

CONVERSION SERVICES INTERNATIONAL INC
Form 10-Q
November 12, 2009

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 September 30, 2009

OR

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: 001-32623

CONVERSION SERVICES INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-0101495
(I.R.S. Employer
Identification No.)

100 Eagle Rock Avenue, East Hanover, New
Jersey
(Address of principal executive offices)

07936
(Zip Code)

(973) 560-9400
(Registrant's telephone number, including area code)

None
(Former name, former address and former fiscal year, if changed since last report)

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller Reporting Company

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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 shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at November 10, 2009
Common Stock, \$0.001 par value per share	121,136,289 shares

CONVERSION SERVICES INTERNATIONAL, INC.

FORM 10-Q

For the three and nine months ended September 30, 2009

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CONVERSION SERVICES INTERNATIONAL, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2009	December 31, 2008
ASSETS		
CURRENT ASSETS		
Cash	\$ 31,473	\$ 338,240
Accounts receivable, net	4,661,597	3,440,810
Accounts receivable from related parties, net	398,542	284,028
Prepaid expenses	87,042	140,493
TOTAL CURRENT ASSETS	5,178,654	4,203,571
PROPERTY AND EQUIPMENT, at cost, net	41,880	68,536
OTHER ASSETS	116,473	306,778
Total Assets	\$ 5,337,007	\$ 4,578,885
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Line of credit	\$ 3,075,964	\$ 2,349,920
Short term notes payable	600,000	1,384,811
Accounts payable and accrued expenses	2,049,946	1,503,145
Deferred revenue	272,236	159,177
Related party note payable	109,113	102,796
TOTAL CURRENT LIABILITIES	6,107,259	5,499,849
Long-term debt, net of current portion	500,000	-
Total liabilities	6,607,259	5,499,849
Convertible preferred stock, \$0.001 par value, \$100 stated value, 20,000,000 shares authorized		
Series A convertible preferred stock, 19,000 shares issued and outstanding at September 30, 2009 and December 31, 2008, respectively	1,393,332	1,108,332
COMMITMENTS AND CONTINGENCIES	-	-
STOCKHOLDERS' DEFICIT		
Common stock, \$0.001 par value, 300,000,000 shares authorized; 121,072,124 and 119,594,463 issued and outstanding at September 30, 2009 and December 31, 2008, respectively	121,072	119,594

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Series B convertible preferred stock, 20,000 shares issued and outstanding at September 30, 2009 and December 31, 2008, respectively	1,352,883	1,352,883
Additional paid in capital	68,381,656	68,575,918
Treasury stock, at cost, 1,145,382 shares in treasury as of September 30, 2009 and December 31, 2008, respectively	(423,869)	(423,869)
Accumulated deficit	(72,095,326)	(71,653,822)
Total Stockholders' Deficit	(2,663,584)	(2,029,296)
Total Liabilities and Stockholders' Deficit	\$ 5,337,007	\$ 4,578,885

See Notes to Condensed Consolidated Financial Statements

CONVERSION SERVICES INTERNATIONAL, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30,
(Unaudited)

For the three months ended September 30,
2009

For the nine months ended September 30,