

VITAL IMAGES INC
Form 10-Q/A
March 02, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

(Amendment No. 1)

ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2003

OR

o 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 0-22229

VITAL IMAGES, INC.

(Exact name of registrant as specified in its charter)

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(State or other jurisdiction of
incorporation or organization)

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

3300 Fernbrook Lane N., Suite 200
Plymouth, Minnesota
(Address of principal
executive offices)

55447
(Zip Code)

(763) 852-4100
(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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

On August 8, 2003, there were 10,995,007 shares of the Registrant's common stock, par value \$.01 per share, outstanding.

EXPLANATORY NOTE

Vital Images, Inc. (the Company) is filing this Amendment No. 1 to its Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2003, which was originally filed on August 14, 2003 (the Form 10-Q), principally to amend specific items of the Form 10-Q to reflect: (1) the change in classification of certain customer support costs, which had previously been reported as a sales and marketing expense rather than as cost of revenue maintenance and services, and (2) the change in classification of amortization expense related to technology licensed from a third party, which had, prior to the third quarter of 2003, been reported as research and development expense rather than cost of revenue- license fees. In addition, the Company has enhanced certain previously included disclosures regarding accounting policies related to revenue recognition. The changes in classifications had no effect on the Company's previously reported revenue, operating income, net income (loss) or net income (loss) per share, nor did the changes in classifications impact the Company's balance sheets or statements of cash flows. This Amendment No. 1 amends only portions of the Form 10-Q; the remainder of the Form 10-Q is unchanged and is not reproduced in this Amendment No. 1. This Amendment No. 1 does not reflect events occurring after the original filing of the Form 10-Q.

This Amendment No. 1 contains changes to the following disclosures:

Part I - Item 1. Financial Statements (Unaudited)

Part I - Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

VITAL IMAGES, INC.

Form 10-Q/A

(Amendment No. 1)

June 30, 2003

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

VITAL IMAGES, INC.

BALANCE SHEETS

AS OF JUNE 30, 2003 AND DECEMBER 31, 2002

	June 30, 2003 (Unaudited)	December 31, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 27,505,451	\$ 8,122,547
Marketable securities	4,775,612	2,508,113
Accounts receivable, net of allowance for doubtful accounts of \$264,000 and \$240,000 as of June 30, 2003 and December 31, 2002, respectively	5,706,690	4,971,079
Prepaid expenses and other current assets	810,965	498,692
Total current assets	38,798,718	16,100,431
Property and equipment, net	2,631,857	2,156,835
Licensed technology, net	510,000	570,000
TOTAL ASSETS	\$ 41,940,575	\$ 18,827,266
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 1,072,381	\$ 757,715
Accrued payroll	1,500,743	1,486,654
Deferred revenue	4,930,056	3,870,958
Accrued royalties	459,921	546,593
Other current liabilities	212,639	219,036
Total current liabilities	8,175,740	6,880,956
Deferred revenue	299,737	225,539
Total liabilities	8,475,477	7,106,495
Shareholders' equity:		
Preferred stock: \$.01 par value; 5,000,000 shares authorized; none issued or outstanding as of June 30, 2003 and December 31, 2002		
Common stock: \$.01 par value; 20,000,000 shares authorized; 10,772,872 and 8,987,009 shares issued and outstanding as of June 30, 2003 and December 31, 2002, respectively	107,729	89,870
Additional paid-in capital	52,125,566	31,719,371
Accumulated other comprehensive income	641	
Accumulated deficit	(18,768,838)	(20,088,470)
Total shareholders' equity	33,465,098	11,720,771

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TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	\$	41,940,575	\$	18,827,266
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(The accompanying notes are an integral part of the interim financial statements.)

VITAL IMAGES, INC.

STATEMENTS OF OPERATIONS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2003 AND 2002

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2003 Restated (Note 8) (Unaudited)	2002 Restated (Note 8) (Unaudited)	2003 Restated (Note 8) (Unaudited)	2002 Restated (Note 8) (Unaudited)
Revenue:				
License fees	\$ 5,325,207	\$ 3,267,563	\$ 9,978,271	\$ 6,293,141
Maintenance and services	1,383,687	945,417	3,050,662	1,841,906
Hardware	820,821	661,322	1,291,758	1,182,677
Total revenue	7,529,715	4,874,302	14,320,691	9,317,724
Cost of revenue:				
License fees	520,205	264,803	901,951	543,822
Maintenance and services	975,835	725,347	1,909,040	1,442,185
Hardware	537,559	553,424	837,990	907,283
Total cost of revenue	2,033,599	1,543,574	3,648,981	2,893,290
	5,496,116	3,330,728	10,671,710	6,424,434
Operating expenses:				
Sales and marketing	2,453,986	1,504,847	4,573,543	2,942,748
Resear				