

COMMAND SECURITY CORP  
Form 10-Q  
February 09, 2011

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

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FORM 10-Q

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

For the quarterly period ended December 31, 2010

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 0-18684

COMMAND SECURITY CORPORATION  
(Exact name of registrant as specified in its charter)

New York  
(State or other jurisdiction of incorporation or organization)

14-1626307  
(I.R.S. Employer Identification No.)

Lexington Park  
LaGrangeville, New York  
(Address of principal executive offices)

12540  
(Zip Code)

(845) 454-3703  
(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 a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

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

The number of outstanding shares of the registrant's common stock as of February 4, 2011 was 10,878,098.

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

## COMMAND SECURITY CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(Unaudited)

	Three Months Ended		Nine Months Ended	
	December 31, 2010	December 30, 2009	December 31, 2010	December 31, 2009
Revenues	\$ 37,525,639	\$ 37,592,668	\$ 110,706,205	\$ 110,135,424
Cost of revenues	32,070,865	31,968,506	95,019,283	94,605,890
Gross profit	5,454,774	5,624,162	15,686,922	15,529,534
Operating expenses				
General and administrative	4,289,553	4,061,020	12,583,583	12,279,992
Provision for doubtful accounts, net	74,772	73,687	133,975	222,467
	4,364,325	4,134,707	12,717,558	12,502,459
Operating income	1,090,449	1,489,455	2,969,364	3,027,075
Interest income	63	672	392	1,711
Interest expense	(80,315)	(111,917)	(262,593)	(354,443)
Equipment dispositions	14,169	1,020	17,163	2,804
Income before income taxes	1,024,366	1,379,230	2,724,326	2,677,147
Provision for income taxes	473,000	649,700	1,263,000	1,226,700
Net income	\$ 551,366	\$ 729,530	\$ 1,461,326	\$ 1,450,447
Net income per common share				
Basic	\$ .05	\$ .07	\$ .13	\$ .13
Diluted	\$ .05	\$ .07	\$ .13	\$ .13
Weighted average number of common shares outstanding				
Basic	10,874,098	10,872,098	10,872,765	10,840,467
Diluted	11,074,769	11,119,264	11,109,460	11,219,977

See accompanying notes to condensed consolidated financial statements

## COMMAND SECURITY CORPORATION

## CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2010 (Unaudited)	March 31, 2010
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 33,356	\$ 1,211,948
Accounts receivable, net of allowance for doubtful accounts of \$1,019,521 and \$1,167,437, respectively	22,878,978	23,131,801
Prepaid expenses	2,003,010	1,674,132
Other assets	3,673,421	2,522,562
<b>Total current assets</b>	<b>28,588,765</b>	<b>28,540,443</b>
<b>Furniture and equipment at cost, net</b>	<b>589,449</b>	<b>602,847</b>
<b>Other assets:</b>		
Intangible assets, net	4,173,665	4,635,512
Restricted cash	82,932	82,806
Other assets	3,188,407	2,853,473
<b>Total other assets</b>	<b>7,445,004</b>	<b>7,571,791</b>
<b>Total assets</b>	<b>\$ 36,623,218</b>	<b>\$ 36,715,081</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Checks issued in advance of deposits	\$ 1,462,761	\$ 739,206
Current maturities of obligations under capital leases	73,009	115,928
Short-term borrowings	10,546,937	10,995,744
Accounts payable	569,793	510,300
Accrued expenses and other liabilities	4,695,545	6,755,807
<b>Total current liabilities</b>	<b>17,348,045</b>	<b>19,116,985</b>
<b>Insurance reserves</b>	<b>673,698</b>	<b>771,626</b>
Obligations under capital leases, due after one year	—	43,235
<b>Total liabilities</b>	<b>18,021,743</b>	<b>19,931,846</b>
<b>Stockholders' equity:</b>		
Preferred stock, Series A, \$.0001 par value	—	—
Common stock, \$.0001 par value	1,087	1,087
Additional paid-in capital	16,612,733	16,243,153
Accumulated earnings	2,048,844	587,518
Accumulated other comprehensive loss	(61,189)	(48,523)
<b>Total stockholders' equity</b>	<b>18,601,475</b>	<b>16,783,235</b>

Total liabilities and stockholders' equity	\$ 36,623,218	\$ 36,715,081
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See accompanying notes to condensed consolidated financial statements

COMMAND SECURITY CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
(Unaudited)

	Preferred Stock	Common Stock	Accumulated Other Comprehensive Income (Loss)	Additional Paid-In Capital	Accumulated Earnings (Deficit)
Balance at March 31, 2009	\$	—\$ 1,080	\$ (281,011)	\$ 16,045,620	\$ (1,044,121)