

interCLICK, Inc.
Form 10-Q
November 16, 2009

UNITED STATES
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, 2009

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: 001-34523

interCLICK, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

01-0692341
(I.R.S. Employer
Identification No.)

257 Park Avenue South, Ste. 602, New York, NY
(Address of principal executive offices)

10010
(Zip Code)

(646) 722-6260
(Registrant's telephone number, including area code)

N/A
(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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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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 check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes

No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class
Common Stock, \$0.001 par value per share

Outstanding at November 10, 2009
20,667,707 shares

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

InterCLICK, Inc. (Formerly Customer Acquisition Network Holdings, Inc.) Index to Condensed Consolidated Financial Statements

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INTERCLICK, INC. (FORMERLY CUSTOMER ACQUISITION NETWORK HOLDINGS, INC.) AND
SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2009 (Unaudited)	December 31, 2008 (See Note 1)
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,929,094	\$ 183,871
Accounts receivable, net of allowance of \$258,100 and \$425,000, respectively	14,476,271	7,120,311
Due from factor	1,114,698	637,705
Prepaid expenses and other current assets	373,505	94,164
Total current assets	17,893,568	8,036,051
Property and equipment, net of accumulated depreciation of \$507,771 and \$ 282,490, respectively	458,483	596,913
Intangible assets, net of accumulated amortization of \$869,850 and \$720,570, respectively	460,833	610,113
Goodwill	7,909,571	7,909,571
Investment in available-for-sale marketable securities	728,572	1,650,000
Deferred debt issue costs, net of accumulated amortization of \$31,639 and \$6,667, respectively	8,361	33,333
Other assets	192,179	191,664
Total assets	\$ 27,651,567	\$ 19,027,645
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 7,508,531	\$ 5,288,807
Due to factor	5,559,011	3,188,425
Accrued expenses (includes accrued compensation of \$1,346,484 and \$0, respectively)	1,688,013	310,685
Warrant derivative liability	267,789	-
Deferred revenue	151,465	9,972
Obligations under capital leases, current portion	10,239	10,615
Accrued interest	6,296	16,948
Deferred rent, current portion	3,207	-
Senior secured note payable - related party	-	400,000
Payable and promissory note settlement liability	-	248,780
Total current liabilities	15,194,551	9,474,232
Obligations under capital leases, net of current portion	1,763	9,495
Deferred rent	83,062	72,696
Total liabilities	15,279,376	9,556,423
Commitments and contingencies		

Stockholders' equity:			
Preferred stock, \$0.001 par value; 10,000,000 shares authorized, zero shares issued and outstanding		-	-
Common stock, \$0.001 par value; 140,000,000 shares authorized, 20,644,856 and 18,922,596 issued and outstanding, respectively		20,645	18,923
Additional paid-in capital		28,076,682	24,908,509
Accumulated other comprehensive loss		(1,061,354)	(197,704)
Accumulated deficit		(14,663,782)	(15,258,506)
Total stockholders' equity		12,372,191	9,471,222
Total liabilities and stockholders' equity	\$	27,651,567	\$ 19,027,645

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

INTERCLICK, INC. (FORMERLY CUSTOMER ACQUISITION NETWORK HOLDINGS, INC.) AND
SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended September 30, 2009	For the Three Months Ended September 30, 2008	For the Nine Months Ended September 30, 2009	For the Nine Months Ended September 30, 2008
Revenues	\$ 14,395,236	\$ 5,756,707	\$ 33,467,213	\$ 13,992,303
Cost of revenues	7,141,926	4,011,020	17,498,860	10,330,018
Gross profit	7,253,310	1,745,687	15,968,353	3,662,285
Operating expenses:				
General and administrative	3,383,752	1,881,513	8,021,106	6,113,362
Sales and marketing	2,317,245	886,511	5,468,122	2,443,776
Technology support	830,626	294,558	2,149,103	839,579
Amortization of intangible assets	49,760	104,571	149,280	313,938
Total operating expenses	6,581,383	3,167,153	15,787,611	9,710,655
Operating income (loss) from continuing operations	671,927	(1,421,466)	180,742	(6,048,370)
Other income (expense):				
Interest income	-	8,140	12	14,903
Interest expense	(245,854)	(189,382)	(486,127)	(1,422,885)
Loss on disposal of property and equipment	-	(15,385)	-	(15,385)
Loss on settlement of debt	-	-	-	(20,121)
Warrant derivative liability expense	(274,725)	-	(506,786)	-
Loss on sale of available-for-sale securities	-	(116,454)	(36,349)	(116,454)
Total other income (expense)	(520,579)	(313,081)	(1,029,250)	(1,559,942)
Income (loss) from continuing operations before equity investment	151,348	(1,734,547)	(848,508)	(7,608,312)
Equity in investee's loss, net of income taxes	-	(404,103)	-	(653,231)
Income (loss) from continuing operations	151,348	(2,138,650)	(848,508)	(8,261,543)
Discontinued operations:				
Loss from discontinued operations, net of income taxes	-	(1,053,059)	-	(1,988,232)
Loss on sale of discontinued operations, net of income taxes	-	(498,554)	(1,220)	(1,123,535)
Loss from discontinued operations, net	-	(1,551,613)	(1,220)	(3,111,767)

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Net income (loss)	151,348	(3,690,263)	(849,728)	(11,373,310)
Other comprehensive loss:				
Unrealized loss on available-for-sale securities	-	(314,158)	(899,999)	(314,158)
Reclassification adjustments for losses included in net income (loss)	-	116,454	36,349	116,454
Total other comprehensive loss	-	(197,704)	(863,650)	(197,704)
Comprehensive income (loss)	\$ 151,348	\$ (3,887,967)	\$ (1,713,378)	\$ (11,571,014)
Earnings (loss) per share from continuing operations - basic and diluted				
\$	0.01	\$ (0.12)	\$ (0.04)	\$ (0.45)
Loss per share from discontinued operations - basic and diluted				
	-	(0.08)	-	(0.17)
Net earnings (loss) per share - basic and diluted				
\$	0.01	\$ (0.20)	\$ (0.04)	\$ (0.62)
Weighted average number of common shares - basic				
	20,628,042	18,904,118	19,578,110	18,450,209
Weighted average number of common shares - diluted				
	22,399,847	18,904,118	19,578,110	18,450,209

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

INTERCLICK, INC. (FORMERLY CUSTOMER ACQUISITION NETWORK HOLDINGS, INC.) AND
SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)

	Common Stock		Additional	Accumulated	Accumulated	Total
	Shares	Amount	Paid-In Capital	Other Comprehensive Loss	Deficit	Stockholders' Equity
Balance, December 31, 2008	18,922,596	\$ 18,923	\$ 24,908,509	\$ (197,704)	\$ (15,258,506)	\$ 9,471,222
Cumulative effect of change in accounting principle	-	-	(1,864,466)	-	1,444,452	(420,014)
Stock - based compensation	5,274	5	1,891,879	-	-	1,891,884
Common stock issued to eliminate or modify price protection for warrants	352,500	352	658,659	-	-	659,011
Common stock issued for services rendered and to be rendered						