

INTELLIGENT SYSTEMS CORP
Form 10-Q/A
December 14, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A
(Amendment No. 1)

(Mark One)

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

For the quarterly period ended June 30, 2012

OR

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-9330

INTELLIGENT SYSTEMS CORPORATION
(Exact name of registrant as specified in its charter)

Georgia 58-1964787
(State or other jurisdiction of incorporation or (I.R.S. Employer Identification No.)
organization)

4355 Shackleford Road, Norcross, Georgia 30093
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (770) 381-2900

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 R No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes R 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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer
 Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of July 31, 2012, 8,958,028 shares of Common Stock of the issuer were outstanding.

Explanatory Note

The purpose of this Amendment No. 1 to this Quarterly Report on Form 10-Q is to restate the consolidated financial statements of Intelligent Systems Corporation (the "Company") to reflect adjustments related to the amounts and allocation of profits and losses to the Noncontrolling Interest of one of the Company's subsidiaries in accordance with Financial Account Standards Board ("FASB") authoritative guidance establishing accounting and reporting standards for Noncontrolling Interests in Consolidated Financial Statements. We recently determined that we have not been applying the guidance correctly in all respects because we have not been attributing to the Noncontrolling Interest (held by common shareholders of our CoreCord Software subsidiary) its share of the losses or income of the subsidiary and have not been disclosing such attributed amounts on the face of the consolidated statements of operations. Accordingly, we have restated the consolidated statements of operations for the quarter and year-to-date periods ended June 30, 2012 and 2011 and the stockholders' equity section of the consolidated balance sheets as of June 30, 2012 and December 31, 2011 to fully comply with the standard.

For the convenience of the reader, this Amendment No. 1 amends in its entirety the original filing of the Quarterly Report on Form 10-Q. This Amendment No. 1 does not reflect events occurring after the August 14, 2012 original filing date of the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2012 or modify or update those disclosures set forth in that Quarterly Report on Form 10-Q, except to reflect the restatement as noted above and in Note 13 to the Consolidated Financial Statements.

The items of the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2012 that have been amended and restated herein are as follows:

1. Part I, Item 1. Financial Statements have been restated.
2. Currently dated certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 have been filed.
3. Currently dated certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 have been filed

Intelligent Systems Corporation

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Ex. 10.1	Eleventh Modification to Loan Documents between Intelligent Systems Corporation and Fidelity Bank dated June 29, 2012 (Incorporated by reference to Exhibit 10.1 of the Registrant's Form 10-Q dated August 12, 2012).
Ex. 10.2	Amended Director's Indemnification Agreement by and between Intelligent Systems Corporation and Cherie M. Fuzzell dated May 24, 2012 (Incorporated by reference to Exhibit 10.2 of the Registrant's Form 10-Q dated August 12, 2012).
Ex. 10.3	Second Amendment to Lease Agreement by and between Intelligent Systems Corporation and ISC Properties, LLC dated May 25, 2012 (Incorporated by reference to Exhibit 10.3 of the Registrant's Form 10-Q dated August 12, 2012).
Ex. 31.1	Section 302 Certification of Chief Executive Officer
Ex. 31.2	Section 302 Certification of Chief Financial Officer
Ex. 32.1	Section 906 Certification of Chief Executive Officer and Chief Financial Officer
Ex.101.INS**	XBRL Instance
Ex.101.SCH**	XBRL Taxonomy Extension Schema
Ex.101.CAL**	XBRL Taxonomy Extension Calculation
Ex 101.DEF**	XBRL Taxonomy Extension Definitions
Ex.101.LAB**	XBRL Taxonomy Extension Labels
Ex.101.PRE**	XBRL Taxonomy Extension Presentation

** XBRL information is furnished and not filed or a part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

Part I FINANCIAL INFORMATION

Item 1. Financial Statements

Intelligent Systems Corporation
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	June 30, 2012 (unaudited, restated)	December 31, 2011 (audited, restated)
ASSETS		
Current assets:		
Cash	\$ 2,505	\$ 3,152
Marketable securities	217	209
Accounts receivable, net	2,883	2,504
Note and interest receivable, current portion	245	249
Inventories, net	921	824
Other current assets	313	284
Total current assets	7,084	7,222
Investments	1,577	1,288
Note and interest receivable, net of current portion	--	240
Property and equipment, at cost less accumulated depreciation	1,124	1,222
Patents, net	110	133
Total assets	\$ 9,895	\$ 10,105
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 415	\$ 463
Deferred revenue, current portion	1,101	907
Accrued payroll	501	460
Accrued expenses	856	669
Other current liabilities	277	369
Total current liabilities	3,150	2,868
Deferred revenue, net of current portion	40	50
Other long-term liabilities	152	140
Commitments and contingencies (Note 9)		
Intelligent Systems Corporation stockholders' equity:		
Common stock, \$0.01 par value, 20,000,000 shares authorized, 8,958,028 issued and outstanding at June 30, 2012 and December 31, 2011	90	90
Additional paid-in capital	21,499	21,461
Accumulated other comprehensive loss	(122)	(111)
Accumulated deficit	(14,301)	(14,290)
Total Intelligent Systems Corporation stockholders' equity	7,166	7,150
Noncontrolling interest	(613)	(103)
Total stockholders' equity	6,553	7,047
Total liabilities and stockholders' equity	\$ 9,895	\$ 10,105

The accompanying notes are an integral part of these Consolidated Financial Statements.

Intelligent Systems Corporation
CONSOLIDATED STATEMENTS OF OPERATIONS
 (restated, unaudited; in thousands, except share and per share amounts)

	Three Months Ended June		Six Months Ended June 30,	
	2012	30, 2011	2012	2011
Revenue				
Products	\$3,357	\$3,645	\$6,775	\$6,677
Services	675	512	1,351	1,024
Total net revenue	4,032	4,157	8,126	7,701
Cost of revenue				
Products	1,759	1,737	3,446	3,285
Services	554	341	1,090	620
Total cost of revenue				