

ZIPCAR INC
Form 10-Q
May 13, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 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 March 31, 2011

OR

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

Commission File Number: 001-35131

ZIPCAR, INC.

(Exact Name of Registrant as Specified in Its Charter)

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Delaware (State or Other Jurisdiction of Incorporation or Organization)	04-3499525 (I.R.S. Employer Identification No.)
25 First Street, 4th Floor, Cambridge, MA (Address of Principal Executive Offices)	02141 (Zip Code)
(617) 995-4231 (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 checkmark whether the registrant has submitted electronically and posted on its corporate website, 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 time 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 definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>

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 12, 2011, 38,946,463 shares of the registrant's common stock were outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Zipcar, Inc.**Condensed Consolidated Balance Sheets****(Unaudited)**

	March 31, 2011	March 31, 2011 Pro Forma	December 31, 2010
(in thousands, except share and per share data)			
Assets			
Current assets			
Cash and cash equivalents	\$ 37,787	\$ 99,469	\$ 43,005
Accounts receivable, net of allowance for doubtful accounts of \$435 and \$541 as of March 31, 2011 and December 31, 2010	5,090	5,090	4,223
Restricted cash	1,611	1,611	900
Prepaid expenses and other current assets	10,095	9,561	9,905
Total current assets	54,583	115,731	58,033
Property and equipment, net	74,806	74,806	70,917
Goodwill	101,856	101,856	99,750
Intangible assets	7,739	7,739	8,527
Restricted cash	3,790	3,790	3,503
Deposits and other noncurrent assets	9,047	6,473	8,198
Total assets	\$ 251,821	\$ 310,395	\$ 248,928
Liabilities, Redeemable Convertible Preferred Stock and Stockholders Equity (Deficit)			
Current liabilities			
Accounts payable	\$ 7,644	\$ 7,644	\$ 6,247
Accrued expenses	17,953	17,937	16,594
Deferred revenue	14,873	14,873	14,261
Current portion of capital lease obligations and other debt	27,252	12,594	26,041
Total current liabilities	67,722	53,048	63,143
Capital lease obligations and other debt, net of current portion	67,444	35,927	68,022
Deferred revenue, net of current portion	3,693	3,693	3,651
Redeemable convertible preferred stock warrants	652		478
Other liabilities	3,256	2,348	1,975
Total liabilities	142,767	95,016	137,269
Commitments and contingencies (Note 8)			
Non-controlling interest	366	366	277
Redeemable convertible preferred stock, par value \$0.001 per share:	116,683		116,683
Stockholders' (deficit) equity:			
Common stock, \$0.001 par value: 100,000,000 shares authorized at March 31, 2011 and December 31, 2010; 6,631,703 and 6,415,436 shares issued at March 31, 2011 and December 31, 2010, respectively; 38,396,252 shares issued and outstanding pro forma at March 31, 2011	7	38	6

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Additional paid-in capital	60,785	287,304	59,647
Accumulated deficit	(71,570)	(75,112)	(65,380)
Accumulated other comprehensive loss	2,783	2,783	426
Total stockholders' (deficit) equity	(7,995)	215,013	(5,301)
Total liabilities, redeemable convertible preferred stock and stockholders' (deficit) equity	\$ 251,821	\$ 310,395	\$ 248,928

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

Table of Contents**Zipcar, Inc.****Condensed Consolidated Statements of Operations****(Unaudited)**

	Three Months Ended March 31,	
	2011	2010
<i>(In thousands, except per share data)</i>		
Revenue	\$ 49,133	\$ 33,244
Cost and expenses		
Fleet operations	34,966	24,894
Member services and fulfillment	4,071	2,670
Research and development	962	671
Selling, general, and administrative	12,687	9,437
Amortization of acquired intangible assets	1,073	197
Total operating expenses	53,759	37,869
Loss from operations	(4,626)	(4,625)
Interest income	9	12
Interest expense	(2,455)	(805)
Other income, net	987	126
Loss before income taxes	(6,085)	(5,292)
Provision for income taxes	17	36
Net loss	(6,102)	(5,328)
Less: Net loss attributable to the noncontrolling interest	5	8
Net loss attributable to Zipcar, Inc.	\$ (6,097)	\$ (5,320)
Net loss attributable to common stockholders per share - basic and diluted	\$ (0.95)	\$ (2.37)
Weighted average number of common shares outstanding used in computing per share amounts - basic and diluted	6,434,923	2,246,505

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

Table of Contents**Zipcar, Inc.****Condensed Consolidated Statements of Cash Flows****(Unaudited)**

	Three Months Ended March 31,	
	2011	2010
(in thousands)		
Cash flows from operating activities		
Net loss	\$ (6,102)	\$ (5,328)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities, net of acquisition		
Depreciation and amortization	6,095	1,216
Amortization & accretion of debt related warrants	148	323
Stock-based compensation expense	1,014	551
Loss on disposal of fixed assets	631	10
Redeemable convertible preferred stock warrant adjustment to fair value	174	60
Changes in operating assets and liabilities		
Accounts receivable	(807)	(136)
Prepaid expenses and other assets	43	(1,074)
Accounts payable	1,314	42
Accrued expenses	(35)	800
Deferred revenue	539	(145)
Net cash provided by (used in) operating activities, net of acquisition	3,014	(3,681)
Cash flows from investing activities		
(Increase) in deposits	(17)	(80)
(Increase) decrease in restricted cash	(999)	1,253
Proceeds from sale of property and equipment	2,614	
Purchases of property and equipment	(10,965)	(856)
Net cash (used in) provided by investing activities	(9,367)	317
Cash flows from financing activities		
Proceeds from issuance of debt	6,300	16,000
Proceeds from exercise of stock options and warrants	115	125
Proceeds from issuance of unvested restricted stock	2,500	
Payments of issuance costs for contemplated initial public offering of common stock	(931)	
Payments of principal under capital lease obligations and other debt	(6,905)	(1,134)
Net cash provided by financing activities	1,079	14,991
Effect of exchange rate changes on cash and cash equivalents	56	(61)
Net (decrease) increase in cash and cash equivalents	(5,218)	11,566
Cash and cash equivalents		
Beginning of period	43,005	19,228
End of period	\$ 37,787	\$ 30,794

Supplemental cash flow information

Cash paid for interest
