ais

AGENT INFORMATION SOFTWARE, INC.

Quarterly Reports
Quarter Ended June 30, 2020
Trading Symbol: AIFS

AGENT INFORMATION SOFTWARE, INC.
Quarterly Report
June 30, 2020 and 2019

TABLE OF CONTENTS

	Page Reference
Financial Statements	
Unaudited Consolidated Balance Sheets June 30, 2020 and 2019	3
Unaudited Consolidated Statements of Operations For the Six Months Ended June 30, 2020 and 2019	4
Unaudited Consolidated Statements of Cash Flow For the Six Months Ended June 30, 2020 and 2019	5
Unaudited Consolidated Statements of Retained Earnings For the Six Months Ended June 30, 2020 and 2019	6
Notes to Unaudited Consolidated Financial Statements	7-8

AGENT INFORMATION SOFTWARE, INC.
Quarterly Report

Unaudited Consolidated Balance Sheets

June 30, 2020 and 2019

	June 30 2020	June 30 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,101,569	$ 1,925,554
Restricted cash	-	-
Accounts receivable, trade	1,623,317	60,627
Deferred income taxes, current	-	42,000
Other current assets	221,057	152,871
Total current assets	3,945,943	2,181,052
Capitalized software, net	2,312,722	2,503,322
Equipment, net	207,985	66,394
Total assets	$ 6,466,650	$ 4,750,768
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities on long-term debt	$ -	$ 2,929
Accounts payable, trade	33,285	40,505
Deferred revenue	2,395,317	1,026,559
Accrued payroll and related liabilities	202,483	201,725
Other accrued liabilities	83,950	(50,479)
Total current liabilities	2,715,035	1,221,239
Long-term debt	-	-
Accrued income taxes	44,529	-
Deferred income taxes	267,000	178,000
Total liabilities	3,026,564	1,399,239
Stockholders' equity:		
Common stock, $0.001 par value, 12,000,000 shares authorized, 4,474,577 shares issued and outstanding	3,372,695	3,313,174
Accumulated other comprehensive income (loss)	(182,216)	(110,151)
Accumulated deficit	249,607	148,506
Total stockholders' equity	3,440,086	3,351,529
Total liabilities and stockholders' equity	$ 6,466,650	$ 4,750,768

AGENT INFORMATION SOFTWARE, INC.
Quarterly Report

Unaudited Consolidated Statements of Operations

For the Six Months Ended June 30, 2020 and 2019

	June 30 2020	June 30 2019
Revenues:		
Recurring Revenue	$ 2,572,586	$ 2,667,715
Non-recurring Revenue	28,300	23,850
Total Net Revenue	2,600,886	2,691,565
Cost and expenses:		
Cost of sales	601,976	621,609
Research and development	170,552	142,433
Sales, marketing and customer service	1,048,629	970,011
General and administrative	587,110	599,079
Total costs and expenses	2,408,267	2,333,132
Income from operations	192,619	358,433
Other income (expense):		
Other income (expense), net	11,142	9,870
Total other income (expense):	11,142	9,870
Income before provision for income taxes	203,761	368,303
Provision for income taxes	46,004	29,142
Net income (loss)	$ 157,757	$ 339,161
Earnings per share - Basic	$ 0.04	$ 0.08
Weighted average shares outstanding - Basic	4,474,577	4,402,577
Earnings per share - Diluted	$ 0.03	$ 0.07
Weighted average shares outstanding - Diluted	5,157,410	5,209,410

AGENT INFORMATION SOFTWARE, INC.
Quarterly Report

Unaudited Consolidated Statements of Cash Flow

For the Six Months Ended June 30, 2020 and 2019

	June 30 2020	June 30 2019
Cash Flows from Operating Activities:		
Net Income (Loss)	$ 157,757	$ 339,161
Adjustments to reconcile net income (loss)	-	-
to net cash provided by operations:		
Depreciation and Amortization	335,356	325,769
Stock Option Expense	1,128	1,128
Gain on Sales of Assets	-	-
Deferred Income Tax Benefit	-	-
Changes in operating assets & liabilities	(712,657)	(450,353)
Net Cash Provided by Operating Activities	(218,416)	215,705
Cash Flows from Investing Activities:		
Proceeds from Sale of Assets	-	-
Acquisition of Property & Eqpt	(4,430)	(152,659)
Capitalized Software Development	(220,000)	(220,000)
Net Cash Used in Investing Activities	$ (224,430)	$ (372,659)
Cash Flows from Financing Activities:		
Dividend Payments	(134,237)	
Proceeds (Payments) from (of) Long-Term Debt	-	(8,696)
Net Cash Used in Financing Activities	(134,237)	(8,696)
Effect of exchange rate changes on cash	-	-
Net Increase (Decrease) in Cash	(577,083)	(165,650)
Cash and Cash Equivalents, Beginning of Year	2,678,652	2,091,204
Cash and Cash Equivalents, June 30, 2020 and 2019	2,101,569	$ 1,925,554

AGENT INFORMATION SOFTWARE, INC.
Quarterly Report

Unaudited Consolidated Statements of Retained Earnings

For the Six Months Ended June 30, 2020 and 2019

	Common Stock		Retained Earnings Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount			
Balance, December 31, 2018	4,342,577	$ 3,302,345	$ (190,650)	$ (139,232)	$ 2,972,463
Net Income			527,351		527,351
Foreign currency translation				37,069	37,069
Comprehensive income					-
Common stock dividends			(110,614)		(110,614)
Common stock issuance	82,000	15,340			15,340
Stock option expense		32,647			32,647
Balance, December 31, 2019	4,424,577	$ 3,350,332	$ 226,087	$ (102,163)	$ 3,474,256
Net Income			79,637		79,637
Foreign currency translation				(81,556)	(81,556)
Comprehensive income					
Common stock dividends					
Common stock issuance	40,000	16,233			16,233
Stock option expense		566			566
Balance, March 31, 2020	4,464,577	$ 3,367,131	$ 305,724	$ (183,719)	$ 3,489,136
Net Income			78,120		78,120
Foreign currency translation				1,503	1,503
Comprehensive income					
Common stock dividends			(134,237)		(134,237)
Common stock issuance	10,000	5,000			5,000
Stock option expense		566			566
Balance, June 30, 2020	4,474,577	$ 3,372,697	$ 249,607	$ (182,216)	$ 3,440,088

Notes to Unaudited Consolidated Financial Statements

Summary of significant accounting policies

Agent Information Software, Inc. (the "Company"), a Nevada corporation, incorporated in 2010, including its wholly owned subsidiaries Auto Graphics, Inc., A-G Canada, Ltd. and Agent Legal, Inc., provides software products and services used to create, manage, publish and access information content via the Internet/Web.

Auto Graphics, Inc. a corporation formed in 1960 provides software products and services to customers in the library community and publishing markets throughout the United States of America.

A-G Canada Ltd., a Canadian corporation formed in 1997, provides software products and services to customers in the library community in Canada.

Basis of presentation

The consolidated financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America. The consolidated financial statements include the accounts of Agent Information Software, Inc. and its subsidiaries. All material intercompany accounts and transactions have been eliminated.

Use of estimates

The preparation of the consolidated financial statements of the Company in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and sales and expenses during the reporting period. These estimates are based on information available as of the date of the consolidated financial statements. Actual results may materially differ from those estimated.

Revenue recognition

Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable, and collectability is probable. The Company enters into certain arrangements where it is obligated to deliver multiple products and/or services (multiple elements). In these arrangements, the Company generally allocates the total revenue among the elements based on the selling price of each element when sold separately (vendor-specific objective evidence).

Recurring revenues for SaaS (Software as a Service) services, database subscriptions and software maintenance and support contracts are recognized as services are rendered over the contractual period commencing in the period in which access rights are provided to the customer.

License revenues are recognized when the software is shipped to the customer or system access rights are provided to the customer.

Non-recurring revenues for installation, training and other non-recurring services are recognized as services are completed to the customer.

Accounts receivable

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on reviews of outstanding amounts on a regular basis. There was no need to adjust the Allowance for Doubtful Accounts during the 2nd quarter of 2020.

Notes to Unaudited Consolidated Financial Statements

Deferred revenue

The Company receives advance deposits from customers per the contracts with individual customers. These contract deposit amounts are non-refundable. Revenues are treated as deferred revenue until services are provided and the revenues have been earned. Deferred revenues were approximately $2,395,000 at June 30, 2020

Software

Software is recorded at historical cost. Software as of June 30 consists of the following:

	2020	2019
Capitalized software	**$4,637,102**	$6,448,487
Less accumulated amortization	**2,324,380**	3,945,165
Capitalized software, net	**2,312,722**	$2,503,322

Certain costs incurred related to the development and purchase of computer software is capitalized and amortized. The Company collects and segregates software development labor hours applied to design, development, quality assurance and product documentation associated with the software development process. All labor hours associated with the design and specification development process are expensed as incurred until a detailed design has been developed.

COVID-19 Impact

The company continues to work at full capacity, with all staff working remotely from their homes.