

CONVERSION SERVICES INTERNATIONAL INC
Form 10-Q
November 10, 2010

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, 2010

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 8, 2010
Common Stock, \$0.001 par value per share	127,315,538 shares

CONVERSION SERVICES INTERNATIONAL, INC.

FORM 10-Q

For the three and nine months ended September 30, 2010

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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, 2010	December 31, 2009
ASSETS		
CURRENT ASSETS		
Cash	\$ 12,460	\$ 96,957
Accounts receivable, net	2,205,334	3,912,021
Accounts receivable from related parties, net	254,284	236,233
Prepaid expenses	87,650	124,764
TOTAL CURRENT ASSETS	2,559,728	4,369,975
PROPERTY AND EQUIPMENT, at cost, net	11,414	36,887
OTHER ASSETS	92,556	110,494
Total Assets	\$ 2,663,698	\$ 4,517,356
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Line of credit	\$ 1,582,669	\$ 2,541,900
Accounts payable and accrued expenses	1,639,809	1,964,513
Series A redeemable convertible preferred stock	1,773,331	-
Deferred revenue	295,240	240,606
Note payable	97,452	92,236
TOTAL CURRENT LIABILITIES	5,388,501	4,839,255
Long-term debt	500,000	500,000
Total liabilities	5,888,501	5,339,255
Series A convertible preferred stock, 19,000 shares issued and outstanding at December 31, 2009	-	1,488,332
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' DEFICIT		
Common stock, \$0.001 par value, 300,000,000 shares authorized; 127,307,586 and 122,295,838 issued and outstanding at September 30, 2010 and December 31, 2009, respectively	127,308	122,296
Series B convertible preferred stock, 20,000 shares issued and outstanding at September 30, 2010 and December 31, 2009, respectively	1,352,883	1,352,883
Additional paid in capital	68,136,865	68,260,325
	(423,869)	(423,869)

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Treasury stock, at cost, 1,145,382 shares in treasury as of September 30, 2010 and December 31, 2009, respectively		
Accumulated deficit	(72,417,990)	(71,621,866)
Total Stockholders' Deficit	(3,224,803)	(2,310,231)
Total Liabilities and Stockholders' Deficit	\$ 2,663,698	\$ 4,517,356

See Notes to Condensed Consolidated Financial Statements

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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		For the nine months ended	
	2010	2009	2010	2009
REVENUE:				