

INFORMATION ANALYSIS INC

Form 10-Q

November 14, 2013

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended September 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 000-22405

Information Analysis Incorporated
(Exact Name of Registrant as Specified in Its Charter)

Virginia
(State or other jurisdiction of incorporation
or organization)

54-1167364
(I.R.S. Employer Identification No.)

11240 Waples Mill Road
Suite 201
Fairfax, Virginia 22030

(703) 383-3000
(Registrant's telephone number, including area code)

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

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

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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 the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer (Do not check if a smaller reporting company)	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

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 November 8, 2013, 11,201,760 shares of common stock, par value \$0.01 per share, of the registrant were outstanding.

Page
Number2

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INFORMATION ANALYSIS INCORPORATED
BALANCE SHEETS

	September 30, 2013 (Unaudited)	December 31, 2012 (see Note 1)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,272,967	\$ 2,623,016
Accounts receivable, net	2,817,233	738,044
Prepaid expenses and other current assets	639,475	191,406
Notes receivable, current	7,381	2,410
Total current assets	5,737,056	3,554,876
Property and equipment, net	59,687	39,226
Notes receivable, long-term	9,664	3,885
Other assets	6,281	6,281
Total assets	\$ 5,812,688	\$ 3,604,268
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,000,066	\$ 111,585
Commissions payable	880,776	806,133
Deferred revenue	596,946	220,424
Accrued payroll and related liabilities	210,105	269,716
Other accrued liabilities	45,631	48,401
Total current liabilities	3,733,524	1,456,259
Stockholders' equity:		
Common stock, par value \$0.01, 30,000,000 shares authorized; 12,844,376 shares issued, 11,201,760 shares outstanding as of September 30, 2013 and December 31, 2012	128,443	128,443
Additional paid-in capital	14,592,923	14,581,475
Accumulated deficit	(11,711,991)	(11,631,698)
Treasury stock, 1,642,616 shares at cost	(930,211)	(930,211)
Total stockholders' equity	2,079,164	2,148,009
Total liabilities and stockholders' equity	\$ 5,812,688	\$ 3,604,268

The accompanying notes are an integral part of the financial statements

Table of Contents

INFORMATION ANALYSIS INCORPORATED
 STATEMENTS OF OPERATIONS AND
 COMPREHENSIVE INCOME
 (Unaudited)

	For the three months ended September 30,	
	2013	2012
Revenues:		
Professional fees	\$1,017,243	\$1,363,421
Software sales	2,200,602	372,354
Total revenues	3,217,845	1,735,775
Cost of revenues:		
Cost of professional fees	510,397	818,926
Cost of software sales	1,951,931	347,011
Total cost of revenues	2,462,328	1,165,937
Gross profit	755,517	569,838
Selling, general and administrative expenses	371,328	388,913
Commission expense	278,474	139,148
Income from operations	105,715	41,777
Other income	2,652	1,645
Income before provision for income taxes	108,367	43,422
Provision for income taxes	--	