

SECURITIES AND EXCHANGE COMMISSION

FORM 10QSB

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d)

Filing Date: **1995-07-28** | Period of Report: **1995-06-30**
SEC Accession No. **0000753048-95-000009**

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FILER

ANALYTICAL SURVEYS INC

CIK: **753048** | IRS No.: **840846389** | State of Incorpor.: **CO** | Fiscal Year End: **0930**
Type: **10QSB** | Act: **34** | File No.: **000-13111** | Film No.: **95556935**
SIC: **7389** Business services, nec

Mailing Address

1935 JAMBOREE DRIVE
SUITE 100
COLORADO SPRINGS CO
80920

Business Address

1935 JAMBOREE DR
SUITE 100
COLORADO SPRINGS CO
80920
7195930093

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 1995

or

Transition Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Commission File Number 0-13111

ANALYTICAL SURVEYS, INC.

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

Colorado 84-0846389
(State of incorporation) (IRS Employer Identification No.)

1935 Jamboree Drive
Colorado Springs, Colorado 80920
(Address of principal executive offices) (Zip Code)

(719) 593-0093
(Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past (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 ninety (90) days.

Yes No

The number of shares of common stock outstanding as of July 27, 1995 was 2,758,749.

Part I Item 1.
<TABLE>

ANALYTICAL SURVEYS, INC.
BALANCE SHEETS
(Unaudited)

<CAPTION>

	June 30, 1995	Sept. 30, 1994
	-----	-----
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS		
Cash	\$ 451,681	\$ 552,232
Accounts receivable, net of \$20,000 allowance for doubtful accounts	2,401,367	1,699,372
Unbilled revenues	4,801,064	3,988,270
Prepaid expenses	141,752	142,556
Deferred tax assets	49,491	60,137
	-----	-----
Total current assets	7,845,355	6,442,567
	-----	-----
PROPERTY AND EQUIPMENT, at cost		
Equipment	6,256,863	5,766,095
Furniture and fixtures	713,833	637,155
Leasehold improvements	122,640	121,918
	-----	-----
	7,093,335	6,525,168
	-----	-----
Less Accumulated depreciation and amortization	(5,549,535)	(4,967,046)
	-----	-----
	1,543,801	1,558,122
	-----	-----
Goodwill, less accumulated amortization	14,153	15,367
	-----	-----
TOTAL ASSETS	\$ 9,403,309	\$ 8,016,056
	=====	=====

<FN>

See accompanying notes to financial statements.

</FN>

</TABLE>

<TABLE>

ANALYTICAL SURVEYS, INC.
BALANCE SHEETS
(Unaudited)

<CAPTION>

	June 30, 1995	Sept. 30, 1994
	<hr/>	<hr/>
<S>	<C>	<C>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable to bank (Note 2)	\$ 150,000	\$ --
Current maturities of long-term debt	413,943	647,800
Billings in excess of costs	358,067	420,139
Accounts payable and accrued expenses	1,467,200	758,032
Accrued payroll and benefits	447,636	578,929
Accrued income taxes	18,235	341,824
Accrued interest payable	3,891	2,654
	<hr/>	<hr/>
Total current liabilities	2,858,971	2,749,378
Deferred income tax	132,400	232,065
Long-term debt, less current maturities	451,924	391,032
Deferred compensation	53,316	47,043
	<hr/>	<hr/>
Total liabilities	3,496,611	3,419,518
	<hr/>	<hr/>
STOCKHOLDERS' EQUITY		
Preferred stock-authorized 2,500,000 shares of no par value; none issued and outstanding		
Common stock-authorized 100,000,000 shares of no par value; issued and outstanding 2,745,874 shares at June 30, 1995 and 2,557,099 shares at September 30, 1994	3,142,893	2,462,283
Treasury stock- 23,500 common shares at June 30, 1995 (Note 4)	(124,844)	--
Retained earnings	2,888,649	2,134,255
	<hr/>	<hr/>
Total stockholders' equity	5,906,699	4,596,538
	<hr/>	<hr/>
TOTAL LIABILITIES AND EQUITY	\$ 9,403,309	\$ 8,016,056

<FN>

See accompanying notes to financial statements.

</FN>

</TABLE>

<TABLE>

ANALYTICAL SURVEYS, INC.
STATEMENTS OF OPERATIONS
(Unaudited)

<CAPTION>

	Nine Months Ended June 30,		Three Months Ended June 30,	
	1995	1994	1995	1994
<S>	<C>	<C>	<C>	<C>
SALES OF SERVICES	\$9,768,929	\$8,016,589	\$3,576,340	\$2,968,662
COSTS AND EXPENSES				
Salaries, wages and benefits	3,802,521	3,341,977	1,352,661	1,135,693
Subcontractor costs	2,366,228	1,703,603	811,918	735,096
General and administrative	1,700,046	1,391,894	598,666	431,171
Depreciation and amortization	583,702	568,482	196,017	191,940
	8,452,497	7,005,956	2,959,262	2,493,900
EARNINGS FROM OPERATIONS	1,316,432	1,010,633	617,078	474,762
OTHER INCOME (EXPENSE)				
Interest	(98,697)	(147,458)	(24,472)	(45,016)
Miscellaneous Income	1,662	1,928	1,615	101
	(97,035)	(145,530)	(22,857)	(44,915)
EARNINGS BEFORE INCOME TAXES	1,219,397	865,103	594,221	429,847
INCOME TAX EXPENSE	465,000	328,000	227,000	163,204
NET EARNINGS	\$ 754,397	\$ 537,103	\$ 367,221	\$ 266,643
EARNINGS PER SHARE	\$ 0.26	\$ 0.20	\$ 0.13	\$ 0.10

<FN>

See accompanying notes to financial statements.

</FN>
</TABLE>

<TABLE>

ANALYTICAL SURVEYS, INC.
STATEMENTS OF CASH FLOWS
(Unaudited)

<CAPTION>

	Nine Months Ended June 30, 1995	Nine Months Ended June 30, 1994
	<C>	<C>
<S> CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (65,185)	\$ 413,423
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(568,167)	(114,069)
Net cash used in investing activities	(568,167)	(114,069)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings (payments) under notes payable	150,000	--
Proceeds from issuance of long-term debt	459,179	85,481
Principal payments of long-term debt	(632,144)	(416,972)
Proceeds from issuance of common stock	680,610	32,830
Purchase of treasury stock (Note 4)	(124,844)	--
Net cash provided (used) by financing activities	451,681	(298,661)
Net increase (decrease) in cash	(100,551)	693
Cash at beginning of period	552,232	238,610
Cash at end of period	\$ 451,681	\$ 239,303
Supplemental cash flow disclosures:		
Interest paid	\$ 97,460	\$ 146,835
Income taxes paid	\$ 624,736	\$ 343,470

<FN>

See accompanying notes to financial statements.

ANALYTICAL SURVEYS, INC.
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Notes to Financial Statements
(Unaudited)

1. Summary of Significant Accounting Policies

The accompanying interim financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual report for the year ended September 30, 1994. They have not been audited by independent auditors.

The financial statements reflect all adjustments which are, in the opinion of management, necessary to present fairly the financial position of Analytical Surveys, Inc., at June 30, 1995 and its results of operations for the nine and three months ended June 30, 1995 and 1994, and its cash flows for the nine months ended June 30, 1995 and 1994. All such adjustments are of a normal recurring nature.

The computation of earnings per common share is based on the weighted average number of shares outstanding plus common stock equivalents as follows:

Nine months ended June 30, 1995	2,872,000
Nine months ended June 30, 1994	2,682,520
Three months ended June 30, 1995	2,994,000
Three months ended June 30, 1994	2,670,497

2. Notes Payable to Bank

Effective February 28, 1995, the Company renewed its line of credit loan agreement with its existing bank for one year at the existing maximum loan amount of \$1,250,000. The interest rate was reduced to one-half percent over the bank's published prime lending rate.

ANALYTICAL SURVEYS, INC.
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3. Stock Options

The following table summarizes stock option transactions under the Company's four non-qualified stock option plans:

<TABLE>
<CAPTION>

	Shares under option	Average Option Price per share
<S>	<C>	<C>
Outstanding at September 30, 1994	744,525	\$ 2.26
Granted	164,000	6.00
Exercised	(212,275)	2.02
Canceled	(2,000)	3.03

Outstanding June 30, 1995	694,250	\$ 3.21
	=====	
At June 30, 1995:		
Options Exercisable	405,875	
Available for Grant	44,975	
	=====	

</TABLE>

4. Treasury Stock

In June 1995, the Company acquired 23,500 shares of its no par value common stock at \$5.3125 per share from the Company's President and Chief Executive Officer. The purchase price was \$0.0625 below the closing bid price on the date of the purchase. The transaction was approved by the Company's Board of Directors.

ANALYTICAL SURVEYS, INC.
Quarterly Report on Form 10-QSB
June 30, 1995

Part I Item 2.

Management's Discussion and Analysis of
Financial Condition and Results of Operations

Results of Operations:

Three Months Ended June 30, 1995

Net income (all from continuing operations) for the three months ended June 30, 1995 of \$367,221 was 38% higher than the same period of the previous year. Increased production caused sales to increase 20% and earnings from operations to increase 30% for the third quarter of fiscal year 1995 over the same period of the previous year. Salaries, wages and benefits increased 19% over last year as the result of the production volume increases. Increased subcontractor costs reflect increased production by subcontractors. The 39% increase in general and administrative expenses was primarily the result of increased activity in the selling, marketing and R & D functions. Interest expense was 46% less than the same quarter of the previous year due to reduction of debt, including capitalized leases, through scheduled repayments.

The effect of common stock equivalents on the average number of shares outstanding during the period increased due to the increase in the average market price of the Company's common stock over the previous year.

Three Months Ended June 30, 1994

Net income (all from continuing operations) for the three months ended June 30, 1994 of \$266,643 was 47% higher than the same period of 1993. Increased internal production volume and increased production by subcontractors caused sales to increase 6% and earnings from operations to increase 40% for the third quarter of fiscal year 1994 over the previous year. Salaries increased 3% over the previous year as the result of the production volume increases. Increased subcontractor costs reflect increased production by subcontractors. General and administrative expenses decreased 16% from the same period of the previous year because certain nonrecurring expenses related to recruiting and outside consulting were incurred in 1993 but were not incurred in 1994. Interest expense was 7% less than the same quarter of the previous year due to lower utilization of the line of credit and reduction of debt, including capitalized leases, through scheduled repayments.

ANALYTICAL SURVEYS, INC.
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June 30, 1995

Nine Months Ended June 30, 1995

Net income (all from continuing operations) for the nine months ended June 30, 1995 increased 40% over the first nine months of 1994. Increased production caused sales to increase 22% and

earnings from operations to increase 30%. Salaries expense increased 14% due to increased production. Subcontractor costs increased 39% due to greater production by subcontractors. The 22% increase in general and administrative expenses was primarily the result of increased selling, marketing and R & D activity. Interest expense was 33% less than the same period of the previous year due to reduction of debt, including capitalized leases, through scheduled repayments.

Cash flow used by operations in the nine months ended June 30, 1995 was \$65,185 compared to net cash provided by operations of \$413,423 in the same nine months of the previous year as increased production led to an expected increased investment in unbilled revenues and accounts receivable. The increased unbilled revenue is believed to be a normal fluctuation. The Company maintains an open line of credit to finance the investment in unbilled revenue and accounts receivable. The increase in accounts payable from September 30, 1994 is attributable to normal fluctuations in progress billings from subcontractors.

Cash flow from investing activities consists primarily of equipment acquisitions required by increased production. Cash flow from financing activities consists of the proceeds of borrowing on the open line of credit, the financing of equipment using capital leases, the scheduled repayment of debt and capitalized leases and proceeds from the exercise of stock options by employees. As discussed in Note 4, the company acquired 23,500 shares of its no par value common stock which is held as treasury stock; there are no plans at present to acquire additional treasury stock.

The Company's backlog of contracted work increased to \$11,940,000 at June 30, 1995 up 20% from 1994. In April 1995, the Company announced that backlog exceeded \$14,000,000 for the first time in the Company's history.

In January, 1995 the Company announced that it was a member of the team selected to negotiate with the State of Connecticut for a potentially significant contract for GIS services. On April 25, 1995, the Company announced that the team had received contracts from the state of Connecticut and entities within the state for a variety of GIS-related services. These contracts, which represent ASI's initial phase of the negotiations in the state were valued at \$693,000. Since the January announcement, the state has

ANALYTICAL SURVEYS, INC.
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inaugurated new state officials, which has extended the negotiation process and reduced state budgets. The resulting

master contract commits direct state funding but also allows other GIS users to participate in both the cost and benefits of the project. Several cities have already joined the project.

Nine Months Ended June 30, 1994

Net income for the nine months ended June 30, 1994 increased 45% over the first three quarters of 1993. Increased production caused sales to increase 12% and earnings from operations to increase 37%. Salaries expense increased 7% due in part to annual wage increases and increased production. Subcontractor costs increased 35% due to greater production by subcontractors. General and administrative expenses were 5% lower for the nine months due to the reduced expense for the three months ended June 30, 1994 as described above.

The Company's backlog of contracted work was \$9,952,000 at June 30, 1994.

Cash generated by operations increased from a net use of \$77,000 in the first nine months of 1993 to net cash provided of \$413,423 in 1994. Cash generated by operations was reduced in 1993 by a 53% increase in the combination of net unbilled revenue plus accounts receivable less billings in excess of costs. The rate of increased investment in these contract related accounts slowed to 22% in 1994. Cash flow from investing activities consists of routine property and equipment acquisitions. Cash flow from financing activities consists of the proceeds of the financing of equipment using capital leases, the scheduled repayment of debt and capitalized leases and the proceeds from the exercise of stock options by employees.

Liquidity and Capital Resources:

Management expects to meet both short-term and long-term liquidity requirements through cash flows generated by operations supplemented from time to time by short term borrowings on a bank line of credit. Routine capital expenditures will usually be financed with term debt and/or capital leases. The Company is dependent, however, upon its ability to successfully deliver acceptable products in order to maintain adequate operating cash flows.

The Company has not committed to significant capital expenditures at June 30, 1995.

ANALYTICAL SURVEYS, INC.
Quarterly Report on Form 10-QSB
June 30, 1995

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

27 Financial Data Schedule

(b) Reports on Form 8-K

None.

ANALYTICAL SURVEYS, INC.
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June 30, 1995

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Analytical Surveys, Inc.

(Registrant)

Date July 28, 1995

/s/ Sidney V. Corder

Sidney V, Corder, President
and Chief Executive Officer

Date July 28, 1995

/s/ Scott C. Benger

Scott C. Benger, Secretary/Treasurer
(principal financial officer and
principal accounting officer)

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>

This schedule contains summary financial information extracted from SEC Form 10-QSB and is qualified in its entirety by reference to such financial statements.

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