

Crexendo, Inc.
Form 10-Q
May 14, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 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, 2012

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 001-32277

_____ ®

Crexendo, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

87-0591719
(I.R.S. Employer Identification No.)

1615 South 52nd Street, Tempe, AZ
(Address of Principal Executive Offices)

85281
(Zip Code)

(602) 714-8500
(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

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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, 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

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

The number of shares outstanding of the registrant’s common stock as of May 10, 2012 was 10,623,081.

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PART I - FINANCIAL INFORMATION
ITEM FINANCIAL STATEMENTS.

1.

CREXENDO, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(In thousands, except par value and share data)
(unaudited)

	March 31, 2012	December 31, 2011
Assets		
Current Assets:		
Cash and cash equivalents	\$8,723	\$8,658
Restricted cash	1,965	1,965
Trade receivables, net of allowance for doubtful accounts of \$1,626 as of March 31, 2012 and \$3,512 as of December 31, 2011	9,012	9,420
Inventories	263	232
Income taxes receivable	534	552
Prepaid expenses and other	590	725
Total Current Assets	21,087	21,552
Certificate of deposit	500	500
Long-term trade receivables, net of allowance for doubtful accounts of \$814 as of March 31, 2012 and \$1,949 as of December 31, 2011	3,326	6,097
Property and equipment, net	3,863	4,055
Deferred income tax assets, net	272	279
Intangible assets	61	79
Goodwill	265	265
Other long-term assets	231	233
Total Assets	\$29,605	\$33,060
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	\$1,059	\$1,153
Accrued expenses and other	1,676	2,240
Dividend payable	211	211
Deferred income tax liability	272	279
Deferred revenue, current portion	8,870	9,288
Total Current Liabilities	12,088	13,171
Deferred revenue, net of current portion	3,344	6,123
Other long-term liabilities	251	419
Total Liabilities	15,683	19,713
Commitments and contingencies (Note 7)		

Stockholders' Equity:

Preferred stock, par value \$0.001 per share - authorized 5,000,000 shares; none issued	-	-
Common stock, par value \$0.001 per share - authorized 100,000,000 shares; 10,623,081 shares outstanding as of March 31, 2012 and 10,523,078 shares outstanding as of December 31, 2011	11	11
Additional paid-in capital	49,316	48,938
Accumulated deficit	(35,405)	(35,602)
Total Stockholders' Equity	13,922	13,347
Total Liabilities and Stockholders' Equity	\$29,605	\$33,060

See accompanying notes.

CREXENDO, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations
(In thousands, except per share and share data)
(unaudited)

	Three Months Ended March 31,	
	2012	2011
Revenue	\$5,255	\$14,568
Operating expenses:		
Cost of revenue	1,421	6,305
Selling and marketing	933	8,763
General and administrative	3,033	2,759
Research and development		