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ELECTRONIC CLEARING HOUSE INC

Form 10-Q

August 12, 2005

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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 PERIOD ENDED JUNE 30, 2005

OR

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

COMMISSION FILE NUMBER: 0-15245

[GRAPHIC OMITTED]
ECHO
Electronic Clearing House

ELECTRONIC CLEARING HOUSE, INC.
(Exact name of registrant as specified in its charter)

NEVADA
(State or other jurisdiction of
incorporation or organization)

93-0946274
(I.R.S. Employer
Identification No.)

730 PASEO CAMARILLO,
CAMARILLO, CALIFORNIA 93010
(Address of principal executive offices)

TELEPHONE NUMBER (805) 419-8700, FAX NUMBER (805) 419-8682
WWW.ECHO-INC.COM
(Registrant's telephone number, fax number, including area code; web site
address)

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

As of July 26, 2005, there were 6,555,981 shares of the Registrant's Common Stock outstanding.

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ELECTRONIC CLEARING HOUSE, INC.

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 ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

ELECTRONIC CLEARING HOUSE, INC.
 CONSOLIDATED BALANCE SHEETS
 (UNAUDITED)

| ASSETS | JUNE 30, 2005 | SEPTEMBER 30, 2004 |
|--|------------------|-----------------------|
| | ----- | ----- |
| Current assets: | | |
| Cash and cash equivalents | \$ 6,800,000 | \$ 7,576,000 |
| Restricted cash | 1,225,000 | 1,024,000 |
| Settlement deposits | 18,472,000 | 18,282,000 |
| Settlement receivable less allowance of \$25,000 and \$22,000 | 835,000 | 451,000 |
| Accounts receivable less allowance of \$126,000 and \$111,000 | 2,092,000 | 1,943,000 |
| Prepaid expenses and other assets | 393,000 | 368,000 |
| Deferred tax asset | 148,000 | 279,000 |
| | ----- | ----- |
| Total current assets | 29,965,000 | 29,923,000 |
| Noncurrent assets: | | |
| Property and equipment, net | 2,397,000 | 2,293,000 |
| Software, net | 8,510,000 | 6,844,000 |
| Other assets, net | 304,000 | 368,000 |
| | ----- | ----- |
| Total assets | \$41,176,000 | \$ 39,428,000 |
| | ===== | ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Short-term borrowings and current portion of long-term debt and capital leases | \$ 552,000 | \$ 878,000 |
| Accounts payable | 358,000 | 305,000 |
| Settlement payable | 19,519,000 | 18,733,000 |
| Accrued expenses | 1,979,000 | 2,003,000 |
| | ----- | ----- |
| Total current liabilities | 22,408,000 | 21,919,000 |
| Noncurrent liabilities: | | |
| Long-term debt and capital leases | 766,000 | 704,000 |
| Deferred tax liability | 714,000 | 565,000 |
| | ----- | ----- |
| Total liabilities | 23,888,000 | 23,188,000 |
| | ----- | ----- |
| Commitments and contingencies - see Note 7 | | |
| Stockholders' equity: | | |
| Common stock, \$0.01 par value, 36,000,000 authorized: 6,554,481 and 6,451,331 shares issued; 6,516,212 and 6,413,062 shares outstanding | 65,000 | 64,000 |
| Additional paid-in capital | 25,076,000 | 24,658,000 |
| Accumulated deficit | (7,387,000) | (8,016,000) |
| Less treasury stock at cost, 38,269 common shares | (466,000) | (466,000) |
| | ----- | ----- |

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| | | |
|--|--------------|---------------|
| Total stockholders' equity | 17,288,000 | 16,240,000 |
| | ----- | ----- |
| Total liabilities and stockholders' equity | \$41,176,000 | \$ 39,428,000 |
| | ===== | ===== |