

Professional Diversity Network, Inc.
Form 10-Q
May 15, 2013

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 the Quarterly Period Ended March 31, 2013

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: 001-35824

Professional Diversity Network, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware

83-0374250

(State or other jurisdiction of incorporation or
organization)

(I.R.S. Employer Identification No.)

801 W. Adams Street, Suite 600, Chicago, Illinois 60607
(address of principal executive offices) (Zip Code)

Telephone: (312) 614-0950
(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed, since last report)

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 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files) Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer,

Edgar Filing: Professional Diversity Network, Inc. - Form 10-Q

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.

Large accelerated filer	<input type="radio"/>	Accelerated filer	<input type="radio"/>
Non-accelerated filer	<input type="radio"/>	Smaller reporting company	<input checked="" type="radio"/>

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

There were 6,317,227 shares outstanding of the registrant's common stock as of May 13, 2013.

PROFESSIONAL DIVERSITY NETWORK, INC.
FORM 10-Q
FOR THE THREE MONTHS ENDED MARCH 31, 2013

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

Item 1.	Financial Statements (Unaudited)	1
	Condensed Balance Sheets as of March 31, 2013 and December 31, 2012	1
	Condensed Statements of Comprehensive (Loss) Income for the Three Months Ended March 31, 2013 and 2012	2
	Condensed Statements of Stockholder's Equity for the Three Months Ended March 31, 2013	3
	Condensed Statements of Cash Flows for the Three Months Ended March 31, 2013 and 2012	4
	Notes to Condensed Financial Statements	5
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	15
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	25
Item 4.	Controls and Procedures	25
PART II - OTHER INFORMATION		
Item 1.	Legal Proceedings	26
Item 1A.	Risk Factors	26
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	26
Item 3.	Defaults Upon Senior Securities	26
Item 4.	Mine Safety Disclosure	26
Item 5.	Other Information	26

Item 6.	Exhibits	26
SIGNATURES		27

PART I

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

Professional Diversity Network, Inc.
CONDENSED BALANCE SHEETS (Unaudited)

	March 31, 2013	December 31, 2012
Current Assets:		
Cash and cash equivalents	\$20,513,060	\$868,294
Accounts receivable	766,232	1,923,048
Marketable securities, at fair value	254,787	251,349
Prepaid expense	216,963	63,982
Total Current Assets	21,751,042	3,106,673
Property and equipment, net	54,104	34,863
Security deposits	23,711	23,711
Deferred offering costs - initial public offering	-	832,240
Developed technology, net	443,861	402,890
Goodwill	635,671	635,671
Trade name	90,400	90,400
Total assets	\$22,998,789	\$5,126,448
Current Liabilities:		
Accounts payable	\$301,574	\$265,013
Accrued expenses	125,264	85,327
Deferred revenue	552,586	500,000
Warrant liability	304,560	
Total current liabilities	1,283,984	850,340
Notes payable - members, net of original issue discount of \$0 and \$138,256 as of March 31, 2013 and December 31, 2012, respectively	-	1,487,900
Deferred tax liability	195,737	-
Total liabilities	1,479,721	2,338,240
Commitments and contingencies		
Stockholders' Equity		
Common stock \$0.01 par value, 25,000,000 shares authorized, 6,318,227 and 3,487,847 shares issued and outstanding, as of March 31, 2013 and December 31, 2012	63,182	34,878
Additional paid-in capital	21,932,761	2,751,827
Accumulated Deficit	(481,816)	-

Edgar Filing: Professional Diversity Network, Inc. - Form 10-Q

Accumulated other comprehensive income	4,941	1,503
Total stockholders' equity	21,519,068	2,788,208
Total liabilities and stockholders' equity	\$22,998,789	\$5,126,448

The accompanying notes are an integral part of these unaudited financial statements.

Professional Diversity Network, Inc.

CONDENSED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (Unaudited)

	For the Three Months Ended March 31,	
	2013	2012
Revenues		
Recruitment services	\$535,680	\$1,000,000
Consumer advertising and marketing solutions revenue	384,123	514,661
Total revenues	919,803	1,514,661
Costs and expenses:		
Cost of services	239,213	202,052
Sales and marketing	455,809	290,712
General and administrative	421,066	253,350
Depreciation and amortization	55,424	20,711
Gain on sale of property and equipment	(4,734)	-
Total costs and expenses	1,166,778	766,825
(Loss) income from operations	(246,975)	747,836