

GLOWPOINT INC  
Form 10-Q  
August 08, 2011

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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 June 30, 2011.

or

Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission file number: 0-25940

GLOWPOINT, INC.  
(Exact Name of Registrant as Specified in its Charter)

Delaware  
(State or Other Jurisdiction of  
Incorporation or Organization)

77-0312442  
(I.R.S. Employer Identification No.)

430 Mountain Avenue, Suite 301, Murray Hill, NJ, 07974  
(Address of Principal Executive Offices, including Zip Code)

(973) 855-3411  
(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 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.

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Large accelerated filer

Accelerated filer

Non-accelerated filer

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

The number of shares outstanding of the registrant's common stock as of August 3, 2011 was 25,113,701.

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\*The Condensed Consolidated Balance Sheet at December 31, 2010 has been derived from the audited consolidated financial statements filed as an exhibit to our Annual Report on Form 10-K that was filed on March 16, 2011.



GLOWPOINT, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(In thousands, except par value and shares)

|  | June 30,<br>2011<br>(Unaudited) | December<br>31, 2010 |
|--|---------------------------------|----------------------|
| <b>ASSETS</b>  |                                 |                      |
| Current assets:  |                                 |                      |
| Cash   | \$ 1,258                        | \$ 2,035             |
| Accounts receivable, net of allowance for doubtful accounts of \$200 and \$250, respectively   | 2,866                           | 2,706                |
| Net current assets of discontinued operations  | —                               | 15                   |
| Prepaid expenses and other current assets  | 476                             | 377                  |
| Total current assets   | 4,600                           | 5,133                |
| Property and equipment, net  | 5,233                           | 3,148                |
| Other assets   | 95                              | 83                   |
| Total assets   | \$ 9,928                        | \$ 8,364             |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                                 |                      |
| Current liabilities:   |                                 |                      |
| Accounts payable   | \$ 1,889                        | \$ 2,333             |
| Accrued expenses   | 1,059                           | 1,352                |
| Net current liabilities of discontinued operations   | 25                              | —                    |
| Accrued sales taxes and regulatory fees  | 725                             | 739                  |
| Revolving loan facility  | 750                             | 750                  |
| Customer deposits  | 158                             | 243                  |
| Current portion of capital lease   | 120                             | —                    |
| Deferred revenue   | 281                             | 242                  |
| Total current liabilities  | 5,007                           | 5,659                |
| Noncurrent liabilities:  |                                 |                      |
| Capital lease, less current portion  | 392                             | —                    |
| Total liabilities  | 5,399                           | 5,659                |
| Commitments and contingencies  |                                 |                      |
| Stockholders' equity:  |                                 |                      |
| Preferred stock Series B, non-convertible; \$.0001 par value; \$100,000 stated value; 100 shares authorized and 100 and 100 shares issued and outstanding at June 30, 2011 and December 31, 2010, respectively, liquidation value of \$10,000  | \$ 10,000                       | \$ 10,000            |
| Preferred stock Series A-2, convertible; \$.0001 par value; \$7,500 stated value; 7,500 shares authorized and 1,059 and 1,059 shares issued and outstanding at June 30, 2011 and December 31, 2010 recorded at fair value, respectively (liquidation value of \$7,945 and \$7,945, respectively) | 3,354                           | 3,354                |
| Common stock, \$.0001 par value; 150,000,000 shares authorized; 22,285,462 and 21,353,604 shares issued and outstanding at June 30, 2011 and December 31, 2010, respectively   | 2                               | 9                    |
| Additional paid-in capital   | 156,192                         | 154,410              |
| Accumulated deficit  | (165,019 )                      | (165,068 )           |
| Total stockholders' equity   | 4,529                           | 2,705                |

|  |         |         |
|--|---------|---------|
| Total liabilities and stockholders' equity | \$9,928 | \$8,364 |
|--|---------|---------|

See accompanying notes to condensed consolidated financial statements.

GLOWPOINT, INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
 (In thousands, except per share data)  
 (Unaudited)

|                               | Six Months Ended<br>June 30, |           | Three Months Ended<br>June 30, |          |
|-------------------------------|------------------------------|-----------|--------------------------------|----------|
|                               | 2011                         | 2010      | 2011                           | 2010     |
| Revenue                       | \$ 13,935                    | \$ 13,597 | \$ 6,954                       | \$ 7,082 |
| Operating expenses:           |                              |           |                                |          |
| Network and infrastructure    | 4,883                        | 5,876     | 2,471                          | 3,041    |
| Global managed services       | 3,873                        | 4,154     | 1,979                          | 2,102    |
| Sales and marketing           | 1,824                        | 2,101     | 902                            | 1,209    |
| General and administrative    | 2,688                        | 2,355     | 1,282                          | 1,233    |
| Depreciation and amortization | 573                          | 542       | 297                            | 276      |
| Total operating expenses      | 13,841                       | 15,028    | 6,931                          | 7,861    |
| Income (loss) from operations | 94                           | (1,431 )  | 23                             | (779)    |
| Interest and other expense:   |                              |           |                                |          |
| Interest expense              |                              |           |                                |          |