

INNOVATIVE SOLUTIONS & SUPPORT INC
Form 10-Q
May 10, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 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 March 31, 2007

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 No. 0-31157

INNOVATIVE SOLUTIONS AND SUPPORT, INC.

(Exact name of registrant as specified in its charter)

PENNSYLVANIA
(State or other jurisdiction
of incorporation)

23-2507402
(IRS Employer
Identification No.)

720 Pennsylvania Drive, Exton, Pennsylvania
(Address of principal executive offices)

19341
(Zip Code)

(610) 646-9800

(Registrant's telephone number, including area code)

Indicate by check mark whether 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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

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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 May 2, 2007, there were 16,881,001 shares of the Registrant's Common Stock, with par value of \$.001 per share, outstanding.

INNOVATIVE SOLUTIONS AND SUPPORT, INC.

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PART I FINANCIAL INFORMATION

Item 1 Financial Statements

INNOVATIVE SOLUTIONS AND SUPPORT, INC.

CONDENSED CONSOLIDATED BALANCE SHEET

(unaudited)

	As of March 31, 2007	As of September 30, 2006
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 60,719,959	\$ 62,984,829
Accounts receivable, less allowance for doubtful accounts of \$0 and \$100,000 at March 31, 2007 and September 30, 2006	2,322,706	3,333,131
Inventories	5,553,926	6,466,156
Deferred income taxes	1,327,973	1,082,931
Prepaid expenses and other current assets	7,194,983	4,065,696
Total current assets	77,119,547	77,932,743
Property and Equipment:		
Computers and test equipment	4,746,175	4,592,410
Corporate airplane	3,044,871	3,027,502
Furniture and office equipment	892,989	748,827
Manufacturing facility	5,488,824	5,426,761
Land	1,021,245	1,021,245
	15,194,104	14,816,745
Less- Accumulated depreciation and amortization	(6,235,705) (5,846,272
Net property and equipment	8,958,399	8,970,473
Deposits and other assets	316,564	329,664
Total assets	\$ 86,394,510	\$ 87,232,880
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current Liabilities		
Current portion of capitalized lease obligations	\$ 8,405	\$ 7,891
Accounts payable	2,299,895	358,818
Accrued expenses	3,380,382	3,122,542
Deferred revenue	211,418	591,626
Total current liabilities	5,900,100	4,080,877
Note payable	4,335,000	4,335,000
Long-term portion of capitalized lease obligations		4,587
Deferred revenue	85,756	120,991
Deferred income taxes	367,550	490,072
Commitments and contingencies		
Shareholders' Equity:		
Preferred stock, 10,000,000 shares authorized, \$.001 par value, of which 200,000 shares are authorized as Class A Convertible stock. No shares issued and outstanding at December 31, 2006 and September 30, 2006		