

ACTIVE NETWORK INC
Form 10-Q
May 03, 2013
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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, 2013

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: 001-35187

The Active Network, Inc.

(Exact name of registrant as specified in its charter)

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Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

33-0884962
(I.R.S. Employer
Identification No.)

10182 Telesis Court

San Diego, California 92121

(Address of Principal Executive Offices) (Zip Code)

(858) 964-3800

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 29, 2013, the registrant had 61,389,649 shares of Common Stock (\$0.001 par value) outstanding.

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THE ACTIVE NETWORK, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****(In thousands, except par value)**

	March 31, 2013	December 31, 2012
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 107,039	\$ 58,493
Restricted cash	422	1,145
Registrations receivable	44,750	16,260
Accounts receivable, net	42,863	51,363
Inventories	4,298	4,809
Prepaid expenses and other current assets	11,084	8,922
Total current assets	210,456	140,992
Property and equipment, net	40,082	41,236
Software development costs, net	50,636	51,151
Goodwill	243,189	243,716
Intangible assets, net	56,974	62,806
Other long-term assets	2,508	2,569
Total assets	\$ 603,845	\$ 542,470
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 5,997	\$ 8,174
Registration fees payable	124,254	61,272
Accrued expenses	43,581	38,865
Deferred revenue	74,815	66,846
Capital lease obligations, current portion	2,670	2,774
Other current liabilities	3,961	4,373
Total current liabilities	255,278	182,304
Capital lease obligations, net of current portion	1,805	2,462
Other long-term liabilities	5,864	6,192
Deferred tax liability	19,945	19,065
Total liabilities	282,892	210,023
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Preferred stock, \$0.001 par value authorized, 100,000 shares; no shares issued and outstanding		
Common stock, \$0.001 par value authorized, 1,000,000; issued, 63,134 and 62,670; outstanding, 61,358 and 60,894	62	62
Treasury stock (at cost, 1,776 shares)	(11,959)	(11,959)

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Additional paid-in capital	657,981	653,694
Accumulated other comprehensive income	8,381	8,934
Accumulated deficit	(333,512)	(318,284)
Total stockholders' equity	320,953	332,447
Total liabilities and stockholders' equity	\$ 603,845	\$ 542,470

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

Table of Contents**THE ACTIVE NETWORK, INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(In thousands, except per share data)****(Unaudited)**

	Three Months Ended March 31,	
	2013	2012
Net Revenue:		
Technology revenue	\$ 94,990	\$ 84,120
Marketing services revenue	11,021	10,318
Total net revenue	106,011	94,438
Cost of net revenue:		
Cost of technology revenue	49,046	45,655
Cost of marketing services revenue	1,191	1,316
Total cost of net revenue	50,237	46,971
Gross profit	55,774	47,467
Operating expenses:		
Sales and marketing	26,826	25,024
Research and development	21,176	21,209
General and administrative	16,508	16,544
Amortization of intangibles	4,454	5,692
Total operating expenses	68,964	68,469
Loss from operations	(13,190)	(21,002)
Interest income	15	25
Interest expense	(182)	(151)
Other income (expense), net	(553)	1,401
Loss before provision for income taxes	(13,910)	(19,727)
Provision for income taxes	1,318	611
Net loss attributable to common stockholders	\$ (15,228)	\$ (20,338)
Net loss per share attributable to common stockholders:		
Basic and diluted	\$ (0.25)	\$ (0.36)
Weighted-average shares used to compute net loss per share attributable to common stockholders:		
Basic and diluted	60,764	56,982

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

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THE ACTIVE NETWORK, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In thousands)

(Unaudited)

	Three Months Ended March 31,	
	2013	2012
Net loss	\$ (15,228)	\$ (20,338)
Other comprehensive income (loss):		
Foreign currency translation	(553)	886
Total other comprehensive income (loss)	(553)	886
Comprehensive loss	\$ (15,781)	\$ (19,452)

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

Table of Contents**THE ACTIVE NETWORK, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(In thousands)****(Unaudited)**

	Three Months Ended March 31,	
	2013	2012
Operating activities		
Net loss	\$ (15,228)	\$ (20,338)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	9,744	7,819
Amortization of intangible assets	5,655	7,157
Stock-based compensation expense	3,926	3,029
Allowance for doubtful accounts, net of write-offs	(151)	(55)
Deferred tax liability	898	640
Amortization of acquisition-related costs	(285)	(301)
Gain on contingent consideration		(1,086)
Change in operating assets and liabilities, net of effect of acquisitions:		
Restricted cash	723	
Registrations receivable	(28,490)	(23,609)
Accounts receivable	8,525	5,090
Inventories	511	(1,418)
Prepaid expenses and other assets	(2,118)	(995)
Accounts payable	(2,141)	(493)
Registration fees payable	62,982	37,769
Accrued expenses	7,942	3,145
Deferred revenue	8,114	11,319
Other liabilities	(390)	802
Net cash provided by operating activities	60,217	28,475
Investing activities		
Purchases of property and equipment	(6,130)	(5,849)
Capitalized software development	(5,388)	(5,285)
Cash paid for acquisitions, net of cash acquired		(38,037)
Net cash used in investing activities	(11,518)	(49,171)
Financing activities		
Proceeds from issuance of common stock	296	3,722
Payments on capital lease obligations	(760)	(1,561)
Payments of employee tax withholdings from equity transaction	(22)	
Proceeds from long-term debt		10,000
Repayment of long-term debt		(5,000)
Net cash provided by (used in) financing activities	(486)	7,161
Effect of exchange rates on cash	333	(150)
Net increase (decrease) in cash and cash equivalents		