

Computer Software Innovations, Inc.
Form 424B3
August 17, 2010
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Filed Pursuant to Rule 424(b)(3)

Registration No. 333-129842

PROSPECTUS SUPPLEMENT NO. 12

To Prospectus dated May 12, 2009

Computer Software Innovations, Inc.

13,252,672 SHARES OF COMMON STOCK

This Prospectus Supplement supplements the Prospectus dated May 12, 2009, as amended and supplemented, relating to the offer and sale by the selling stockholder identified in the Prospectus of up to 13,252,672 shares of common stock of Computer Software Innovations, Inc. (the Company).

This Prospectus Supplement includes the Company's Form 8-K dated August 16, 2010 filed with the Securities and Exchange Commission (the Commission) on August 16, 2010, and its Form 10-Q (without exhibits) dated June 30, 2010 filed with the Commission on August 16, 2010.

The information contained in the report included in this Prospectus Supplement is dated as of the date set forth in such report. This Prospectus Supplement should be read in conjunction with the Prospectus dated May 12, 2009, as supplemented on July 2, 2010, June 23, 2010, April 22, 2010, April 14, 2010, April 1, 2010, March 9, 2010, December 23, 2009, November 19, 2009, September 25, 2009, August 14, 2009 and May 20, 2009, which Prospectus Supplements are to be delivered with this Prospectus Supplement. This Prospectus Supplement is qualified by reference to the Prospectus except to the extent that the information in this Prospectus Supplement updates and supersedes the information contained in the Prospectus dated May 12, 2009, including any supplements or amendments thereto.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement No. 12 is August 17, 2010.

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported) August 16, 2010

COMPUTER SOFTWARE INNOVATIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

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000-51758
(Commission File Number)

98-0216911
(IRS Employer Identification No.)

900 East Main Street, Suite T, Easley, South Carolina
(Address of principal executive offices)

29640
(Zip Code)

(864) 855-3900

(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 2.02. Results of Operations and Financial Condition.

On August 16, 2010, Computer Software Innovations, Inc. issued a press release announcing its financial results for the second quarter and six months ended June 30, 2010. A copy of the press release is furnished herewith as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibit is furnished as part of this report:

Exhibit Number	Description
99.1	Press Release dated August 16, 2010

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

COMPUTER SOFTWARE INNOVATIONS, INC.

By: /s/ David B. Dechant
David B. Dechant
Chief Financial Officer

Dated: August 16, 2010

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EXHIBIT INDEX

Exhibit Number	Description
Exhibit 99.1	Press Release dated August 16, 2010

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Exhibit 99.1

COMPUTER SOFTWARE INNOVATIONS, INC. ANNOUNCES SECOND QUARTER 2010 FINANCIAL RESULTS

Easley, SC (MARKET WIRE) August 16, 2010 Computer Software Innovations, Inc. (OTCBB: CSWI), CSI Technology Outfitters(TM) (CSI) today announced its financial results for the second quarter and six months ended June 30, 2010.

Financial Highlights:

Revenues of \$16.4 Million for the Second Quarter of 2010;

Gross Profit of \$3.0 Million for the Second Quarter of 2010;

Operating Income of \$0.6 Million for the Second Quarter of 2010;

EBITDA of \$1.5 Million for the First Six Months of 2010, an Increase of 98% over 2009.

Financial Results:

Quarter Ended June 30, 2010

CSI posted revenues of approximately \$16.4 million for the second quarter ended June 30, 2010, an increase of approximately \$2.7 million or 19% compared to the second quarter of 2009. The revenue increase was due to a \$2.7 million or 27% increase in technology revenues primarily from increased hardware sales and engineering services, partially offset by a slight decrease in software sales.

CSI's gross profit for the second quarter of 2010 was approximately \$3.0 million, a decrease of approximately \$0.2 million or 6.8% compared to the second quarter of 2009. The decrease was due to a \$0.1 million decrease in gross profit from the software segment and a \$0.1 million decrease in gross profit from the technology segment. The decrease in software segment gross profit was driven by the decrease in revenues. The decrease in technology gross profit was due to a change in product mix to increased hardware sales with fewer higher-margin third party support agreements and interactive classroom services compared to the prior year.

CSI's operating income for the second quarter of 2010 was approximately \$0.6 million, an increase of approximately \$0.1 million or 15% compared to the second quarter of 2009. The improvement in operating income came from the decrease in operating expenses primarily due to a reduction in workforce in May of 2009 and from less stock based compensation, partially offset by the decrease in gross profit.

CSI posted net income of approximately \$0.3 million or \$0.05 earnings per basic share and \$0.02 earnings per diluted share for the second quarter of 2010, an increase of \$0.1 million or 38% when compared to net income of approximately \$0.2 million or \$0.03 earnings per basic share and \$0.02 earnings per diluted share for the second quarter of 2009. The improvement was driven by the higher operating income coupled with reduced interest expense, partially offset by an increase in income tax expense.

Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA) was approximately \$1.2 million, an increase of approximately \$0.05 million or 5% compared to the second quarter of 2009. (EBITDA is a non-GAAP financial measure. See reconciliation to GAAP measure net income (loss) which follows below.) The increase was primarily a result of the increase in net income (before taxes).

Six Months Ended June 30, 2010

CSI posted revenues of approximately \$26.8 million for the first six months of 2010, an increase of approximately \$4.2 million or 18% compared to the same period in 2009. The revenue increase was due to a \$3.7 million or 24% increase in technology revenues primarily from increased hardware sales and engineering services, combined with a \$0.4 million or 6% increase in software revenues primarily from increased

software support revenues.

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CSI's gross profit for the first six months of 2010 was approximately \$5.4 million, an increase of approximately \$0.3 million or 7% compared to the same period in 2009. The increase was due to a \$0.3 million increase in gross profit from the software segment while technology segment gross profit was relatively flat compared to the prior year. The increase in software segment gross profit was due to increased software support revenues with stable support costs, while changes in product mix toward more hardware and fewer interactive classroom installation services resulted in flat gross profit for technology.

CSI's operating income for the first six months of 2010 was approximately \$0.4 million, an increase of approximately \$0.8 million or 210% compared to the same period in 2009. The improvement in operating income came from the decrease in operation expenses primarily due to a reduction in workforce in May of 2009, from less stock based compensation and due to an increase in gross profit.

CSI posted net income of approximately \$0.1 million or \$0.02 earnings per basic share and \$0.01 earnings per diluted share for the first six months of 2010, an increase of approximately \$0.6 million or 129% when compared to a net loss of approximately \$0.4 million or a \$0.07 loss per basic and diluted share for the same period in 2009. The improvement in operating income coupled with reduced interest expense, partially offset by an increase in income tax expense. EBITDA for the first six months of 2010 was approximately \$1.5 million, an increase of approximately \$0.8 million or 98% compared to the same period in 2009, primarily due to the increase in net income (before taxes).

Nancy Hedrick, CEO of CSI, stated, "We are pleased to have continued the upward momentum through the second quarter in the midst of an economic time which continues to be challenging. Our public sector clients continue to face budget constraints over prior years and our sales activity remains volatile. However, we continue to closely monitor our fixed costs in light of the environment and are excited about the opportunities for growth from our new cloud solutions that we are now able to offer in addition to our core technologies and financial management software. As in prior quarters, our team has stepped up and met the challenges of the current economy."

Conference Call Reminder for Today

The Company will host a conference call today, Monday, August 16, 2010 at 4:15 P.M. Eastern Time to discuss the Company's financial and operational results for second quarter 2010, which ended June 30, 2010.

Conference Call Details

Date: Monday, August 16, 2010

Time: 4:15 P.M. (EDT)

Dial-in Number: 1-877-941-8418

International Dial-in Number: 1-480-629-9808

Conference ID: 4340215

It is recommended that participants phone-in approximately 5 to 10 minutes prior to the start of the 4:15 P.M. call. A replay of the conference call will be available approximately 3 hours after the completion of the call for 30 days, until September 15, 2010. To listen to the replay, dial 1-877-870-5176 if calling within the U.S., 1-858-384-5517 if calling internationally and enter the pass code 4340215.

The call is also being webcast and may be accessed at CSI's website at www.csioutfitters.com. The webcast will be archived and accessible until September 15, 2010 on the Company website.

About Computer Software Innovations, Inc.

CSI provides software and technology solutions to public sector markets. CSI software solutions have established the Company as a major software provider in the southeast education market including through its award winning financial management solutions for the education and local government market sectors. CSI's Version3 products, which include identity and access management and cloud-based communication and collaboration solutions expand CSI's presence beyond the southeast and internationally.

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The CSI 21st Century Connected School solution has established the Company as a major technology provider to the southeast education market. CSI 21st Century Connected School is a seamless integration of instruction, collaboration, and network solutions. CSI financial management applications and the 21st Century Connected School solutions have been a significant factor in nearly doubling company revenue in the past three years to over \$50 million and increasing education revenue contribution to approximately 90% of total revenue.

The CSI solution portfolio encompasses proprietary financial management software specialized for the public sector, lesson planning and identity and access management software, cloud-based communication and collaboration solutions, SharePoint development, network infrastructure and end device solutions, IP telephony and IP convergence applications, network management solutions and managed services, and interactive classroom technologies. More information about CSI (OTCBB: CSWI.OB) is available at www.csioutfitters.com.

Financial Tables to Follow

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COMPUTER SOFTWARE INNOVATIONS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(Amounts in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2010	2009	2010	2009
REVENUES				
Software Applications Segment	\$ 3,740	\$ 3,816	\$ 7,575	\$ 7,137
Technology Solutions Segment	12,692	9,957	19,250	15,513
Net sales and service revenue	16,432	13,773	26,825	22,650
COST OF SALES				
<i>Software Applications Segment</i>				
Cost of sales, excluding depreciation, amortization and capitalization	2,382	2,100	4,731	4,225
Depreciation	43	29	77	58
Amortization of capitalized software costs	359	377	698	735
Capitalization of software costs	(415)	(214)	(855)	(462)
Total Software Applications Segment cost of sales	2,369	2,292	4,651	4,556
<i>Technology Solutions Segment</i>				
Cost of sales, excluding depreciation	11,006	8,202	16,745	13,008
Depreciation	25	27	48	53
Total Technology Solutions Segment cost of sales	11,031	8,229	16,793	13,061
Total cost of sales	13,400	10,521	21,444	17,617
Gross profit	3,032	3,252	5,381	5,033
OPERATING EXPENSES				
Research and development	38	76	77	167
Selling costs	1,151	1,211	2,209	2,444
Marketing costs	108	140	269	295
Stock based compensation	20	106	41	108
Acquisition costs		2		2
Professional, legal compliance and litigation costs	156	150	319	245
Depreciation and amortization	151	159	300	323
Other general and administrative expenses	834	907	1,741	1,834
Total operating expenses	2,458	2,751	4,956	5,418
Operating income (loss)	574	501	425	(385)
OTHER INCOME (EXPENSE)				
Interest expense	(75)	(94)	(147)	(207)
Loss on disposal of property and equipment	(1)		(2)	(4)
Net other income (expense)	(76)	(94)	(149)	(211)
Income (loss) before income tax expense (benefit)	498	407	276	(596)

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INCOME TAX EXPENSE (BENEFIT)	201	192	148	(161)
NET INCOME (LOSS)	\$ 297	\$ 215	\$ 128	\$ (435)
BASIC EARNINGS (LOSS) PER SHARE	\$ 0.05	\$ 0.03	\$ 0.02	\$ (0.07)
DILUTED EARNINGS (LOSS) PER SHARE	\$ 0.02	\$ 0.02	\$ 0.01	\$ (0.07)
WEIGHTED AVERAGE SHARES OUTSTANDING:				
Basic	6,485	6,386	6,473	6,384
Diluted	13,911	14,095	13,906	6,384

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<i>(Amounts in thousands)</i>	June 30, 2010 (Unaudited)	December 31, 2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$	\$
Accounts receivable, net	11,279	7,587
Inventories	2,447	2,628
Prepaid expenses	223	140
Income taxes receivable	140	32
Total current assets	14,089	10,387
PROPERTY AND EQUIPMENT, net	796	732
COMPUTER SOFTWARE COSTS, net	2,737	2,573
GOODWILL	2,431	2,431
OTHER INTANGIBLE ASSETS, net	2,479	2,647
Total assets	\$ 22,532	\$ 18,770
LIABILITIES AND SHAREHOLDERS EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 6,688	\$ 2,229
Deferred revenue	7,145	7,790
Deferred tax liability	563	445
Notes payable	271	505
Current portion of subordinated notes payable to shareholders	53	1,750
Total current liabilities	14,720	12,719
LONG-TERM DEFERRED TAX LIABILITY, net	48	144
BANK LINE OF CREDIT SUBORDINA	845	