

NETSMART TECHNOLOGIES INC
Form 10-Q/A
January 10, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For Quarter Ended March 31, 2005
Commission File Number 0-21177

NETSMART TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

13-3680154
(I.R.S. Employer Identification Number)

3500 Sunrise Highway, Great River, NY
(Address of principal executive offices)

11739
(Zip Code)

Registrant's telephone number, including area code: (631) 968-2000

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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Number of shares of common stock outstanding as of May 2, 2005: 5,351,607

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CONDENSED CONSOLIDATED BALANCE SHEETS**

	March 31, 2005 Unaudited	December 31, 2004
Assets:		
Current Assets:		
Cash and Cash Equivalents	\$ 18,101,393	\$ 16,411,735
Accounts Receivable - Net	9,308,207	11,714,691
Costs and Estimated Profits in Excess of Interim Billings	673,431	636,985
Deferred taxes	1,076,000	1,111,000
Other Current Assets	614,436	596,253
Total Current Assets	29,773,467	30,470,664
Property and Equipment - Net	2,485,768	2,546,948
Other Assets:		
Software Development Costs - Net	1,066,989	1,132,453
Customer Lists - Net	2,026,444	2,179,237
Deferred taxes less current portion	1,182,000	1,284,000
Other Assets	86,009	93,599
Total Other Assets	4,361,442	4,689,289
Total Assets	\$ 36,620,677	\$ 37,706,901

See Notes to Condensed Consolidated Financial Statements.

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CONDENSED CONSOLIDATED BALANCE SHEETS**

	March 31, 2005 Unaudited	December 31, 2004
<i>Liabilities and Stockholders' Equity:</i>		
Current Liabilities:		
Current Portion - Long Term Debt	\$ 666,667	\$ 666,667
Current Portion Capital Lease Obligations	65,737	64,450
Accounts Payable	1,668,741	1,572,930
Accrued Expenses	1,222,448	1,545,127
Interim Billings in Excess of Costs and Estimated Profits	6,107,017	7,497,773
Deferred Revenue	1,218,599	907,630
Total Current Liabilities	10,949,209	12,254,577
Long Term Debt - Less current portion	166,696	333,361
Capital Lease Obligations - Less current portion	4,607	21,532
Interest Rate Swap at Fair Value	8,420	15,152
Deferred Rent Payable	463,633	455,427
Total Non Current Liabilities	643,356	825,472
Commitments and Contingencies		
Stockholders' Equity:		
Preferred Stock - \$.01 Par Value, 3,000,000		
Shares Authorized; None issued and outstanding	-	-
Common Stock - \$.01 Par Value; Authorized 15,000,000 Shares; Issued and outstanding 5,574,531 and 5,346,607 shares at March 31, 2005 and 5,567,124 and 5,339,200 shares at December 31, 2004	55,745	55,671
Additional Paid in Capital	29,924,495	29,893,223
Accumulated Comprehensive loss - Interest Rate Swap	(8,420)	(15,152)
Accumulated Deficit	(3,230,726)	(3,593,908)
	26,741,094	26,339,834
Less: cost of shares of Common Stock held in treasury - 227,924 shares at March 31, 2005 and December 31, 2004	1,712,982	1,712,982
Total Stockholders' Equity	25,028,112	24,626,852
Total Liabilities and Stockholders' Equity	\$ 36,620,677	\$ 37,706,901

See Notes to Condensed Consolidated Financial Statements.

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME - (Unaudited)**

	Three months ended March 31,	
	2005	2004
Revenues:		
Software and Related		
Systems and Services:		
General	\$ 4,240,756	\$ 4,062,955
Maintenance Contract Services	2,154,119	1,917,226
Total Software and Related Systems and Services	6,394,875	5,980,181
Application Service Provider Services	555,421	354,814