

EVOLVING SYSTEMS INC
Form 10-Q
May 05, 2015
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2015

OR

o 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: 001-34261

EVOLVING SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

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Delaware

(State or other jurisdiction of incorporation or organization)

84-1010843

(I.R.S. Employer Identification No.)

9777 Pyramid Court, Suite 100 Englewood, Colorado

(Address of principal executive offices)

80112

(Zip Code)

(303) 802-1000

(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, or a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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 April 30, 2015 there were 11,674,397 shares outstanding of Registrant's Common Stock (par value \$0.001 per share).

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EVOLVING SYSTEMS, INC.

Quarterly Report on Form 10-Q

March 31, 2015

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(in thousands except share data)

(unaudited)

	March 31, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,038	\$ 9,781
Contract receivables, net of allowance for doubtful accounts of \$41 and \$43 at March 31, 2015 and December 31, 2014, respectively	5,232	9,182
Unbilled work-in-progress, net of allowance of \$306 at March 31, 2015 and December 31, 2014	6,147	4,995
Deferred income taxes	79	80
Prepaid and other current assets	1,275	1,331
Total current assets	23,771	25,369
Property and equipment, net	626	659
Amortizable intangible assets, net	584	608
Goodwill	16,183	17,010
Long-term deferred income taxes	582	586
Total assets	\$ 41,746	\$ 44,232
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Current portion of capital lease obligations	\$ 5	\$ 5
Accounts payable and accrued liabilities	3,387	4,460
Income taxes payable	532	1,227
Unearned revenue	4,834	3,883
Total current liabilities	8,758	9,575
Long-term liabilities:		
Capital lease obligations, net of current portion	5	7
Contingent earn-out obligation	178	178
Long-term unearned revenue	270	420
Total liabilities	9,211	10,180
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 2,000,000 shares authorized; no shares issued and outstanding as of March 31, 2015 and December 31, 2014		
Common stock, \$0.001 par value; 40,000,000 shares authorized; 11,850,356 shares issued and 11,671,467 outstanding as of March 31, 2015 and 11,843,564 shares issued and 11,664,675	12	12

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outstanding as of December 31, 2014		
Additional paid-in capital	96,199	96,005
Treasury stock 178,889 shares as of March 31, 2015 and December 31, 2014, at cost	(1,253)	(1,253)
Accumulated other comprehensive loss	(5,830)	(4,534)
Accumulated deficit	(56,593)	(56,178)
Total stockholders' equity	32,535	34,052
Total liabilities and stockholders' equity	\$ 41,746	\$ 44,232

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

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EVOLVING SYSTEMS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in thousands except per share data)

(unaudited)

	For the Three Months Ended March 31,	
	2015	2014
REVENUE		
License fees and services	\$ 4,339	\$ 4,367
Customer support	2,321	2,215
Total revenue	6,660	6,582
COSTS OF REVENUE AND OPERATING EXPENSES		
Costs of license fees and services, excluding depreciation and amortization	1,225	1,478
Costs of customer support, excluding depreciation and amortization	388	420
Sales and marketing	1,584	1,660
General and administrative	907	834
Product development	1,014	883
Depreciation	96	46
Amortization	24	23
Restructuring		211
Total costs of revenue and operating expenses	5,238	5,555
Income from operations	1,422	1,027
Other income (expense)		
Interest income	5	