

ACME COMMUNICATIONS INC
Form 10-Q
August 09, 2004

**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 Quarterly Period Ended June 30, 2004

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

Commission File Number: 000-27105

ACME COMMUNICATIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware	33-0866283
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)

**2101 E. Fourth Street, Suite 202 A
Santa Ana, California, 92705
(714) 245-9499**

(Address and telephone number of principal executive offices)

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, 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 ☐

As of August 6, 2004, ACME Communications, Inc. had 16,772,415 shares (including 429,115 shares held in treasury) of common stock outstanding.

ACME COMMUNICATIONS, INC.

FORM 10-Q

TABLE OF CONTENTS

<u>Item</u> <u>Number</u>		<u>Page</u>
	Part I-- Financial Information	
Item 1.	Financial Statements	
	Consolidated Balance Sheets as of June 30, 2004 and December 31, 2003	1
	Consolidated Statements of Operations for the Three Months and Six Months Ended June 30, 2004 and June 30, 2003	2
	Consolidated Statements of Stockholders' Equity for the Six Months Ended June 30, 2004	3
	Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2004 and June 30, 2003	4
	Notes to Consolidated Financial Statements	5
Item 2.	Management's Discussion and Analysis of Financial Condition and Results Of Operations	9
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	12
Item 4.	Controls and Procedures	12
	Part II - Other Information	
Item 1.	Legal Proceedings	13
Item 2.	Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities	13
Item 4.	Submission of Matters to a vote of Security Holders	13
Item 6	Exhibits and Reports on Form 8-K	14

ACME Communications, Inc. and Subsidiaries
Consolidated Balance Sheet

As of

June 30,
2004
(unaudited)

December 31
2003

(In thousands)

ASSETS

Current assets:

Cash and cash equivalents	\$ 1,640	\$ 1,197
Restricted cash	37	1,984
Accounts receivable, net	8,621	8,037
Current portion of programming rights	9,705	10,561
Prepaid expenses and other current assets	714	850

Total Current Assets	20,717	22,629
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Property and equipment, net	30,615	28,774
Programming rights, net of current portion	12,729	17,243
Intangible assets, net	99,787	99,016
Other assets	3,602	4,250

Total Assets	\$ 167,450	\$ 171,912
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$ 6,506	\$ 5,833
Accrued liabilities	4,332	3,281
Current portion of programming rights payable	10,446	10,764
Current portion of obligations under lease	91	2,048
Income taxes payable	67	279

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ACME Communications, Inc. and Subsidiaries
Consolidated Balance Sheet

Total		
Current		
Liabilities	21,442	22,205
Programming		
rights payable,		
net of current		
portion	11,208	16,545
Obligations		
under lease, net		
of current		
portion	966	988
Other liabilities	84	79
Deferred		
income taxes	8,065	7,500
Notes payable		
under revolving		
credit facility	36,050	26,970
Total		
Liabilities	77,815	74,287
Minority		
Interest	168	--
Stockholders' equity:		
Preferred		
stock, \$.01 par		
value;		
10,000,000		
shares		
authorized, no		
Shares		
issued and		
outstanding	--	--
Common stock, \$.01 par value; 50,000,000 shares authorized,		
16,772,415 and 16,767,250 shares issued and outstanding		
at June 30,		
2004 and		
December 31,		
2003,		
respectively	168	168
Additional		
paid-in capital	132,038	131,998
Unearned		
compensation	(11)	(34)
Accumulated		
deficit	(39,745)	(34,507)
Less:		
Treasury stock,		
at cost; 429,115		
shares	(2,983)	--
Total		
Stockholders'		
Equity	89,467	97,625
Total	\$ 167,450	\$ 171,912
Liabilities and		

ACME Communications, Inc. and Subsidiaries
Consolidated Balance Sheet

Stockholders'
Equity

See the notes to the consolidated financial statements.

ACME Communications, Inc. and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

(In thousands, except per share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2004	2003	2004	2003
				(restated)
Net revenues	\$ 12,217	\$ 11,532	\$ 23,228	\$ 21,524
Operating expenses:				
Cost of Service:				
Programming, including program amortization	4,943	4,655	9,578	8,793
Other costs of service (excluding depreciation and amortization of \$1,284 and \$1,182 for the three months ended June 30, 2004 and June 30, 2003 respectively, and \$2,573 and \$2,158 for the six months ended June 30, 2004 and June 30, 2003 respectively)	2,019	1,890	3,752	3,527
Selling, general and administrative expenses	4,661	4,761	9,363	9,364
Depreciation and amortization	1,297	1,131	2,599	2,192
Corporate expense	946	972	1,819	1,939
Operating expenses	13,866	13,409	27,111	25,815
Operating loss	(1,649)	(1,877)	(3,883)	(4,291)
Other income (expenses):				
Interest income	3	198	5	294
Interest expense	(836)	(2,496)	(1,559)	(10,880)
Loss on early extinguishment of debt	--	(9,926)	--	(9,926)
Other	(34)	(3)	(55)	(40)
Loss from continuing operations before income taxes and minority interest	(2,516)	(14,104)	(5,492)	(24,843)
Income tax expense, continuing operations	(493)	(300)	(1,108)	(783)
Loss from continuing operations before minority interest	(3,009)	(14,404)	(6,600)	(25,626)
Minority interest	218	--	457	--
Loss from continuing operations	(2,791)	(14,404)	(6,143)	(25,626)
Discontinued operations:				
Income (loss) from discontinued operations	--	(34)	--	113,998
Income tax benefit (expense)	--	1	--	(907)
Income from discontinued operations	--	(33)	--	113,091
Net income (loss)	\$ (2,791)	\$ (14,437)	\$ (6,143)	\$ 87,465

ACME Communications, Inc. and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

(In thousands, except per share data)

Income (loss) per share, basic and diluted:					
Continuing operations	\$	(0.17)	\$	(0.86)	\$ (0.37) \$ (1.53)
Discontinued operations		--		(0.00)	-- 6.75
Net income (loss) per share	\$	(0.17)	\$	(0.86)	\$ (0.37)