

Paycom Software, Inc.
Form 10-Q
August 07, 2015

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, 2015

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: 001-36393

Paycom Software, Inc.

(Exact name of registrant as specified in its charter)

Delaware 80-0957485
(State or other jurisdiction of (I.R.S. Employer

incorporation or organization) Identification Number)
7501 W. Memorial Road

Oklahoma City, Oklahoma 73142

(Address of principal executive offices, including zip code)

(405) 722-6900

(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 (§232.405 of this chapter) 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 company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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 August 3, 2015, the registrant had 59,110,711 shares of common stock outstanding, including 2,060,027 shares of restricted stock.

Paycom Software, Inc.

PART I – FINANCIAL INFORMATION

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Paycom Software, Inc.

Condensed Consolidated Balance Sheets

(in thousands, except share amounts)

(unaudited)

	June 30, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$42,667	\$25,144
Restricted cash	-	371
Accounts receivable	2,562	2,794
Prepaid expenses	3,212	1,952
Inventory	326	195
Income tax receivable	-	935
Deferred tax assets, net	373	1,445
Current assets before funds held for clients	49,140	32,836
Funds held for clients	542,807	660,557
Total current assets	591,947	693,393
Property and equipment, net	50,115	47,919
Deposits and other assets	941	645
Goodwill	51,889	51,889
Intangible assets, net	4,290	5,096
Total assets	\$699,182	\$798,942
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$2,968	\$3,042
Income tax payable	1,931	-
Accrued commissions and bonuses	2,539	5,080
Accrued payroll and vacation	4,964	1,582
Deferred revenue	2,958	2,535
Current portion of long-term debt	861	855
Accrued expenses and other current liabilities	6,467	5,121
Current liabilities before client funds obligation	22,688	18,215
Client funds obligation	542,807	660,557
Total current liabilities	565,495	678,772
Deferred tax liabilities, net	1,805	3,107
Long-term deferred revenue	20,077	16,802
Long-term debt, less current portion	25,435	26,123

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Total long-term liabilities	47,317	46,032
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.01 par value (100,000,000 shares authorized, 57,050,684 and		
53,832,782 shares issued and outstanding at June 30, 2015 and December 31, 2014,		
respectively)	571	538
Additional paid in capital	68,195	67,937
Retained earnings	17,604	5,663
Total stockholders' equity	86,370	74,138
Total liabilities and stockholders' equity	\$ 699,182	\$ 798,942

See accompanying notes to the unaudited condensed consolidated financial statements.

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Paycom Software, Inc.

Condensed Consolidated Statements of Income

(in thousands, except per share and share amounts)

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Revenues				
Recurring	\$47,820	\$32,666	\$102,171	\$69,120
Implementation and other	1,153	640	2,024	1,171
Total revenues	48,973	33,306	104,195	70,291
Cost of revenues				
Operating expenses	7,134	5,757	14,605	12,049
Depreciation and amortization	887	608	1,697	1,238
Total cost of revenues	8,021	6,365	16,302	13,287
Administrative expenses				
Sales and marketing	16,741	13,700	37,970	29,381
Research and development	1,907	937	3,774	1,819
General and administrative	10,096	8,138	22,080	17,406
Depreciation and amortization	1,400	1,072	2,723	2,163
Total administrative expenses	30,144	23,847	66,547	50,769
Total operating expenses	38,165	30,212	82,849	64,056
Operating income	10,808	3,094	21,346	6,235
Interest expense	(392)	(674)	(724)	(2,741)
Loss on early repayment of debt	-	(4,044)	-	(4,044)
Other income, net	19	587	52	1,356
Income (loss) before income taxes	10,435	(1,037)	20,674	806
Provision (benefit) for income taxes	4,489	(444)	8,733	339
Net income (loss)	\$5,946	\$(593)	\$11,941	\$467
Net income (loss) per share, basic	\$0.10	\$(0.01)	\$0.21	\$0.01
Net income (loss) per share, diluted	\$0.10	\$(0.01)	\$0.21	\$0.01
Weighted average shares outstanding:				
Basic	57,038,021	50,284,362	55,900,306	48,015,577
Diluted	58,369,083	50,284,362	57,469,918	50,331,002

See accompanying notes to the unaudited condensed consolidated financial statements.

Paycom Software, Inc.

Condensed Consolidated Statements of Cash Flows

(in thousands)

(unaudited)

	Six Months Ended June 30,		
	2015		2014
Cash flows from operating activities			
Net income	\$	11,941	\$467
Adjustments to reconcile net income to net cash provided by operating activities:			
			o Dann V. Angeloff
	o	Douglas N. Benham	
	o	Matthew J. Hart	
	o	James H. Kropp	
	o	Lynn Swann	
	o	Kenneth M. Woolley	

INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), mark **FOR ALL EXCEPT** and fill in the circle next to each nominee you wish to withhold.

2. Ratification of appointment of BDO USA, LLP, independent registered public accountants, to audit the accounts of American Homes 4 Rent for the fiscal year ending December 31, 2016.

FOR AGAINST ABSTAIN

3. Advisory vote on the compensation of named executive officers

FOR AGAINST ABSTAIN

4. Other matters: In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting or any adjournment or postponement thereof.

To change the address on your account, please check the box at the right and indicate your new address in the address space below. Please note that changes to the registered name(s) on the account may not be submitted via this method.

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The undersigned acknowledges receipt of the Notice of Annual Meeting of Shareholders and Proxy Statement dated April 1, 2016.

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY/VOTING INSTRUCTION CARD IN THE ENCLOSED PRE-ADDRESSED, POSTAGE-PAID ENVELOPE TO AMERICAN STOCK TRANSFER & TRUST COMPANY, 6201 15th AVENUE, BROOKLYN, NEW YORK 11219.

Signature of Shareholder

Date

Signature of Shareholder

Date

Note: This proxy/voting instruction card must be signed exactly as the shareholder(s) name appears hereon. When shares are held jointly, each holder must sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.
