

ASPYRA INC
Form 10-Q
November 20, 2009

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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.

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 001-13268

ASPYRA, INC.

(Exact name of Registrant as specified in its charter)

California
(State or other jurisdiction of
incorporation or organization)

95-3353465
(I.R.S. Employer
Identification Number)

4360 Park Terrace Drive, Suite 220, Westlake Village, California 91361
(Address of principal executive offices)

(818) 880-6700

Registrant's telephone number, including area code

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 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, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a 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 November 19, 2009, there were 17,201,327 shares of the registrant's only class of common stock outstanding.

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ASPYRA, INC.

QUARTERLY REPORT ON FORM 10-Q

September 30, 2009

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ASPYRA, INC.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2009 (Unaudited)	December 31, 2008
ASSETS		
CURRENT ASSETS:		
Cash	\$ 564,862	\$ 779,630
Receivables, net	1,147,534	806,996
Inventory	9,865	27,358
Prepaid expenses and other assets	258,826	225,971
TOTAL CURRENT ASSETS	1,981,087	1,839,955
PROPERTY AND EQUIPMENT, net	335,880	498,395
OTHER ASSETS	385,101	182,698
INVENTORY OF COMPONENT PARTS, net	—	27,693
CAPITALIZED SOFTWARE COSTS, net of accumulated amortization of \$1,259,529 and \$798,919	2,682,570	2,851,327
INTANGIBLES, net	2,556,115	3,072,490
GOODWILL	6,692,000	6,692,000
	\$ 14,632,753	\$ 15,164,558
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable	\$ 4,363,021	\$ 794,965
Accounts payable	732,611	710,157
Accrued liabilities:		
Vacation pay	375,244	357,798
Accrued compensation	384,232	333,712
Accrued interest	498,574	226,635
Deferred rent	43,736	75,511
Customer deposits	442,392	373,928
Other	415,625	254,928
Deferred service contract income	2,022,222	1,914,979
Deferred revenue on system sales	920,242	521,520
Capital lease — current portion	150,237	150,237
TOTAL CURRENT LIABILITIES	10,348,136	5,714,370
CAPITAL LEASE, LESS CURRENT PORTION	85,371	198,048
NOTES PAYABLE	—	2,460,000
TOTAL LIABILITIES	10,433,507	8,372,418
SHAREHOLDERS' EQUITY:		
Common shares, no par value; 75,000,000 shares authorized; 17,201,327 (including 4,602,639 shares to be issued) and	23,494,346	22,761,951

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12,437,150 shares issued and outstanding		
Additional paid-in-capital	4,061,994	2,587,065
Accumulated deficit	(23,345,528)	(18,556,512)
Accumulated other comprehensive loss	(11,566)	(364)
TOTAL SHAREHOLDERS' EQUITY	4,199,246	6,792,140
	\$ 14,632,753	\$ 15,164,558

See Notes to Condensed Consolidated Financial Statements.

ASPYRA, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

Three Months Ended September 30,
2009 2008

NET SYSTEM SALES AND SERVICE REVENUE:

System sales	\$ 256,789	\$ 469,961
Service revenue	1,550,710	1,705,792
	1,807,499	2,175,753

COSTS OF PRODUCTS AND SERVICES SOLD:

System sales	528,343	465,837
Service revenue	599,378	