

WORKIVA INC

Form 10-Q

August 03, 2017

2017-06-302017Q2--12-31Accelerated

Filefalse00014453051,3359000.0010.0011,000,000,0001,000,000,00030,939,11230,369,19930,939,11230,369,1990.0010.001

**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,  
2017**

**OR**

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

**For transition  
period from to**

**Commission  
File Number  
001-36773**

---

**WORKIVA INC.**

(Exact name of registrant as specified in its charter)

---

Delaware

47-2509828

Edgar Filing: WORKIVA INC - Form 10-Q

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

2900 University Blvd  
Ames, IA 50010  
(888) 275-3125

(Address of principal executive offices and zip code)

(888) 275-3125

(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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
	(Do not check if a smaller reporting company)	Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 1, 2017, there were approximately 31,106,464 shares of the registrant's Class A common stock and 10,719,888 shares of the registrant's Class B common stock outstanding.

**WORKIVA INC.**

**TABLE OF CONTENTS**

Page

**Part I. Financial Information**

<u>Item</u>	<u>Unaudited Consolidated Financial Statements:</u>	
<u>1.</u>	<u>Condensed Consolidated Balance Sheets as of June 30, 2017 and December 31, 2016</u>	<u>1</u>
	<u>Condensed Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2017 and 2016</u>	<u>3</u>
	<u>Condensed Consolidated Statements of Comprehensive Loss for the Three and Six Months Ended June 30, 2017 and 2016</u>	<u>4</u>
	<u>Condensed Consolidated Statements of Cash Flows for the Three and Six Months Ended June 30, 2017 and 2016</u>	<u>5</u>
	<u>Notes to Condensed Consolidated Financial Statements</u>	<u>7</u>
<u>Item</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>18</u>
<u>2.</u>		

<u>Item</u>	<u>Quantitative and</u>	
<u>3.</u>	<u>Qualitative</u>	<u>31</u>
	<u>Disclosure About</u>	
	<u>Market Risk</u>	
<u>Item</u>	<u>Controls and</u>	<u>32</u>
<u>4.</u>	<u>Procedures</u>	
	<b><u>Part II. Other</u></b>	
	<b><u>Information</u></b>	
<u>Item</u>	<u>Legal</u>	<u>33</u>
<u>1.</u>	<u>Proceedings</u>	
<u>Item</u>	<u>Risk Factors</u>	<u>33</u>
<u>1A.</u>		
	<u>Unregistered</u>	
<u>Item</u>	<u>Sales of Equity</u>	<u>34</u>
<u>2.</u>	<u>Securities and</u>	
	<u>Use of Proceeds</u>	
<u>Item</u>	<u>Exhibits</u>	<u>34</u>
<u>6.</u>		
	<u>Signatures</u>	<u>S-1</u>
	<u>Exhibit Index</u>	<u>E-1</u>

i

**Table of Contents****SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements in this Quarterly Report on Form 10-Q are “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbor created thereby. All statements contained in this Quarterly Report on Form 10-Q other than statements of historical facts, including statements regarding our future results of operations and financial position, our business strategy and plans and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect” and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in “Item 1A. Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2016, in “Item 1A. Risk Factors” in Part II of this Quarterly Report on Form 10-Q and in any subsequent filing we make with the SEC, as well as in any documents incorporated by reference that describe risks and factors that could cause results to differ materially from those projected in these forward-looking statements.

Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this Quarterly Report on Form 10-Q may not occur and actual

results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, achievements or events and circumstances reflected in the forward-looking statements will occur. We are under no duty to update any of these forward-looking statements after completion of this Quarterly Report on Form 10-Q to conform these statements to actual results or revised expectations.

ii

---

**Table of Contents**

**Part I. Financial Information**

**Item 1. Financial Statements**

**WORKIVA INC.**

**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands, except share and per share amounts)

	As of June 30, 2017	As of December 31, 2016
	(unaudited)	
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 59,986	\$ 51,281
Marketable securities	12,877	11,435
Accounts receivable, net of allowance for doubtful accounts of \$1,335 and \$900 at June 30, 2017 and December 31, 2016, respectively	22,733	22,535
Deferred commissions	2,021	1,864
Other receivables	1,573	1,545
	11,416	9,382

Prepaid expenses				
Total current assets	110,606		98,042	
Property and equipment, net	41,138		42,590	
Intangible assets, net	1,056		1,012	
Other assets	1,393		1,499	
Total assets	\$	154,193	\$	143,143

1

Table of Contents**WORKIVA INC.****CONDENSED CONSOLIDATED BALANCE SHEETS (continued)**  
**(in thousands, except share and per share amounts)**

	As of June 30, 2017	As of December 31, 2016
	(unaudited)	
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities		
Accounts payable	\$ 1,191	\$ 849
Accrued expenses and other current liabilities	17,286	20,695
Deferred revenue	91,914	76,016
Deferred government grant obligation	904	1,022
Current portion of capital lease and financing obligations	1,242	1,285
Current portion of long-term debt	21	20
Total current liabilities	112,558	99,887
Deferred revenue	24,342	21,485
Deferred government grant obligation	405	1,000

Other long-term liabilities	3,985	4,100
Capital lease and financing obligations	18,999	19,743
Long-term debt	32	53
Total liabilities	160,321	146,268

## Stockholders' deficit

Class A common stock, \$0.001 par value per share, 1,000,000,000 shares authorized, 30,939,112 and 30,369,199 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	31	30
Class B common stock, \$0.001 par value per share, 500,000,000 shares authorized, 10,843,888 and 10,891,888 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	11	11
Preferred stock, \$0.001 par value per share, 100,000,000 shares authorized, no shares issued and outstanding	—	—
Additional paid-in-capital	230,568	217,454
Accumulated deficit	(236,943)	(220,911)
Accumulated other comprehensive income	205	291
Total stockholders' deficit		