

ATHENAHEALTH INC  
Form 10-Q  
October 17, 2014  
Table of Contents

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 September 30, 2014

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 001-33689

athenahealth, Inc.

(Exact name of registrant as specified in its charter)

Delaware

04-3387530

(State or other jurisdiction of  
incorporation or organization)

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

311 Arsenal Street,

02472

Watertown, Massachusetts

(Address of principal executive offices)

(Zip Code)

617-402-1000

Registrant's telephone number, including area code

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, 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.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

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

At October 15, 2014, the registrant had 38,094,225 shares of common stock, par value \$0.01 per share, outstanding.

Table of Contents

INDEX

	Page
<b>PART I - FINANCIAL INFORMATION</b>	
Item 1. <u>Condensed Consolidated Financial Statements (unaudited)</u>	<u>1</u>
<u>Condensed Consolidated Balance Sheets at September 30, 2014 and December 31, 2013</u>	<u>1</u>
<u>Condensed Consolidated Statements of Income for the three and nine months ended September 30, 2014 and 2013</u>	<u>2</u>
<u>Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2014 and 2013</u>	<u>3</u>
<u>Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2014 and 2013</u>	<u>4</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>5</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>10</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>17</u>
Item 4. <u>Controls and Procedures</u>	<u>18</u>
<b>PART II - OTHER INFORMATION</b>	
Item 1. <u>Legal Proceedings</u>	<u>19</u>
Item 1A. <u>Risk Factors</u>	<u>19</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>20</u>
Item 3. <u>Defaults Upon Senior Securities</u>	<u>20</u>
Item 4. <u>Mine Safety Disclosures</u>	<u>20</u>
Item 5. <u>Other Information</u>	<u>20</u>
Item 6. <u>Exhibits</u>	<u>20</u>
<u>SIGNATURES</u>	<u>21</u>

Table of Contents

## PART I - FINANCIAL INFORMATION

## Item 1. Condensed Consolidated Financial Statements (unaudited)

athenahealth, Inc.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited, amounts in thousands, except per share amounts)

	September 30, 2014	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$59,530	\$65,002
Marketable securities	45,290	—
Accounts receivable, net	101,507	87,343
Restricted cash	45	3,000
Deferred tax assets, net	120	6,118
Prepaid expenses and other current assets	23,057	17,194
Total current assets	229,549	178,657
Property and equipment, net	259,660	213,018
Capitalized software costs, net	51,243	29,987
Purchased intangible assets, net	145,543	168,364
Goodwill	198,049	198,049
Investments and other assets	7,547	8,321
Total assets	\$891,591	\$796,396
Liabilities & Stockholders' Equity		
Current liabilities:		
Accounts payable	\$10,404	\$3,930
Accrued compensation	54,982	44,444
Accrued expenses	45,154	24,380
Line of credit	35,000	35,000
Long-term debt	15,000	15,000
Deferred revenue	27,680	27,002
Deferred tax liability, net	8,737	—
Total current liabilities	196,957	149,756
Deferred rent, net of current portion	13,237	1,478
Long-term debt, net of current portion	162,500	173,750
Deferred revenue, net of current portion	54,323	53,172
Long-term deferred tax liability, net	18,728	21,421
Other long-term liabilities	6,497	5,511
Total liabilities	452,242	405,088
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Preferred stock, \$0.01 par value: 5,000 shares authorized; no shares issued and outstanding at September 30, 2014 and December 31, 2013	—	—
Common stock, \$0.01 par value: 125,000 shares authorized; 39,350 shares issued and 38,072 shares outstanding at September 30, 2014; 38,600 shares issued and 37,322 shares outstanding at December 31, 2013	394	387
Additional paid-in capital	413,125	380,967
Treasury stock, at cost, 1,278 shares	(1,200	) (1,200

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Accumulated other comprehensive income (loss)	27,278	(446	)
Retained (deficit) earnings	(248	)	11,600
Total stockholders' equity	439,349		391,308
Total liabilities and stockholders' equity	\$891,591		\$796,396

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

1

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Table of Contents

athenahealth, Inc.

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited, amounts in thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2014	2013	2014	2013
Revenue:				
Business services	\$179,711	\$141,326	\$510,162	\$400,708
Implementation and other	10,717	10,201	29,223	22,716
Total revenue	190,428	151,527	539,385	423,424
Expense:				
Direct operating	79,343	63,245	226,265	175,820
Selling and marketing	45,206	37,584	139,155	111,541