

INTEGRAMED AMERICA INC  
Form 10-Q  
November 08, 2011

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 September 30, 2011

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 No. 0-20260

IntegraMed America, Inc.  
(Exact name of Registrant as specified in its charter)

Delaware	06-1150326
(State or other jurisdiction of incorporation or organization)	(IRS employer identification no.)

Two Manhattanville Road	
Purchase, NY	10577
(Address of principal executive offices)	(Zip code)

(914) 253-8000  
(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 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  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 <input type="checkbox"/>	Accelerated Filer <input checked="" type="checkbox"/>
Non-Accelerated filer <input type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>

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

The aggregate number of shares of the Registrant's Common Stock, \$.01 par value, outstanding on October 21, 2011 was approximately 11,844,000.

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INTEGRAMED AMERICA, INC.  
FORM 10-Q

TABLE OF CONTENTS

		Page
PART I.	FINANCIAL INFORMATION	
Item 1.	Financial Statements	
	Consolidated Balance Sheets at September 30, 2011 (unaudited) and December 31, 2010	3
	Consolidated Statements of Operations for the three and nine-month periods ended September 30, 2011 and 2010 (unaudited)	4
	Consolidated Statements of Shareholders' Equity for the nine-month period ended September 30, 2011 (unaudited)	5
	Consolidated Statements of Cash Flows for the nine-month periods ended September 30, 2011 and 2010 (unaudited)	6
	Notes to Consolidated Financial Statements	7-14
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	15-23
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	24
Item 4.	Controls and Procedures	24
PART II.	OTHER INFORMATION	
Item 1.	Legal Proceedings	25
Item 1A.	Risk Factors	25
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	25
Item 3.	Defaults Upon Senior Securities	25
Item 4.	(Removed and Reserved)	25
Item 5.	Other Information	25
Item 6.	Exhibits	25
		3

SIGNATURES

26

CERTIFICATIONS PURSUANT TO RULE 13A-14(A), AS ADOPTED PURSUANT TO SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002

EXHIBITS

CERTIFICATIONS PURSUANT TO 18 U.S.C. § 1350, AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002

EXHIBITS

2

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INTEGRAMED AMERICA, INC.  
CONSOLIDATED BALANCE SHEETS  
(All amounts in thousands, except per share and share amounts)

	September 30, 2011 (unaudited)	December 31, 2010
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 54,441	\$ 50,183
Patient and other receivables, net	7,712	7,350
Deferred taxes	2,178	2,510
Other current assets	9,903	9,611
Total current assets	74,234	69,654
Fixed assets, net	22,169	19,264
Intangible assets, Business Service Rights, net	24,365	22,915
Goodwill	30,334	30,334
Trademarks	4,442	4,442
Other assets	2,085	2,046
Total assets	\$ 157,629	\$ 148,655
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 2,512	\$ 3,626
Accrued liabilities	20,481	17,265
Current portion of long-term notes payable and other obligations	3,846	3,784
Due to Fertility Medical Practices	13,520	11,246
Attain IVF deferred revenue and other patient deposits	17,939	15,852
Total current liabilities	58,298	51,773
Deferred and other tax liabilities	4,004	2,454
Long-term notes payable and other obligations	8,095	10,908
Total liabilities	70,397	65,135
Commitments and Contingencies		
Shareholders' equity:		
Common Stock, \$.01 par value – 20,000,000 shares authorized at September 30, 2011 and December 31, 2010, 11,881,531 and 11,735,339 issued at September 30, 2011 and December 31, 2010, and 11,844,323 and 11,728,491 shares outstanding at September 30, 2011 and December 31, 2010, respectively	119	117
Capital in excess of par	77,711	76,483
Other comprehensive loss	(55 )	(55 )
Treasury stock, at cost – 37,208 and 6,848 shares at September 30, 2011 and December 31, 2010 respectively	(330 )	(64 )
Retained earnings	9,787	7,039
Total shareholders' equity	87,232	83,520
Total liabilities and shareholders' equity	\$ 157,629	\$ 148,655

See accompanying notes to consolidated financial statements.

INTEGRAMED AMERICA, INC,  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(all amounts in thousands, except per share amounts)  
(unaudited)

	For the Three-month period Ended September 30,		For the Nine-month period Ended September 30,	
	2011	2010	2011	2010
<b>Revenues, net</b>				
Attain Fertility Centers	\$50,816	\$45,899	\$149,067	\$135,523
Vein Clinics	18,581	14,658	53,640	43,826
Total revenues	69,397	60,557	202,707	179,349
<b>Costs of services and sales</b>				
Attain Fertility Centers	46,160	41,263	135,805	122,053
Vein Clinics	18,038	14,546	51,656	40,891
Total costs of services and sales	64,198	55,809	187,461	162,944
<b>Contribution</b>				
Attain Fertility Centers	4,656	4,636	13,262	13,470
Vein Clinics	543	112	1,984	2,935
Total contribution	5,199	4,748	15,246	16,405
<b>General and administrative expenses</b>				
Legal Settlement	—	—	1,650	—
Interest income	(45 )	(33 )	(142 )	(103 )
Interest expense	126	192	400	685
Total other expenses, net	2,796	3,120	10,665	9,985
Income before income taxes	2,403	1,628	4,581	6,420
Income tax provision	962	529	1,833	2,585
Net income	\$1,441	\$1,099	\$2,748	\$3,835
<b>Basic and diluted net earnings per share of Common Stock</b>				
Basic earnings per share	\$0.12	\$0.09	\$0.23	\$0.34
Diluted earnings per share	\$0.12	\$0.09	\$0.23	\$0.34
<b>Weighted average shares – basic</b>				
Weighted average shares – basic	11,844	11,718	11,831	11,264
<b>Weighted average shares - diluted</b>				
Weighted average shares - diluted	11,865	11,771	11,869	11,314

See accompanying notes to consolidated financial statements.





INTEGRAMED AMERICA, INC.  
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY  
(all amounts in thousands)  
(unaudited)

	Common Stock		Accumulated		Treasury Shares		Retained Earnings	Total Equity
	Shares	Amount	Capital in Excess of Par	Comprehensive Income (loss)	Shares	Amount		
Balance at December 31, 2010	11,735	\$ 117	\$ 76,483	\$ (55 )	(7 )	\$ (64 )	\$ 7,039	\$ 83,520
Stock awards granted, net	110	1	(1 )	—	(30 )	(266 )	—	(266 )
Restricted stock award and stock option expense amortization	—	—	1,033	—	—	—	—	1,033
Stock options exercised	37	1	92	—	—	—	—	93
Unrealized loss on hedging transaction, net	—	—	—	(1 )	—	—	—	(1 )
Tax effect of equity transactions	—	—	104	1	—	—	—	105
Net income for the nine months ended September 30, 2011	—	—	—	—	—	—	2,748	2,748
Balance at September 30, 2011	11,882	\$ 119	\$ 77,711	\$ (55 )	(37 )	\$ (330 )	\$ 9,787	\$ 87,232

See accompanying notes to consolidated financial statements.

INTEGRAMED AMERICA, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(all amounts in thousands)  
(unaudited)

	For the Nine-month period Ended September 30,	
	2011	2010
<b>Cash flows from operating activities:</b>		
Net income	\$ 2,748	\$ 3,835
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation and amortization	6,284	5,079
Deferred income tax provision	1,986	93
Stock-based compensation	1,033	1,071
<b>Changes in assets and liabilities —</b>		
<b>Decrease (increase) in assets</b>		
Patient and other accounts receivable	(362 )	(440 )
Other current assets	(292 )	(1,937 )
Other assets	(39 )	342
<b>(Decrease) increase in liabilities</b>		
Accounts payable	(1,114 )	(7 )
Accrued liabilities	2,951	1,887
Due to fertility medical practices	2,274	6,018
Deferred revenue and other patient deposits	2,087	3,223
Net cash provided by operating activities	17,556	19,164
<b>Cash flows from investing activities:</b>		
Purchase of business service rights	(2,422 )	—
Purchase of fixed assets, net	(8,217 )	(4,525 )
Net cash used in investing activities	(10,639 )	(4,525 )
<b>Cash flows from financing activities:</b>		
Debt repayments	(2,751 )	(10,423 )
Common Stock transactions, net	—	19,092
Proceeds from stock option exercises	92	—
Net cash (used in) provided by financing activities	(2,659 )	8,669
Net increase in cash and cash equivalents	4,258	23,308
Cash and cash equivalents at beginning of period	50,183	28,865
Cash and cash equivalents at end of period	\$ 54,441	\$ 52,173
<b>Supplemental Information:</b>		
Interest paid	403	780
Income taxes paid	347	2,172

See accompanying notes to consolidated financial statements.

INTEGRAMED AMERICA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited)

## NOTE 1 — INTERIM RESULTS:

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions of the Securities and Exchange Commission (SEC) rules related to Form 10-Q and, accordingly, do not include all of the information and footnotes required by generally accepted accounting principles for complete consolidated financial statements. In the opinion of management, the accompanying unaudited interim consolidated financial statements contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the consolidated financial position at September 30, 2011, and the consolidated results of operations and cash flows for the interim periods presented. Operating results for the interim period are not necessarily indicative of results that may be expected for the year ending December 31, 2011 or any other period. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in IntegraMed America, Inc.'s Annual Report on Form 10-K filed with the SEC for the year ended December 31, 2010.

## NOTE 2 — EARNINGS PER SHARE:

The reconciliation of the numerators and denominators of the basic and diluted earnings per share computations for the three and nine month periods ended September 30, 2011 and 2010 is as follows (000's omitted, except for per share amounts):

	For the three-month period		For the nine-month period	
	Ended September 30, 2011	2010	Ended September 30, 2011	2010
<b>Numerator</b>				
Net Income	\$1,441	\$1,099	\$2,748	\$3,835
<b>Denominator</b>				
Weighted average shares outstanding (basic)	11,844	11,718	11,831	11,264
Effect of dilutive options and warrants	21	53	38	50
Weighted average shares and dilutive potential Common shares (diluted)	11,865	11,771	11,869	11,314
Basic earnings per share	\$0.12	\$0.09	\$0.23	\$0.34
Diluted earnings per share	\$0.12	\$0.09	\$0.23	\$0.34

For the three and nine months ended September 30, 2011, options to purchase approximately 66,000 and 16,000 shares of common stock, respectively, were excluded from the computation of diluted earnings per share as the exercise price of the options was above the average market price of the shares of common stock.

For the three and nine months ended September 30, 2010, options to purchase approximately 18,321 and 131,458 shares of common stock, respectively, were excluded from the computation of diluted earnings per share as the exercise price of the options was above the average market price of the shares of common stock.

As of September 30, 2011, there were 11,881,531 shares of common stock issued of which 11,844,323 were outstanding and 37,208 held as treasury shares. As of December 31, 2010, there were 11,735,339 shares of common stock issued of which 11,728,491 were outstanding and 6,848 held as treasury shares.

INTEGRAMED AMERICA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited)

## NOTE 3 — SEGMENT INFORMATION:

Performance by segment, for the three and nine month periods ended September 30, 2011 and 2010 are presented below (000's omitted):

	Attain Fertility Centers	Vein Clinics	Corp G&A	Consolidated
For the three months ended September 30, 2011				
Total Revenues, net	\$50,816	\$18,581	\$—	\$ 69,397
Cost of Services and Sales	46,160	18,038	—	64,198
Contribution	4,656	543	—	5,199
Operating margin	9.2	%	2.9	%
	0.0	%	7.5	%
General and Administrative	—	—		