





Edgar Filing: CAREGUIDE INC - Form NT 10-K

\_\_\_\_ CAREGUIDE, INC.

(Name of Registrant as Specified in Charter)

has caused this notification to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 1, 2008

By: /s/ Thomas L. Tran

Statement Regarding Part IV, Question 3

The Company anticipates reporting a loss from continuing operations of \$16.6 million on revenues of \$22.2 million for the year ended December 31, 2007, compared with a loss from continuing operations of \$606,000 on revenues of \$41.3 million for the nine months ended December 31, 2006. Net loss for the year ended December 31, 2007 is anticipated to be \$16.6 million, including income from discontinued operations of \$54,000, compared with net income for the nine months ended December 31, 2006 of \$69,000, including income from discontinued operations of \$675,000.

The decline in total revenues to \$22.2 million for the year ended December 31, 2007 from \$41.3 million for the nine months ended December 31, 2006 is primarily attributable to the termination of risk-based contracts. During the year ended December 31, 2007, the Company terminated all of its risk-based contracts, which caused revenues under these contracts to decline from \$27.1 million during the nine months ended December 31, 2006 to \$3.0 million for the year ended December 31, 2007. This decline was partially offset by an increase in revenues from administrative services only and fee-based contracts from \$14.3 million during the nine months ended December 31, 2006 to \$19.2 million during the year ended December 31, 2007.

The anticipated revenue decline of \$19.1 million described above was partially offset by a decrease of approximately \$16.6 million in direct service costs associated with the risk-based contracts that terminated during the year ended December 31, 2007. The remaining \$14.2 million decrease in net income between the nine months ended December 31, 2006 and the year ended December 31, 2007 was primarily the result of a \$7.5 million non-cash goodwill impairment charge taken during the fourth quarter of 2007 and an increase of \$5.4 million in selling, general and administrative expenses, a portion of which was the result of restructuring charges taken during 2007. Other contributing factors included a \$1.1 million increase in depreciation and amortization, a \$0.2 million decrease in interest income, a \$0.2 million increase in interest expense and a \$0.6 million decrease in income from discontinued operations, offset by a \$0.8 million increase in the market value of securities held for trading and a \$0.2 million decrease in income tax expense. The Company's anticipated reported operating expenses, such as selling, general and administrative expense, depreciation and amortization expense and interest expense, for the year ended December 31, 2007 generally exceeded the reported operating expenses for the nine months ended December 31, 2006 as a result of the longer reporting period.