

INNOVATIVE SOLUTIONS & SUPPORT INC
Form 10-Q
February 09, 2007

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 December 31, 2006

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. 0-31157

INNOVATIVE SOLUTIONS AND SUPPORT, INC.

(Exact name of registrant as specified in its charter)

PENNSYLVANIA
(State or other jurisdiction
of incorporation)

23-2507402
(IRS Employer
Identification No.)

720 Pennsylvania Drive, Exton, Pennsylvania
(Address of principal executive offices)

19341
(Zip Code)

(610) 646-9800

(Registrant's telephone number, including area code)

Indicate by check mark whether 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, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

Edgar Filing: INNOVATIVE SOLUTIONS & SUPPORT INC - Form 10-Q

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of February 2, 2007, there were 16,866,193 shares of the Registrant's Common Stock, with par value of \$.001 per share, outstanding.

INNOVATIVE SOLUTIONS & SUPPORT, INC.

FORM 10-Q December 31, 2006

INDEX

PART I.

FINANCIAL INFORMATION

Item 1.

Financial Statements (Unaudited)

Condensed Consolidated Balance Sheets September 30, 2006 and
December 31, 2006

Condensed Consolidated Statements of Operations Three Months
Ended December 31, 2006 and 2005

Condensed Consolidated Statements of Cash Flows Three Months
Ended December 31, 2006 and 2005

Notes to Condensed Consolidated Financial Statements

Item 2.

Managements Discussion and Analysis of Financial Controls and
Results of Operations

Item 3.

Quantitative and Qualitative Disclosures about Market Risk

Item 4.

Controls and Procedures

PART II.

OTHER INFORMATION

Item 1.

Legal Proceedings

Item 1A

Risk Factors

Item 2.

Unregistered Sales of Equity Securities and use of Proceeds

Item 3.

Defaults upon Senior Securities

Item 4.

Submission of Matters to a Vote of Security Holders

Item 5.

Other Information

Item 6.

Exhibits

SIGNATURES

PART I FINANCIAL INFORMATION

Item 1 Financial Statements

INNOVATIVE SOLUTIONS AND SUPPORT, INC.

CONDENSED CONSOLIDATED BALANCE SHEET

(unaudited)

	As of December 31, 2006	As of September 30, 2006
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 62,608,952	\$ 62,984,829
Accounts receivable, less allowance for doubtful accounts of \$100,000 at December 31, 2006 and September 30, 2006	1,760,747	3,333,131
Inventories	6,211,280	6,466,156
Deferred income taxes	911,822	1,082,931
Prepaid expenses and other current assets	5,442,347	4,065,696
Total current assets	76,935,148	77,932,743
Property and Equipment:		
Computers and test equipment	4,616,087	4,592,410
Corporate airplane	3,027,502	3,027,502
Furniture and office equipment	748,827	748,827
Manufacturing facility	5,426,761	5,426,761
Land	1,021,245	1,021,245
	14,840,422	14,816,745
Less- Accumulated depreciation and amortization	(6,037,516) (5,846,272
Net property and equipment	8,802,906	8,970,473
Deposits and other assets	324,264	329,664
Total assets	\$ 86,062,318	\$ 87,232,880
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Current portion of notes payable	\$ 100,000	\$ 100,000
Current portion of capitalized lease obligations	8,231	7,891
Accounts payable	497,140	358,818
Accrued expenses	2,731,834	3,122,542
Deferred revenue	211,418	591,626
Total current liabilities	3,548,623	