

Edgar Filing: Higher One Holdings, Inc. - Form 10-Q

Higher One Holdings, Inc.
Form 10-Q
August 09, 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 June 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: 001-34779

HIGHER ONE HOLDINGS, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware 26-3025501
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)
115 Munson Street
New Haven, CT 06511
(Address of Principal Executive Offices)(Zip Code)
(203) 776-7776
(Registrant's Telephone Number, Including Area Code)
N/A

(Former Name, Former Address and Former Fiscal Year, If Changes 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 submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" or "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one).

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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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 August 6, 2013, there were 46,995,171 shares of common stock, par value \$0.001 per share, outstanding.

HIGHER ONE HOLDINGS, INC.
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As used herein, the terms "we," "us," "our," "the Company" or "Higher One," unless the context otherwise requires, mean Higher One Holdings, Inc. and its subsidiaries.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

Higher One Holdings, Inc.
Condensed Consolidated Balance Sheets
(In thousands of dollars, except share and per share amounts)
(unaudited)

	June 30, 2013	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$6,823	\$13,031
Investments in marketable securities	247	247
Accounts receivable	11,317	4,860
Income receivable	13,523	7,466
Deferred tax assets	5	37
Prepaid expenses and other current assets	9,104	10,890
Restricted cash	0	2,000
Total current assets	41,019	38,531
Deferred costs	4,224	4,665
Fixed assets, net	52,905	52,686
Intangible assets, net	59,859	38,143
Goodwill	66,548	47,000
Loan receivable related to New Markets Tax Credit financing	7,633	7,633
Other assets	1,059	740
Restricted cash	1,500	1,500
Total assets	\$234,747	\$190,898
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$2,596	\$3,756
Accrued expenses	13,391	12,526
Contingent consideration, current portion	535	2,230
Deferred tax liabilities	-	356
Deferred revenue	21,129	16,027
Total current liabilities	37,651	34,895
Deferred revenue and other non-current liabilities	2,404	2,517
Loan payable and deferred contribution related to New Markets Tax Credit financing	9,336	9,490
Debt	112,000	80,000
Contingent consideration, non-current portion	-	3,520
Deferred tax liabilities	4,078	2,764
Total liabilities	165,469	133,186
Commitments and contingencies (Note 7)		
Stockholders' equity:		
	60	59

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Common stock, \$0.001 par value; 200,000,000 shares authorized; 58,842,813 shares issued and 46,929,787 shares outstanding at June 30, 2013; 58,045,404 shares issued and 46,660,781 shares outstanding at December 31, 2012

Additional paid-in capital	178,418	174,218
Treasury stock, 11,913,026 and 11,384,623 shares at June 30, 2013 and December 31, 2012, respectively	(137,899)	(131,903)
Retained earnings	28,699	15,338
Total stockholders' equity	69,278	57,712
Total liabilities and stockholders' equity	\$234,747	\$190,898

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

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Higher One Holdings, Inc.
Condensed Consolidated Statements of Operations
(In thousands of dollars, except share and per share amounts)
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Revenue:				
Account revenue	\$25,944	\$30,033	\$69,307	\$77,143
Payment transaction revenue	6,086	4,172	12,787	9,501
Higher education institution revenue	7,725	4,027	14,866	8,651
Other revenue	268	681	443	1,399
Revenue	40,023	38,913	97,403	96,694
Cost of revenue	17,894	17,141	40,194	38,465
Gross margin	22,129	21,772	57,209	58,229
Operating expenses:				
General and administrative	13,576	11,077	26,665	22,303
Product development	2,444	1,085	4,339	1,991
Sales and marketing	4,632	2,946	7,839	5,813
Merger and acquisition related	(5,011)	-	(4,465)	-
Total operating expenses				