

Quadrant 4 Systems Corp  
Form 10-Q  
July 20, 2012

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

\_\_\_\_\_  
FORM 10-Q  
\_\_\_\_\_

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2012

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE  
ACT

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 33-42498

QUADRANT 4 SYSTEMS CORPORATION  
(Exact name of registrant as specified in its charter)

Florida  
(State or other jurisdiction of  
incorporation or organization)

65-0254624  
(IRS Employer  
Identification No.)

2850 Golf Road, Suite 405, Rolling Meadows, IL 60008  
(Address of principal executive offices)

(732) 798-3000  
(Registrant's telephone number, including area code)

Indicate by checkmark 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or

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information statements incorporated by reference in Part III of this Form 10-Q or any amendment to this Form 10-Q. x

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 the definitions 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   
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 126.2 of the Exchange Act). Yes  No

The number of shares of common stock outstanding as of July 20, 2012 was 51,740,448.

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Table of Contents

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1.	<u>Financial Statements</u>	3
	<u>Consolidated Balance Sheets</u>	3
	<u>Consolidated Statements of Operations</u>	4
	<u>Consolidated Statements of Cash Flows</u>	5
	<u>Notes to Consolidated Financial Statements</u>	6
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	11
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	17
Item 4.	<u>Controls and Procedures</u>	17

Part II. OTHER INFORMATION

Item 1.	<u>Legal Proceedings</u>	18
Item 1A.	<u>Risk Factors</u>	18
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	18
Item 3.	<u>Defaults Upon Senior Securities</u>	18
Item 4.	<u>Mine Safety Disclosures</u>	18
Item 5.	<u>Other Information</u>	18
Item 6.	<u>Exhibits</u>	19
	<u>Signatures</u>	20

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Table of Contents

## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

QUADRANT 4 SYSTEMS CORPORATION  
AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(unaudited)

## ASSETS

	31-Mar 2012 (Unaudited)	31-Dec 2011
Current assets		
Cash	\$77,659	\$1,079,248
Accounts receivables (net of allowance for doubtful accounts of \$599,232 and \$498,535 for March 31, 2012 and December 31, 2011, respectively)	4,903,137	5,296,113
Other current assets	1,220,557	415,099
<b>Total current assets</b>	<b>6,201,353</b>	<b>6,790,460</b>
Intangible assets	15,583,698	16,595,261
Property and equipment – net	4,250	4,500
Other assets	929,791	1,039,632
<b>TOTAL ASSETS</b>	<b>\$22,719,092</b>	<b>\$24,429,853</b>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities		
Accounts payable and accrued expenses	\$3,524,291	\$3,499,512
Note payable – revolving line of credit	3,761,207	4,309,317
Notes payable – other	-	140,000
<b>Total current liabilities</b>	<b>7,285,498</b>	<b>7,948,829</b>
Long-term debt	8,191,162	8,474,494
Derivative liability	426,659	333,329
<b>Total liabilities</b>	<b>15,903,319</b>	<b>16,756,652</b>
Stockholders' equity		
Preferred stock - \$0.001 par value; authorized: 10,000,000,000 shares: issued and outstanding: none	-	-
	51,740	51,740

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Common stock - \$0.001 par value; authorized: 5,000,000,000 shares: issued and outstanding

51,740,448 and 51,740,448 at March 31, 2012 and December 31, 2011, respectively

Additional paid-in capital	11,179,746	11,179,746
Accumulated deficit	(4,415,713 )	(3,558,285 )
Total stockholders' equity	6,815,773	7,673,201
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$22,719,092</b>	<b>\$24,429,853</b>

See notes to the consolidated financial statements

Table of Contents

QUADRANT 4 SYSTEMS CORPORATION  
AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(unaudited)

	Three Months Ended March	
	2012	31, 2011
Revenue	\$6,727,639	\$5,434,993
Cost of revenue	5,316,123	4,318,874
Gross margin	1,411,516	1,116,119
General and administrative expenses	(731,916 )	(355,423 )
Amortization expense	(1,011,562 )	(659,513 )
Interest expense	(432,136 )	(268,790 )
Derivative loss	(93,330 )	-
Net loss before income taxes	(857,428 )	(167,607 )
Income taxes	-	-