

NOVAMED INC
Form 10-Q
November 09, 2007

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 September 30, 2007

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: 0-26625

NOVAMED, INC.

(Exact name of registrant as specified in its charter)

Delaware

36-4116193

(State or other jurisdiction of
incorporation or organization)

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

980 North Michigan Avenue, Suite 1620, Chicago, Illinois 60611

(Address of principal executive offices)

Registrant's telephone, including area code: **(312) 664-4100**

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 and 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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

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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 02, 2007, there were outstanding 24,492,833 shares of the registrant's common stock, par value \$.01 per share.

NOVAMED, INC.
FORM 10-Q FOR QUARTERLY PERIOD ENDED SEPTEMBER 30, 2007
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Part I. FINANCIAL INFORMATION

Item 1. Interim Condensed Consolidated Financial Statements (unaudited)

NOVAMED, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share data)

	September 30, 2007 (unaudited)	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,961	\$ 2,743
Accounts receivable, net of allowances of \$30,918 and \$32,282, respectively	20,278	17,278
Notes and amounts due from related parties	505	505
Inventory	2,609	2,187
Prepaid expenses and deposits	1,671	1,361
Current tax assets	1,379	569
Total current assets	33,403	24,643
Property and equipment, net	15,918	15,066
Intangible assets, net	151,771	119,828
Noncurrent deferred tax assets, net	2,907	—
Other assets, net	1,724	1,010
Total assets	\$ 205,723	\$ 160,547
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 6,920	\$ 6,525
Accrued expenses and income taxes payable	5,598	6,505
Current maturities of long-term debt	1,255	1,373
Total current liabilities	13,773	14,403
Long-term debt, net of current maturities	28,838	61,227
Convertible subordinated debt, net of debt issuance costs	72,708	—
Other long-term liabilities	674	269
Deferred income taxes	—	2,236
Minority interests	15,414	14,296
Commitments and contingencies		
Stockholders' equity:		
Series E Junior Participating Preferred Stock, \$0.01 par value, 1,912,000 shares authorized, none outstanding at September 30, 2007 and December 31, 2006, respectively	—	—
Common stock, \$0.01 par value, 81,761,465 shares authorized, 29,314,936 and 28,533,676 shares issued at September 30, 2007 and December 31, 2006, respectively	292	285
Additional paid-in-capital	91,772	89,653
Accumulated deficit	(6,778)	(11,656)
Accumulated other comprehensive loss	(310)	(254)
	(10,660)	(9,912)

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Treasury stock, at cost, 4,822,413 and 4,713,417 shares at September 30, 2007 and December 31, 2006, respectively

Total stockholders' equity		74,316		68,116
Total liabilities and stockholders' equity	\$	205,723	\$	160,547

The notes to the interim condensed consolidated financial statements are an integral part of these statements.

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NOVAMED, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except per share data; unaudited)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2007	2006	2007	2006
Net revenue:				
Surgical facilities	\$ 27,626	\$ 22,249	\$ 79,615	\$ 61,219
Product sales and other	5,764	5,525	17,644	17,512
Total net revenue	33,390	27,774	97,259	78,731
Operating expenses:				
Salaries, wages and benefits	10,339	8,803	30,507	25,420
Cost of sales and medical supplies	7,844	6,614	22,776	19,167
Selling, general and administrative	6,247	5,394	18,316	14,879
Depreciation and amortization	1,062			