

Edgar Filing: Professional Diversity Network, Inc. - Form 10-Q

Professional Diversity Network, Inc.  
Form 10-Q  
August 14, 2017

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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Form 10-Q

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(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 the Transition Period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number: 001-35824

\_\_\_\_\_  
Professional Diversity Network, Inc.  
(Exact name of Registrant as Specified in Its Charter)

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Delaware 80-0900177  
(State or Other Jurisdiction of Incorporation or Organization) (I.R.S. Employer Identification No.)

801 W. Adams Street, Suite 600, Chicago, Illinois 60607  
(Address of Principal Executive Offices) (Zip Code)

Telephone: (312) 614-0950  
(Registrant's Telephone Number, Including Area Code)

N/A  
(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 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,"

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“accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer    Accelerated filer  
Non-accelerated filer    Smaller reporting company  
Emerging growth company

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

There were 3,931,838 shares outstanding of the registrant’s common stock as of August 11, 2017.

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PROFESSIONAL DIVERSITY NETWORK, INC.

FORM 10-Q  
FOR THE THREE MONTHS ENDED JUNE 30, 2017

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## PART I

## ITEM 1. FINANCIAL STATEMENTS

Professional Diversity Network, Inc.

## CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2017 (Unaudited)	December 31, 2016
Current Assets:		
Cash and cash equivalents	\$4,951,849	\$6,068,973
Accounts receivable, net	2,130,885	2,170,529
Incremental direct costs	332,780	423,023
Prepaid expenses and other current assets	712,427	957,140
Total current assets	8,127,941	9,619,665
Property and equipment, net	242,270	277,534
Capitalized technology, net	130,753	173,368
Goodwill	10,280,885	20,201,190
Intangible assets, net	7,749,239	9,183,439
Merchant reserve	780,849	1,426,927
Security deposits	213,931	220,754
Other assets	-	35,000
Total assets	\$27,525,868	\$41,137,877
Current Liabilities:		
Accounts payable	\$1,520,274	\$2,172,332
Accrued expenses	1,245,827	962,172
Deferred revenue	4,849,619	5,485,599
Customer deposits	185,179	-
Total current liabilities	7,800,899	8,620,103
Deferred tax liability	2,662,927	3,653,274
Deferred rent	50,318	55,718
Other liabilities	4,743	33,159
Total liabilities	10,518,887	12,362,254
Commitments and contingencies		
Stockholders' Equity		
Common stock, \$0.01 par value; 45,000,000 shares authorized; 3,936,399 shares and 3,623,899 shares issued as of June 30, 2017 and December 31, 2016, respectively; and 3,931,838 shares and 3,619,338 shares outstanding as of June 30, 2017 and December 31, 2016, respectively	39,329	36,204
Additional paid in capital	79,637,909	76,234,772
Accumulated other comprehensive loss	1,621	-
Accumulated deficit	(62,634,761)	(47,458,236)
Treasury stock, at cost; 1,048 shares at June 30, 2017 and December 31, 2016	(37,117)	(37,117)

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Total stockholders' equity	17,006,981	28,775,623
Total liabilities and stockholders' equity	\$27,525,868	\$41,137,877

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

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Professional Diversity Network, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenues:				
Membership fees and related services	\$ 2,444,797	\$ 4,259,144	\$ 5,260,293	\$ 9,299,318
Lead generation	1,604,767	1,415,958	3,328,934	2,935,549
Recruitment services	624,103	717,360	1,282,647	1,340,669
Product sales and other	26,573	404,590	72,941	491,583
Education and training	505,490	-	829,694	-
Consumer advertising and marketing solutions	58,327	53,976	124,029	127,052
Total revenues	5,264,057	6,851,028	10,898,538	14,194,171
Costs and expenses:				
Cost of revenues	834,281	803,646	1,534,927	1,688,391
Sales and marketing	2,584,426	3,428,115	5,839,323	7,249,691
General and administrative	3,551,163	2,749,214	8,085,665	5,917,631
Litigation settlement	-	-	-	500,000
Goodwill impair				