

interCLICK, Inc.
Form 10-Q
November 06, 2008

**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, 2008**

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: 333-141141

interCLICK, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of Incorporation or
Organization)

01-0692341
(I.R.S. Employer Identification No.)

257 Park Avenue South
Suite 602
New York, NY
(Address of Principal Executive Offices)

10010
(Zip code)

(646) 722-6260
Registrant's Telephone Number, Including Area Code

(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 the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer

Accelerated Filer

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Non-Accelerated Filer

Smaller reporting company

(Do not check if a 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

As of November 5, 2008, 37,845,167 shares of common stock, \$0.001 par value per share, of the issuer were outstanding.

INTERCLICK, INC. (FORMERLY CUSTOMER ACQUISITION NETWORK HOLDINGS, INC.)

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Forward-Looking Statements

This quarterly report on Form 10-Q and other written reports and oral statements made from time to time by the Company may contain so-called “forward-looking statements,” all of which are subject to risks and uncertainties. Forward-looking statements can be identified by the use of words such as “expects,” “plans,” “will,” “forecasts,” “projects,” “intends,” “estimates,” and other words of similar meaning. One can identify them by the fact that they do not relate strictly to historical or current facts. These statements are likely to address our growth strategy, financial results, ability to raise additional capital and product and development programs. One must carefully consider any such statement and should understand that many factors could cause actual results to differ from our forward looking statements. These factors may include inaccurate assumptions and a broad variety of other risks and uncertainties, including some that are known and some that are not. No forward looking statement can be guaranteed and actual future results may vary materially.

Information regarding market and industry statistics contained in this quarterly report on Form 10-Q is included based on information available to us that we believe is accurate. It is generally based on industry and other publications that are not produced for purposes of securities offerings or economic analysis. We have not reviewed or included data from all sources, and cannot assure investors of the accuracy or completeness of the data included in this quarterly report of Form 10-Q. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and the additional uncertainties accompanying any estimates of future market size, revenue and market acceptance of products and services. We do not assume any obligation to update any forward-looking statement. As a result, investors should not place undue reliance on these forward-looking statements.

The forward-looking statements included in this quarterly report on Form 10-Q are made only as of the date of this quarterly report on Form 10-Q. We do not intend, and do not assume any obligations, to update these forward looking statements, except as required by law.

**INTERCLICK, INC. (FORMERLY CUSTOMER ACQUISITION NETWORK HOLDINGS, INC.) AND
SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS**

**PART I.
FINANCIAL INFORMATION**

Item 1. Condensed Consolidated Financial Statements

	September 30, 2008 (Unaudited)	December 31, 2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 611,189	\$ 3,675,483
Accounts receivable, net of allowance of \$345,208 and \$150,000	4,703,829	3,390,302
Prepaid expenses and other current assets	205,796	55,750
Total current assets	5,520,814	7,121,535
Property and equipment, net	633,523	512,031
Intangible assets, net	714,683	1,028,621
Goodwill	7,909,571	7,909,571
Investment in Options Media Group Holdings, Inc.	1,694,000	-
Deferred debt issue costs, net of accumulated amortization of \$0 and \$13,932, respectively	-	77,505
Deferred acquisition costs	-	129,333
Other assets	211,943	66,937
Total assets	\$ 16,684,534	\$ 16,845,533
Liabilities and Stockholders' Equity		
Current liabilities:		
Senior secured notes payable - related party, net of debt discount of \$0 and \$1,127,084, respectively	\$ 1,300,000	\$ 3,872,916
Capital lease obligations, current portion	10,319	9,290
Accounts payable	3,937,095	2,499,604
Accrued expenses	610,390	1,046,719
Accrued interest	1,068	36,173
Deferred revenue	100,935	-
Payable and promissory note settlement liability	1,090,230	-
Total current liabilities	7,050,037	7,464,702
Capital lease obligations, net of current portion	10,286	19,317
Total liabilities	7,060,323	7,484,019
Commitments and contingencies (Note 9)		

Stockholders' equity:

Preferred stock, \$0.001 par value; 10,000,000 shares authorized, zero shares issued and outstanding	-	-
Common stock, \$0.001 par value; 140,000,000 shares authorized, 37,845,167 and 34,979,667 issued and outstanding, respectively	37,846	34,980
Additional paid-in capital	24,390,346	12,737,982
Deferred equity-based expense	-	(178,481)
Accumulated other comprehensive loss	(197,704)	-
Accumulated deficit	(14,606,277)	(3,232,967)
Total stockholders' equity	9,624,211	9,361,514
Total liabilities and stockholders' equity	\$ 16,684,534	\$ 16,845,533

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**INTERCLICK, INC. (FORMERLY CUSTOMER ACQUISITION NETWORK HOLDINGS, INC.) AND
SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)**

	For the Three Months Ended September 30, 2008	For the Three Months Ended September 30, 2007	For the Nine Months Ended September 30, 2008	From June 14, 2007 (Inception) to September 30, 2007
Revenues	\$ 5,756,707	\$ 1,169,991	\$ 13,992,303	\$ 1,169,991
Cost of revenue	3,964,388	1,083,613	10,084,467	1,083,613
Gross profit	1,792,319	86,378	3,907,836	86,378
Operating expenses:				
General and administrative (includes stock-based expense of \$439,768, \$43,311, \$1,417,031 and \$43,311, respectively)	1,513,224	939,848	4,755,165	939,848
Sales and marketing	1,282,205	109,884	3,552,847	109,884
Technology support	256,370	-	764,779	-
Merger, acquisition, and divestiture costs	57,415	187,353	569,477	187,353
Amortization of intangible assets	104,571	91,094	313,938	91,094
Total operating expenses	3,213,785	1,328,179	9,956,206	1,328,179
Operating loss from continuing operations	(1,421,466)	(1,241,801)	(6,048,370)	(1,241,801)
Other income (expense):				
Interest income	8,140	23,995	14,903	23,995
Loss on settlement of debt	-	-	(20,121)	-
Loss on sale of available-for-sale securities	(116,454)	-	(116,454)	-
Loss on disposal of fixed assets	(15,385)	-	(15,385)	-
Interest expense	(189,382)	-	(1,422,885)	-
Total other income (expense)	(313,081)	23,995	(1,559,942)	23,995
Loss from continuing operations before income tax benefit	(1,734,547)	(1,217,806)	(7,608,312)	(1,217,806)
Income tax benefit	-	280,019	-	280,019
Loss from continuing operations before equity investment	(1,734,547)	(937,787)	(7,608,312)	(937,787)
Equity in investee's loss, net of income taxes	(404,103)	-	(653,231)	-

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Loss from continuing operations	(2,138,650)	(937,787)	(8,261,543)	(937,787)
Discontinued operations:				
Loss from discontinued operations, net of income taxes	(1,053,059)	-	(1,988,232)	-
Loss on sale of discontinued operations, net of income taxes	(498,554)	-	(1,123,535)	-
Net loss from discontinued operations	(1,551,613)	-	(3,111,767)	-
Net loss	(3,690,263)	(937,787)	(11,373,310)	(937,787)
Other comprehensive loss:				
Unrealized loss on available-for-sale securities	(197,704)	-	(197,704)	-
Total other comprehensive loss	(197,704)	-	(197,704)	-
Comprehensive loss	\$ (3,887,967)	\$ (937,787)	\$ (11,571,014)	\$ (937,787)
Loss per share from continuing operations - basic and diluted	\$ (0.06)	\$ (0.04)	\$ (0.22)	\$ (0.04)
Loss per share from discontinued operations - basic and diluted	\$ (0.04)	\$ -	\$ (0.09)	\$ -
Net loss per share - basic and diluted	\$ (0.10)	\$ (0.04)	\$ (0.31)	\$ (0.04)
Weighted average shares outstanding - basic and diluted	37,808,210	23,756,165	36,900,393	22,292,694

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**INTERCLICK, INC. (FORMERLY CUSTOMER ACQUISITION NETWORK HOLDINGS, INC.) AND
SUBSIDIARY**
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
Nine Months Ended September 30, 2008
(Unaudited)

	Common Stock	Stock Amount	Additional Paid-In Capital	Deferred Equity-Based Expense	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
Balance, December 31, 2007	34,979,667	\$ 34,980	\$ 12,737,982	\$ (178,481)	\$ -	\$ (3,232,967)	\$ 9,361,514
Issuance of Common Stock in connection with Options Media Group merger	1,000,000	1,000	5,716,273	-	-	-	5,717,273
Issuance of Warrant in connection with Options Media Group merger	-	-	29,169	-	-	-	29,169
Common stock and warrants issued for cash	1,425,000	1,425	2,911,075	-	-	-	2,912,500
Common stock and warrants issued per price protection clause	75,000	75	(75)	-	-	-	-
Common stock and warrants issued to settle debt	305,500	306	610,694	-	-	-	611,000
Amortization of deferred consulting - warrants	-	-	-	178,481	-	-	178,481
Common stock issued for services	60,000	60	188,940	-	-	-	189,000
Stock options expense	-	-	2,196,288	-	-	-	2,196,288
	-	-	-	-	(197,704)	-	(197,704)

Unrealized loss on marketable securities								
Net loss, nine months ended September 30, 2008	-	-	-	-	-	(11,373,310)	(11,373,310)	
Balance, September 30, 2008	37,845,167	\$ 37,846	\$ 24,390,346	\$	- \$	(197,704)\$	(14,606,277)\$	9,624,211

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**INTERCLICK, INC. (FORMERLY CUSTOMER ACQUISITION NETWORK HOLDINGS, INC.) AND
SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)**

	For the Nine Months Ended September 30, 2008	From June 14, 2007 (Inception) to September 30, 2007
Cash flows from operating activities:		
Net loss	\$ (11,373,310)	\$ (937,787)
Add back loss from discontinued operations	3,111,767	-
Loss from continuing operations	(8,261,543)	(937,787)
Adjustments to reconcile net loss from continuing operations to net cash used in operating activities, net:	4,782,113	42,245
Net cash used in operating activities	(3,479,430)	(895,542)
Cash flows from investing activities:		