

BANKRATE INC
Form 10-Q
November 09, 2006

**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, 2006**
- 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. 0-25681

(Exact name of registrant as specified in its charter)

Florida
(State or other jurisdiction of incorporation or organization)

65-0423422
(I.R.S. Employer Identification No.)

11760 U.S. Highway One, Suite 200
North Palm Beach, Florida
(Address of principal executive offices)

33408
(Zip Code)

Registrant's telephone number, including area code: (561) 630-2400

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 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. (Check one): Large accelerated filer Accelerated filer Non-accelerated filer

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

The number of outstanding shares of the issuer's common stock as of October 31, 2006 was as follows: 18,116,060 shares of Common Stock, \$.01 par value.

Bankrate, Inc.

Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2006
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Introductory Note

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains “forward-looking statements,” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, among others, statements about our beliefs, plans, objectives, goals, expectations, estimates and intentions that are subject to significant risks and uncertainties and are subject to change based on various factors, many of which are beyond our control. The words “may,” “could,” “should,” “would,” “believe,” “anticipate,” “estimate,” “expect,” “intend,” “plan,” “target,” “goal,” and similar words are intended to identify forward-looking statements. All forward-looking statements, by their nature, are subject to risks and uncertainties. Our actual future results may differ materially from those set forth in our forward-looking statements. Our ability to achieve our financial objectives could be adversely affected by the factors discussed in detail in Part I, Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Part II, Item 1A. “Risk Factors” in this Quarterly Report on Form 10-Q, the following sections of our Annual Report on Form 10-K, as amended, for the year ended December 31, 2005 (the “2005 Form 10-K”): (a) “Introductory Note” in Part I, Item 1. “Business”; (b) “Risk Factors” in Part I, Item 1A., “Business,” and (c) “Introduction” in Part II, Item 7., “Management Discussion and Analysis of Financial Condition and Results of Operations,” as well as:

- § the willingness of our advertisers to advertise on our web sites;
- § interest rate volatility;
- § our ability to establish and maintain distribution arrangements;
- § our ability to integrate the business and operations of companies that we have acquired, and those we may acquire in the future;
- § our need and our ability to incur additional debt or equity financing;
- § the effect of unexpected liabilities we assume from our acquisitions;
- § the impact of resolution of lawsuits to which we are a party;
- § the willingness of consumers to accept the Internet as a medium for obtaining financial product information;
- § increased competition and its effect on our web site traffic, advertising rates, margins, and market share;
- § our ability to manage traffic on our web sites and service interruptions;
- § our ability to protect our intellectual property;
- § the effects of facing liability for content on our web sites;
- § legislative or regulatory changes;
- § the concentration of ownership of our common stock;
- § the fluctuations of our results of operations from period to period;
- § the strength of the United States economy in general;
- § the accuracy of our financial statement estimates and assumptions;
- § effect of changes in the stock market and other capital markets;
- § technological changes;
- § changes in monetary and fiscal policies of the U.S. Government;
- § changes in consumer spending and saving habits;
- § changes in accounting principles, policies, practices or guidelines;
- § other risks described from time to time in our filings with the Securities and Exchange Commission; and
- § our ability to manage the risks involved in the foregoing.

However, other factors besides those referenced could adversely affect our results, and you should not consider any such list of factors to be a complete set of all potential risks or uncertainties. Any forward-looking statements made by us herein speak as of the date of this Quarterly Report. We do not undertake to update any forward-looking statement, except as required by law.

Part I. FINANCIAL INFORMATION**Item 1. FINANCIAL STATEMENTS**

Bankrate, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

	September 30, 2006	December 31, 2005
Assets		
Cash and cash equivalents	\$ 103,218,730	\$ 3,479,609
Accounts receivable, net of allowance for doubtful accounts of approximately \$2,130,000 at September 30, 2006 and \$1,630,000 at December 31, 2005	13,994,299	8,838,879
Deferred income taxes, current portion	4,053,988	6,445,636
Insurance claim receivable	-	85,575
Prepaid expenses and other current assets	1,081,391	481,677
Total current assets	122,348,408	19,331,376
Furniture, fixtures and equipment, net of accumulated depreciation and amortization of \$3,696,000 at September 30, 2006 and \$3,160,000 at December 31, 2005	1,505,097	1,063,307
Deferred income taxes	1,371,851	28,769
Intangible assets, net of accumulated amortization of \$1,904,000 at September 30, 2006 and \$697,000 at December 31, 2005	14,884,993	11,652,161
Goodwill	30,084,434	30,035,399
Other assets	783,343	442,211
Total assets	\$ 170,978,126	\$ 62,553,223
Liabilities and Stockholders' Equity		
Liabilities:		
Accounts payable	\$ 1,989,833	\$ 3,215,645
Accrued expenses	6,776,387	5,093,187
Deferred revenue	294,303	1,176,119
Other current liabilities	21,697	37,187
Total current liabilities	9,082,220	9,522,138
Other liabilities	209,256	178,133
Total liabilities	9,291,476	9,700,271
Stockholders' equity:		

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Preferred stock, 10,000,000 shares authorized and undesignated	-	-
Common stock, par value \$.01 per share-- 100,000,000 shares authorized; 18,114,848 and 15,857,877 shares issued and outstanding at September 30, 2006 and December 31, 2005, respectively	181,148	158,579
Additional paid in capital	173,684,781	70,981,544
Accumulated deficit	(12,179,279)	(18,287,171)
Total stockholders' equity	161,686,650	52,852,952
Total liabilities and stockholders' equity	\$ 170,978,126	\$ 62,553,223

See accompanying notes to condensed consolidated financial statements.

Bankrate, Inc.
Condensed Consolidated Statements of Income
(Unaudited)

**Three Months Ended
September 30,**

**Nine Months Ended
September 30,**

Revenue: