

CAREGUIDE INC  
Form 10QSB  
November 14, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

**FORM 10-QSB**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: September 30, 2006

**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: 0-22319

**CAREGUIDE, INC.**

(Exact name of small business issuer as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

16-1476509  
(I.R.S. Employer Identification No.)

12301 N.W. 39<sup>th</sup> Street, Coral Springs, FL 33065

(Address of principal executive offices)

(954) 796-3714

(Issuer's telephone number, including area code)

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Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15 (d) of the Exchange Act during the past 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 last 90 days.  
Yes  No

Indicate by checkmark whether applicant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of November 10, 2006, 67,538,976 shares of the Company's common stock, par value \$0.01 per share, were outstanding.

Transitional Small Business Disclosure Format (check one) Yes  No

## ITEM 1. FINANCIAL STATEMENTS

## CAREGUIDE, INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

	<b>September 30, 2006</b>	<b>March 31, 2006</b>
	(Unaudited)	
	<i>(In Thousands, except share and par values)</i>	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 6,873	\$ 8,399
Restricted cash available for current liabilities	4,516	4,894
Securities available for sale	38	99
Securities held for trading	441	827
Notes receivable	350	340
Accounts receivable, net of allowance for doubtful accounts of \$544 and 430, respectively	3,500	3,859
Prepaid expenses and other current assets	458	440
Current assets of discontinued operations	1,000	351
Total current assets	17,176	19,209
Property and equipment, net	1,295	1,511
Intangibles and other assets, net	3,674	4,219
Goodwill	28,695	28,666
Restricted cash	884	618
<b>Total assets</b>	<b>\$ 51,724</b>	<b>\$ 54,223</b>
<b>Liabilities and stockholders equity</b>		
Current liabilities:		
Claims payable	\$ 6,843	\$ 8,260
Accounts payable and accrued expenses	4,103	6,095
Deferred revenue	1,312	1,355
Note payable	300	300
Current income tax liability	126	93
Current portion of capital lease obligations	1	67
Current liabilities of discontinued operations	1,129	1,018
<b>Total current liabilities</b>	<b>13,814</b>	<b>17,188</b>
Long-term liabilities:		
Line of credit	8,000	8,000
Deferred tax liability	-	28
Legal settlement payable, net of current portion	300	300
<b>Total liabilities</b>	<b>22,114</b>	<b>25,516</b>
Commitments and contingencies		
Stockholders equity:		
Common stock, \$.01 par value, 80,000,000 shares authorized; 67,538,976 shares issued and outstanding	675	675
Additional paid-in capital	62,014	61,742
Other comprehensive loss	(23)	(1)
Accumulated deficit	(33,056)	(33,709)
<b>Total stockholders equity</b>	<b>29,610</b>	<b>28,707</b>
<b>Total liabilities and stockholders equity</b>	<b>\$ 51,724</b>	<b>\$ 54,223</b>

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See notes to unaudited consolidated financial statements.

## CAREGUIDE, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

*(In thousands, except per share amounts)*

	<b>Three Months Ended September 30,</b>		<b>Six Months Ended September 30,</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Revenues:				
Capitation revenue	\$ 9,093	\$ 9,403	\$17,994	\$21,540
Administrative and fee revenue	4,658	2,704	9,554	5,127
Total revenues	13,751	12,107	27,548	26,667
Cost of services – direct service costs (excluding depreciation and amortization)	10,800	11,537	20,689	25,073
Gross profit	2,951	570	6,859	1,594
Operating costs and expenses:				
Selling, general and administrative expense	2,190	1,463	4,549	2,835
Depreciation and amortization	437	290	958	598
Total operating costs and expenses	2,627	1,753	5,507	3,433
Operating income (loss) from continuing operations	324	(1,183)	1,352	(1,839)
Other income (expense):				
Interest and other income	94	96	219	170
Trading portfolio loss	(174)	-	(387)	-
Interest expense	(412)	(378)	(818)	(731)
(Loss) income from continuing operations before income taxes and discontinued operations	(168)	(1,465)	366	(2,400)
Income tax expense	(19)	(1)	(138)	(18)
(Loss) income from continuing operations	(187)	(1,466)	228	(2,418)
Income from discontinued operations	711	73	425	294
Net income (loss)	524	(1,393)	653	(2,124)
Accretion of preferred stock	-	(38)	-	(76)
Net income (loss) attributable to common stockholders	\$ 524	\$ (1,431)	\$ 653	\$ (2,200)
Net income (loss) per common share-basic and diluted:				
Continuing operations	\$ -	\$ (0.18)	\$ -	\$ (0.30)
Discontinued operations	0.01	0.01	0.01	0.04
Net income (loss) per common share	\$ 0.01	\$ (0.17)	\$ 0.01	\$ (0.26)
Weighted average common shares outstanding:				
Basic	67,539	8,256	67,539	8,256
Diluted	67,539	8,256	70,411	