

YP CORP
Form 10-Q
August 08, 2006

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q**

(Mark One)

- Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2006

- Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act

For the transition period from _____ to _____

Commission File Number 0-24217

YP CORP.

(Exact Name of Registrant as Specified in Its Charter)

Nevada

85-0206668

(State or Other Jurisdiction of Incorporation or Organization)

(IRS Employer Identification No.)

4840 East Jasmine St. Suite 105

85205

Mesa, Arizona

(Zip Code)

(Address of Principal Executive Offices)

(480) 654-9646

(Registrant's Telephone Number, Including Area Code)

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 an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

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

APPLICABLE ONLY TO CORPORATE ISSUERS

The number of shares of the issuer's common equity outstanding as of August 1, 2006 was 48,731,594 shares of common stock, par value \$.001.

**INDEX TO FORM 10-Q FILING
FOR THE QUARTER ENDED JUNE 30, 2006**

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PART I - FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****YP CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET**

	June 30, 2006 (unaudited)	September 30, 2005
Assets		
Cash and equivalents	\$ 8,516,985	\$ 8,119,298
Restricted cash	—	500,000
Accounts receivable, net	8,228,308	5,338,533
Prepaid expenses and other current assets	559,008	602,103
Customer acquisition costs, net	5,293,333	2,337,650
Deferred tax asset	674,171	381,887
Total current assets	23,271,805	17,279,471
Accounts receivable, long term portion, net	585,850	873,299
Property and equipment, net	209,245	396,862
Deposits and other assets	95,438	62,029
Intangible assets, net	5,363,065	6,108,823
Deferred tax asset, long term	—	376,708
Total assets	\$ 29,525,403	\$ 25,097,192
Liabilities and Stockholders' Equity		
Accounts payable	\$ 1,100,950	\$ 655,526
Accrued liabilities	635,236	803,268
Income taxes payable	409,222	108,855
Total current liabilities	2,145,408	1,567,649
Deferred income taxes	178,203	—
Total liabilities	2,323,611	1,567,649
Commitments and contingencies	—	—
Series E convertible preferred stock, \$.001 par value, 200,000 shares authorized, 127,840 issued and outstanding, liquidation preference \$38,202	10,866	10,866
Common stock, \$.001 par value, 100,000,000 shares authorized, 48,751,594 and 48,837,694 issued and outstanding	48,742	48,838
Treasury stock	(2,306,158)	(2,171,740)
Paid in capital	11,506,544	11,044,400
Deferred stock compensation	(2,384,074)	(3,247,535)
Retained earnings	20,325,872	17,844,714
Total stockholders' equity	27,201,792	23,529,543
Total liabilities and stockholders' equity	\$ 29,525,403	\$ 25,097,192

See accompanying notes to consolidated financial statements.

YP CORP. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2006	2005	2006	2005
Net revenues	\$ 10,172,705	\$ 6,517,158	\$ 26,798,677	\$ 19,151,922
Cost of services	2,329,584	925,805	5,034,393	2,921,322
Gross profit	7,843,121	5,591,353	21,764,284	16,230,600
Operating expenses:				
General and administrative expenses	3,129,807	3,251,975	10,600,755	9,685,457
Sales and marketing expenses	2,485,950	1,565,536	6,134,854	4,896,063
Depreciation and amortization	351,342	451,962	1,117,865	1,178,854
Total operating expenses	5,967,099	5,269,473		