

ASPYRA INC
Form 10QSB/A
August 20, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-QSB/A

(Mark One)

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

For the quarterly period ended March 31, 2007.

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

For the transition period from to

Commission file number 0-12551

ASPYRA, INC.

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(Exact name of small business issuer as specified in its charter)

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California

(State or other jurisdiction of
incorporation or organization)

95-3353465

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

26115-A Mureau Road, Calabasas, California 91302

(Address of principal executive offices)

(818) 880-6700

(Issuer's telephone number, including area code)

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Check whether the Issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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

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

Yes No

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State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 10,787,150 common shares as of August 17, 2007.

Transitional Small Business Disclosure Format (check one):

Yes No

Explanatory Note

This amended Quarterly Report on Form 10-QSB/A for the quarter ended March 31, 2007 is being filed by Aspyra, Inc. (the Company) for the purposes of correcting information contained in the Financial Statements, Management's Discussion and Analysis or Plan of Operation, and certain other portions of the Company's Quarterly Report on Form 10-QSB for the quarter ended March 31, 2007 originally filed by the Company on May 21, 2007. The corrections pertain to: the accounting for the Company's deferred service revenue and auditing expenses; the disclosures in certain notes to the condensed financial statements; and management's discussion and analysis of certain risk factors, revenues, expenses and liquidity. Our unaudited financial statements for the three months ended March 31, 2007 have been restated to correct an inadvertent error in recording deferred service revenues and the accrual of accounting fees for services performed during the quarter ended March 31, 2007. The error resulted in an overstatement of revenues, an understatement of selling, general and administrative expenses, an understatement of liabilities, and an understatement of net loss and basic and diluted loss per share.

Except as required to reflect the effects of the restatement noted above, no attempt has been made in this Form 10-QSB/A to modify or update other disclosures presented in the original report on Form 10-QSB. Accordingly, this Form 10-QSB/A, including the financial statements and notes thereto included herein, generally do not reflect events occurring after the date of the original filing of the Form 10-QSB or modify or update those disclosures affected by subsequent events. Consequently, all other information not affected by the restatement described above is unchanged and reflects the disclosures made at the time of the original filing of the Form 10-QSB on May 21, 2007. For a description of subsequent events, this Form 10-QSB/A should be read in conjunction with our filings made subsequent to the filing of the original Form 10-QSB, including our Current Reports on Form 8-K filed since May 21, 2007.

ASPYRA, INC.

FORM 10-QSB

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ASPYRA, INC.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS

March 31,
2007
(Unaudited and
Restated)

ASSETS	
CURRENT ASSETS:	
Cash	\$ 1,466,352
Receivables, net	1,190,398
Inventory	166,871
Prepaid expenses and other assets	159,238
TOTAL CURRENT ASSETS	2,982,859
PROPERTY AND EQUIPMENT, net	1,080,961
OTHER ASSETS	86,465
INVENTORY OF COMPONENT PARTS	110,053
CAPITALIZED SOFTWARE COSTS, net of accumulated amortization of \$977,270	2,615,253
INTANGIBLES, net	4,277,357
GOODWILL	7,268,434
	\$ 18,421,382
LIABILITIES AND SHAREHOLDERS EQUITY	
CURRENT LIABILITIES:	
Notes payable	\$ 1,426,477
Accounts payable	860,770
Accrued liabilities:	
Vacation pay	380,624
Accrued payroll	179,138
Accrued interest	99,209
Deferred rent	65,269
Customer deposits	159,230
Other	399,544
Deferred service contract income	1,969,104
Deferred revenue on system sales	741,095
Capital lease current portion	150,237
TOTAL CURRENT LIABILITIES	6,430,697
CAPITAL LEASE, LESS CURRENT PORTION	460,962
TOTAL LIABILITIES	6,891,659
SHAREHOLDERS EQUITY:	
Common shares, no par value; 20,000,000 shares authorized; 10,787,150 shares issued and outstanding	21,046,951
Additional paid-in-capital	205,751
Accumulated deficit	(9,675,837)
Accumulated other comprehensive loss	(47,142)
TOTAL SHAREHOLDERS EQUITY	11,529,723
	\$ 18,421,382

See Notes to Condensed Consolidated Financial Statements.

ASPYRA, INC.

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

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	Three Months Ended March 31,	
	2007	2006
	(Restated)	
NET SYSTEM SALES AND SERVICE REVENUE:		
System sales	\$ 571,399	\$ 971,842
Service revenue	1,630,569	1,730,233
	2,201,968	2,702,075
COSTS OF PRODUCTS AND SERVICES SOLD:		
System sales	536,525	788,459
Service revenue	763,043	758,335
	1,299,568	1,546,794
Gross profit	902,400	1,155,281
OPERATING EXPENSES		
Selling, general and administrative	1,620,233	1,952,856
Research and development	566,856	488,468
Total operating expenses	2,187,089	2,441,324