

ATHENAHEALTH INC  
Form 10-Q  
October 19, 2012  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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Form 10-Q

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(Mark One)

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

For the quarterly period ended September 30, 2012

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 001-33689

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athenahealth, Inc.  
(Exact name of registrant as specified in its charter)

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Delaware 04-3387530  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

311 Arsenal Street, 02472  
Watertown, Massachusetts  
(Address of principal executive offices) (Zip Code)

617-402-1000  
(Registrant's telephone number, including area code)  
(Former name, former address and former fiscal year, if changed since last report)

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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, 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  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

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As of October 15, 2012, there were 36,272,219 shares of the registrant's \$0.01 par value common stock outstanding.

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## PART I—FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (unaudited).  
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## CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited, in thousands, except per-share amounts)

	September 30, 2012	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$112,314	\$57,781
Short-term investments	67,887	62,084
Accounts receivable - net	53,312	49,038
Deferred tax assets	5,895	5,245
Prepaid expenses and other current assets	15,369	8,988
Total current assets	254,777	183,136
Property and equipment - net	54,000	52,275
Restricted cash	856	5,007
Software development costs - net	11,895	6,974
Purchased intangibles - net	17,794	20,052
Goodwill	47,307	47,307
Deferred tax assets	13,136	12,532
Investments and other assets	4,806	21,503
Total assets	\$404,571	\$348,786
Liabilities & Stockholders' Equity		
Current liabilities:		
Accounts payable	\$3,650	\$6,318
Accrued compensation	32,194	28,176
Accrued expenses	16,829	17,774
Current portion of deferred revenue	6,371	6,345
Current portion of deferred rent	1,029	960
Total current liabilities	60,073	59,573
Deferred rent, net of current portion	2,174	2,932
Deferred revenue, net of current portion	46,619	44,281
Other long-term liabilities	901	5,529
Total liabilities	109,767	112,315
Commitments and contingencies (note 5)		
Stockholders' equity:		
Preferred stock, \$0.01 par value: 5,000 shares authorized; no shares issued and outstanding at September 30, 2012, and December 31, 2011, respectively	—	—
Common stock, \$0.01 par value: 125,000 shares authorized; 37,539 shares issued and 36,261 shares outstanding at September 30, 2012; 36,678 shares issued and 35,400 shares outstanding at December 31, 2011	376	367
Additional paid-in capital	292,559	247,131
Treasury stock, at cost, 1,278 shares	(1,200)	(1,200)
Accumulated other comprehensive income (loss)	3	(101)
Retained earnings (accumulated deficit)	3,066	(9,726)
Total stockholders' equity	294,804	236,471
Total liabilities and stockholders' equity	\$404,571	\$348,786

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



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CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited, in thousands, except per-share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Revenue:				
Business services	\$102,256	\$80,640	\$295,915	\$223,475
Implementation and other	3,630	3,100	10,052	8,080
Total revenue	105,886	83,740	305,967	231,555
Expense:				