

PSYCHEMEDICS CORP
Form 10-Q
November 12, 2010

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 September 30, 2010

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 number: 1-13738

PSYCHEMEDICS CORPORATION
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

58-1701987
(I.R.S. Employer
Identification No.)

125 Nagog Park
Acton, MA
(Address of Principal Executive Offices)

01720
(Zip Code)

Registrant's telephone number including area code: (978) 206-8220

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, or a non-accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934).

Large accelerated filer Accelerated filer Non-accelerated filer Smaller Reporting Company

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(Do not check if smaller reporting
Company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934).

Yes No

The number of shares of Common Stock of the Registrant, par value \$0.005 per share, outstanding at November 12, 2010 was 5,212,536.

PSYCHEMEDICS CORPORATION
FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2010

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PSYCHEMEDICS CORPORATION
CONDENSED BALANCE SHEETS
(UNAUDITED)

	September 30, 2010	December 31, 2009
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2,872,960	\$ 4,840,367
Short-term investments	2,017,407	1,006,436
Accounts receivable, net of allowance for doubtful accounts of \$86,400 in 2010 and \$134,282 in 2009	4,335,593	3,016,084
Prepaid expenses	697,226	573,191
Other current assets	168,681	90,242
Deferred tax assets	304,994	253,221
Total Current Assets	10,396,861	9,779,541
Fixed Assets:		
Equipment & leasehold improvements	11,320,800	10,912,906
Less accumulated depreciation	(10,585,459)	(10,381,599)
Net Fixed Assets	735,341	531,307
Deferred tax assets, long term	204,764	204,764
Other assets	84,927	86,814
Total Assets	\$ 11,421,893	\$ 10,602,426
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 361,389	\$ 180,784
Accrued expenses	743,040	759,067
Accrued income taxes	413,699	331,831
Deferred revenues	16,515	36,360
Total Current Liabilities	1,534,643	1,308,042
Commitments and Contingencies (Note 9)		
Shareholders' Equity:		
Preferred-stock, \$0.005 par value, 872,521 shares authorized, no shares issued or outstanding	-	-
Common stock, \$0.005 par value, 50,000,000 shares authorized, 5,877,358 shares issued in 2010 and 5,861,872 shares issued in 2009	29,387	29,309
Paid-in capital	27,690,178	27,419,359
Less - Treasury stock, at cost, 664,523 shares in 2010 and 2009	(10,053,364)	(10,053,364)
Accumulated deficit	(7,778,951)	(8,100,920)
Total Shareholders' Equity	9,887,250	9,294,384
Total Liabilities & Shareholders' Equity	\$ 11,421,893	\$ 10,602,426

See accompanying notes to condensed financial statements

PSYCHEMEDICS CORPORATION
 CONDENSED STATEMENTS OF INCOME
 (UNAUDITED)

	3 Months Ended		9 Months Ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Revenues	\$ 5,106,262	\$ 4,669,894	\$ 14,992,625	\$ 12,683,654
Cost of revenues	2,080,214	1,779,732	6,033,093	5,595,740
Gross Profit	3,026,048	2,890,162	8,959,532	7,087,914
Operating expenses:				
General & administrative	850,312	862,518		