

DecisionPoint Systems, Inc.
Form 10-Q
August 19, 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 _____

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, 92618-4204
(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 July 31, 2013, were 9,216,763.

DECISIONPOINT SYSTEMS, INC.

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DECISIONPOINT SYSTEMS, INC.

Unaudited Condensed Consolidated Balance Sheets
(In thousands, except share and per share data)

	June 30, 2013	December 31, 2012
ASSETS		
Current assets		
Cash	\$ 266	\$ 1,103
Accounts receivable, net	9,367	12,287
Due from related party	191	202
Inventory, net	850	811
Deferred costs	4,020	3,955
Deferred tax assets	46	48
Prepaid expenses and other current assets	674	302
Total current assets	15,414	18,708
Property and equipment, net	143	179
Other assets, net	158	205
Deferred costs, net of current portion	1,988	2,124
Goodwill	8,434	8,571
Intangible assets, net	4,880	6,023
Total assets	\$ 31,017	\$ 35,810
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 10,814	\$ 11,080
Accrued expenses and other current liabilities	2,899	2,895
Lines of credit	2,724	3,430
Current portion of debt	3,973	1,800
Due to related parties	95	1
Accrued earn out consideration	1,129	1,186
Unearned revenue	7,346	7,409
Total current liabilities	28,980	27,801
Long term liabilities		
Unearned revenue, net of current portion	2,684	2,883
Debt, net of current portion and discount	550	2,922
Accrued earn out consideration, net of current portion	151	159
Deferred tax liabilities	1,022	1,078
Other long term liabilities	80	80

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Total liabilities	33,467	34,923
Commitments and contingencies and subsequent event	-	-
STOCKHOLDERS' EQUITY (DEFICIT)		
Cumulative Convertible Preferred stock, \$0.001 par value, 10,000,000 shares authorized, 1,105,155 and 1,105,155 shares issued and outstanding, including cumulative and imputed preferred dividends of \$505 and \$361, and with a liquidation preference of \$8,902 and \$8,758 at June 30, 2013 and December 31, 2012, respectively	7,528	7,370
Common stock, \$0.001 par value, 100,000,000 shares authorized, 9,370,646 issued and 9,216,763 outstanding as of June 30, 2013, and 9,300,439 issued and 9,146,556 outstanding as of December 31, 2012	9	9
Additional paid-in capital	16,224	16,132
Treasury stock, 153,883 shares of common stock	(205)	(205)
Accumulated deficit	(25,330)	(21,674)
Unearned ESOP shares	(698)	(767)