

CREATIVE COMPUTER APPLICATIONS INC
Form 10QSB
April 14, 2004

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-QSB

(Mark One)

**QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended February 29, 2004

**TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF
THE EXCHANGE ACT**

For the transition period from _____ to _____

Commission file number 0-12551

CREATIVE COMPUTER APPLICATIONS, INC.

(Exact name of small business issuer as specified in its charter)

California

(State or other jurisdiction of
incorporation or organization)

95-3353465

(I.R.S. Employer
Identification No.)

26115-A Mureau Road, Calabasas, California 91302

(Address of principal executive offices)

(818) 880-6700

Issuer's telephone number:

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 3,318,900 common shares as of March 31, 2004.

Transitional Small Business Disclosure Format (check one):

Yes o No ý

CREATIVE COMPUTER APPLICATIONS, INC.

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I N D E X

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Condensed Consolidated Statements of Operations for the three months ended February 29, 2004 and February 28, 2003

Condensed Consolidated Statements of Operations for the six months ended February 29, 2004 and February 28, 2003

Condensed Consolidated Statements of Cash Flows for the six months ended February 29, 2004 and February 28, 2003

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CREATIVE COMPUTER APPLICATIONS, INC.

PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS

	February 29, 2004 (Unaudited)	August 31, * 2003
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 1,228,121	\$ 1,075,323
Receivables, net	1,784,434	2,063,311
Inventories	154,843	164,581
Prepaid expenses and other assets	180,285	231,117
Deferred tax asset	362,850	362,850
TOTAL CURRENT ASSETS	3,710,533	3,897,182
PROPERTY AND EQUIPMENT, net	193,723	219,627
INVENTORY OF COMPONENT PARTS	237,275	267,275
CAPITALIZED SOFTWARE COSTS, net of accumulated amortization of \$1,324,111 and \$1,114,645	1,435,032	1,360,374
DEFERRED TAX ASSET	536,885	536,885
	\$ 6,113,448	\$ 6,281,343
<u>LIABILITIES AND SHAREHOLDERS EQUITY</u>		
CURRENT LIABILITIES:		
Notes payable to bank (Note 3)	\$	\$
Accounts payable	219,923	207,624
Accrued liabilities:		
Vacation Pay	221,801	185,508
Accrued Payroll	111,500	105,768
Other	153,464	159,241
Deferred service contract income	1,216,972	1,115,366
Deferred revenue on system sales	365,438	501,507

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Capital lease obligation, current portion		361
TOTAL CURRENT LIABILITIES	2,289,098	2,275,375
SHAREHOLDERS EQUITY:		
Common shares, no par value; 20,000,000 shares authorized; 3,318,900 and 3,318,900 shares outstanding	6,192,692	6,192,692
Accumulated deficit	(2,368,342)	(2,186,724)
TOTAL SHAREHOLDERS EQUITY	3,824,350	4,005,968
	\$ 6,113,448	\$ 6,281,343

See Notes to Condensed Consolidated Financial Statements.

* As presented in the audited consolidated financial statements

CREATIVE COMPUTER APPLICATIONS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended February 29 & 28	
	2004	2003
	(unaudited)	
NET SYSTEM SALES AND SERVICE REVENUE		
System sales	\$ 828,666	\$ 817,856
Service revenue	1,022,521	1,036,929
	1,851,187	1,854,785
COST OF PRODUCTS AND SERVICES SOLD		
System sales	434,591	526,044
Service revenue	402,231	360,823
	836,822	886,867
Gross profit	1,014,365	967,918
OPERATING EXPENSES:		
Selling, general and administrative	696,022	715,457
Research and development	245,826	225,768
Total Operating Expenses	941,848	941,225
Operating income	72,517	26,693
INTEREST AND OTHER INCOME	1,010	4,785
INTEREST EXPENSE	(1,487)	