

DecisionPoint Systems, Inc.
Form 10-Q
September 05, 2012

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, 2012

Or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

DECISIONPOINT SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

000-54200
(Commission File Number)

37-1644635
(IRS Employer Identification No.)

8697 Research Drive Irvine, CA 92618-2404
(Address of principal executive offices) (Zip code)

(949) 465-0065
(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 requirement 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

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

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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)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The number of shares of common stock, par value \$0.001 per share of DecisionPoint Systems, Inc. outstanding as of the close of business on August 31, 2012, were 8,971,192.

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DECISIONPOINT SYSTEMS, INC.

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DECISIONPOINT SYSTEMS, INC.
Condensed Consolidated Balance Sheets

	June 30, 2012 (unaudited)	December 31, 2011
ASSETS		
Current assets		
Cash	\$498,357	\$365,814
Accounts receivable, net	12,522,801	13,916,787
Other receivable	-	1,476,285
Due from related party	421,797	-
Inventory, net	2,168,972	705,757
Deferred costs	3,747,468	3,468,583
Prepaid expenses and other current assets	339,052	408,413
Total current assets	19,698,447	20,341,639
Property and equipment, net	125,627	98,934
Intangible assets, net	6,392,588	2,214,000
Goodwill	8,046,121	5,538,466
Deferred costs, net of current portion	2,149,472	1,800,320
Other assets, net	444,709	175,329
Total assets	\$36,856,964	\$30,168,688
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$10,349,136	\$8,947,133
Accrued expenses and other current liabilities	2,531,689	2,504,870
Lines of credit	2,954,446	4,024,141
Current portion of debt	1,919,340	1,000,000
Due to related parties	152,722	871,508
Unearned revenue	7,796,231	6,756,214
Total current liabilities	25,703,564	24,103,866
Long term liabilities		
Unearned revenue, net of current portion	2,899,126	2,509,190
Debt, net of current portion and discount	3,693,090	970,160
Accrued earn out consideration	1,214,264	-
Deferred tax liabilities	1,240,298	18,000
Due to related parties	835,764	-
Interest payable	60,000	60,000
Total liabilities	35,646,106	27,661,216
Commitments and contingencies		

	-	-
STOCKHOLDERS' EQUITY		
Cumulative convertible preferred stock, \$0.001 par value, 10,000,000 shares authorized, 1,816,289 shares issued and outstanding, including cumulative and imputed preferred dividends of \$669,780 and \$435,563, and with a liquidation preference of \$11,082,894 and \$10,652,275, respectively	6,553,849	6,319,629
Common stock, \$0.001 par value, 100,000,000 shares authorized, 8,507,791 issued and 8,353,908 outstanding as of June 30, 2012, and 8,182,791 issued and 8,028,908 outstanding as of December 31, 2011	8,507	8,183
Additional paid-in capital	14,893,396	14,513,918
Other comprehensive income	5,448	
Treasury stock, 153,883 shares of common stock	(204,664)	(204,664)
Accumulated deficit	(19,212,531)	(17,230,792)
Unearned ESOP shares	(833,147)	(898,802)
Total stockholders' equity	1,210,858	2,507,472
Total liabilities and stockholders' equity	\$36,856,964	\$30,168,688

See accompanying notes to unaudited condensed consolidated financial statements

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DECISIONPOINT SYSTEMS, INC.			
Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss			
Three Months ended June 30,		Six Months ended June 30,	
2012	2011	2012	2011