

Crexendo, Inc.
Form 10-Q
November 06, 2018

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, 2018

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 001-32277

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

Nevada 87-0591719
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

1615 South 52nd Street, Tempe, AZ 85281
(Address of Principal Executive Offices) (Zip Code)

(602) 714-8500
(Registrant's telephone number, including area code)

(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

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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, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth 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

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Yes No .

The number of shares outstanding of the registrant’s common stock as of October 31, 2018 was 14,394,113.

INDEX

PART I – FINANCIAL INFORMATION

Item 1.	Financial Statements	3
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	27
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	40
Item 4.	Controls and Procedures	40

PART II – OTHER INFORMATION

Item 1.	Legal Proceedings	41
Item 1A.	Risk Factors	41
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	41
Item 6.	Exhibits	41
	Signatures	42

PART I - FINANCIAL INFORMATION

Item 1.
Financial Statements.CREXENDO, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(Unaudited, in thousands, except par value and share data)

	September 30, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$1,796	\$1,282
Restricted cash	100	100
Trade receivables, net of allowance for doubtful accounts of \$7 as of September 30, 2018 and \$19 as of December 31, 2017	363	372
Contract assets	9	3
Inventories	293	131
Equipment financing receivables	70	116
Contract costs	374	379
Prepaid expenses	253	251
Income tax receivable	2	-
Other current assets	-	10
Total current assets	3,260	2,644
Long-term trade receivables, net of allowance for doubtful accounts of \$9 as of September 30, 2018 and \$10 as of December 31, 2017	29	31
Long-term equipment financing receivables, net	128	58
Property and equipment, net	132	8
Intangible assets, net	185	239
Goodwill	272	272
Contract costs, net of current portion	351	364
Other long-term assets	107	121
Total assets	\$4,464	\$3,737
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$77	\$79
Accrued expenses	1,254	961
Capital lease obligations	27	-
Notes payable	74	69
Contract liabilities	585	614
Total current liabilities	2,017	1,723

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Contract liabilities, net of current portion	410	374
Capital lease obligations, net of current portion	123	-
Notes payable, net of current portion	-	10
Total liabilities	2,550	2,107
Stockholders' equity:		
Preferred stock, par value \$0.001 per share - authorized 5,000,000 shares; none issued	—	—
Common stock, par value \$0.001 per share - authorized 25,000,000 shares, 14,394,113 shares issued and outstanding as of September 30, 2018 and 14,287,556 shares issued and outstanding as of December 31, 2017	14	14
Additional paid-in capital	61,059	60,560
Accumulated deficit	(59,159)	(58,944)
Total stockholders' equity	1,914	1,630
Total Liabilities and Stockholders' Equity	\$4,464	\$3,737

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

CREXENDO, INC. AND SUBSIDIARIES
 Condensed Consolidated Statements of Operations
 (Unaudited, in thousands, except per share and share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Service revenue	\$2,712	\$2,259	\$7,694	\$6,407
Product revenue	314	385	1,117	967
Total revenue	3,026	2,644	8,811	