

COGENT COMMUNICATIONS GROUP INC
Form 10-Q/A
May 15, 2003

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-Q/A

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**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2003

OR

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**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File No. 1-31227

COGENT COMMUNICATIONS GROUP, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State of Incorporation)

52-2337274
(I.R.S. Employer
Identification Number)

1015 31st Street N.W.
Washington, D.C. 20007
(Address of Principal Executive Offices and Zip Code)

(202) 295-4200
(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, and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o

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Indicate by check mark whether the registrant is an accelerated filer (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.

Common Stock, \$.001 par value 3,524,848 Shares Outstanding as of April 30, 2003

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COGENT COMMUNICATIONS GROUP, INC., AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

AS OF DECEMBER 31, 2002 AND MARCH 31, 2003

(IN THOUSANDS, EXCEPT SHARE DATA)

	December 31, 2002		March 31, 2003	
			(Unaudited)	
Assets				
Current assets:				
Cash and cash equivalents	\$	39,314	\$	12,739
Short term investments (\$851 and \$1,281 restricted, respectively)		3,515		4,398
Accounts receivable, net of allowance for doubtful accounts of \$2,023 and \$2,086, respectively		5,516		5,546
Prepaid expenses and other current assets		2,781		5,667
Total current assets		51,126		28,350
Property and equipment:				
Property and equipment		365,831		381,507
Accumulated depreciation and amortization		(43,051)		(52,820)
Total property and equipment, net		322,780		328,687
Intangible assets:				
Intangible assets		23,373		26,080
Accumulated amortization		(8,718)		(10,956)
Total intangible assets, net		14,655		15,124
Other assets (\$4,431 and \$4,229 restricted, respectively)		19,116		18,531
Total assets	\$	407,677	\$	390,692
Liabilities and stockholders equity				
Current liabilities:				
Accounts payable	\$	7,830	\$	7,500
Accrued liabilities		18,542		11,458
Cisco credit facility, in default (Note 1)		250,305		262,709
Current maturities, capital lease obligations		3,505		3,683
Total current liabilities		280,182		285,350
Convertible subordinated notes, net of discount of \$78,140 and \$6,649 (Note 7)		38,840		3,542
Capital lease obligations, net of current		55,280		56,262
Other long-term liabilities		749		1,363
Total liabilities		375,051		346,517
Commitments and contingencies:				

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Stockholders equity:				
Convertible preferred stock, Series A, \$0.001 par value; 26,000,000 shares authorized, issued, and outstanding; liquidation preference of \$30,484		25,892		25,892
Convertible preferred stock, Series B, \$0.001 par value; 20,000,000 shares authorized; 19,370,223 and 19,362,531 shares issued and outstanding in 2002 and 2003, respectively; liquidation preference of \$100,396		88,009		87,974
Convertible preferred stock, Series C, \$0.001 par value; 52,173,463 shares authorized; 49,773,402 shares issued and outstanding; liquidation preference of \$100,000		61,345		61,345
Convertible preferred stock, Series D, \$0.001 par value; 3,426,293 shares authorized, issued and outstanding in 2003; liquidation preference of \$6,884				4,272
Convertible preferred stock, Series E, \$0.001 par value; 3,426,293 shares authorized, issued and outstanding in 2003; liquidation preference of \$4,282				4,272
Common stock, \$0.001 par value; 21,100,000 shares authorized; 3,483,838 shares issued and outstanding		4		4
Additional paid-in capital		49,199		48,974
Deferred compensation		(6,024)		(4,893)
Stock purchase warrants		9,012		9,012
Accumulated other comprehensive (loss) income		(44)		176
Accumulated deficit		(194,767)		(192,853)
Total stockholders equity		32,626		44,175
Total liabilities and stockholders equity	\$	407,677	\$	390,692

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

COGENT COMMUNICATIONS GROUP, INC., AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2002 AND MARCH 31, 2003

(IN THOUSANDS EXCEPT SHARE AND PER SHARE AMOUNTS)

	Three Months Ended March 31, 2002		Three Months Ended March 31, 2003	
	(Unaudited)		(Unaudited)	
Net service revenue	\$	3,542	\$	14,233
Operating expenses:				
Network operations (including \$60 and \$57 of amortization of deferred compensation, respectively)		6,908		10,739
Selling, general, and administrative (including \$637 and \$761 of amortization of deferred compensation, respectively)		6,641		7,163
Depreciation and amortization		6,677		