stock, no par value, of the registrant.

TUCOWS INC.
Form 10-Q Quarterly Report
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PART I.
FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

Tucows Inc.
Consolidated Balance Sheets
(Dollar amounts in U.S. dollars)

	March 31, 2011 (unaudited)	December 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	\$4,164,166	\$4,205,729
Accounts receivable, net of allowance for doubtful accounts of \$65,000 as of March 31, 2011 and December 31, 2010	4,254,800	3,021,995
Prepaid expenses and deposits	2,885,523	2,363,876
Derivative instrument asset, current portion (note 6)	721,256	833,960
Prepaid domain name registry and ancillary services fees, current portion	39,029,239	37,016,871
Income taxes recoverable	485,000	620,000
Total current assets	51,539,984	48,062,431
Prepaid domain name registry and ancillary services fees, long-term portion	12,808,350	12,820,479
Property and equipment	1,430,242	1,552,349
Deferred financing charges	11,200	15,600
Deferred tax asset, long-term portion (note 7)	4,232,000	4,155,600
Intangible assets (note 4)	16,543,926	16,883,401
Goodwill	17,990,807	17,990,807
Total assets	\$104,556,509	\$101,480,667
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$1,778,092	\$1,664,006
Accrued liabilities	1,634,522	1,346,436
Customer deposits	3,868,879	3,960,312
Loan payable, current portion (note 5)	827,322	1,305,883
Deferred revenue, current portion	48,141,934	45,832,374
Accreditation fees payable, current portion	586,290	547,810
Deferred tax liability, current portion (note 7)	1,232,000	1,155,600
Total current liabilities	58,069,039	55,812,421
Deferred revenue, long-term portion	16,747,268	16,738,429
Accreditation fees payable, long-term portion	166,283	168,580
Deferred rent, long-term portion	6,945	-

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Deferred tax liability, long-term portion (note 7)	4,840,000	4,840,000
Stockholders' equity (note 11)		
Preferred stock - no par value, 1,250,000 shares authorized; none issued and outstanding		-
Common stock - no par value, 250,000,000 shares authorized; 53,455,691 shares issued and outstanding as of March 31, 2011 and 53,448,591 shares issued and outstanding as of December 31, 2010	11,331,134	11,324,866
Additional paid-in capital	40,772,110	40,700,587
Deficit	(27,376,270)	(28,104,216)
Total stockholders' equity	24,726,974	23,921,237
Total liabilities and stockholders' equity	\$ 104,556,509	\$ 101,480,667

See accompanying notes to unaudited consolidated financial statements

Subsequent events (note 14).

Tucows Inc.
 Consolidated Statements of Operations
 (Dollar amounts in U.S. dollars)

	Three months ended March 31,	
	2011	2010
	(unaudited)	
Net revenues (note 9)	\$22,555,207	\$20,445,153
Cost of revenues:		
Cost of revenues	15,695,140	13,731,550
Network expenses (*)	1,262,828	1,193,324
Depreciation of property and equipment	236,681	310,058
Amortization of intangible assets (note 4)	19,290	74,802
Total cost of revenues (note 9)	17,213,939	15,309,734