PARKERVISION INC
Form 10-Q
May 15, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
(X) QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2012

( ) 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 0-22904

PARKERVISION, INC.
(Exact name of registrant as specified in its charter)

Florida	59-2971472
(State or other jurisdiction of incorporation or organization)	I.R.S. Employer Identification No.

7915 Baymeadows Way, Ste 400
Jacksonville, Florida 32256
(Address of principal executive offices)

(904) 732-6100
(Registrant’s telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

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 X 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such file). Yes X 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 Securities Exchange Act. (Check one):

Large accelerated filer	__	Accelerated filer	__
Non-accelerated filer	__ (Do not check if a smaller reporting company)	Smaller reporting company	X

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

As of May 10, 2012, 75,882,221 shares of the issuer's common stock, $.01 par value, were outstanding.

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PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements (Unaudited)

PARKERVISION, INC.

BALANCE SHEETS

(UNAUDITED)

	March 31, 2012	December 31, 2011
CURRENT ASSETS:		
Cash and cash equivalents	$241,547	$213,438
Available for sale securities	1,568,700	5,026,398
Prepaid expenses and other	626,758	661,788
Total current assets	2,437,005	5,901,624
PROPERTY AND EQUIPMENT, net	395,158	351,285
INTANGIBLE ASSETS, net	9,000,400	9,004,263
OTHER ASSETS, net	464,286	584,799
Total assets	$12,296,849	$15,841,971
CURRENT LIABILITIES:		
Accounts payable	$591,130	$613,806
Accrued expenses:		
Salaries and wages	404,735	252,928
Professional fees	464,619	404,069
Other accrued expenses	34,053	16,867
Deferred rent, current portion	79,962	75,804
Total current liabilities	1,574,499	1,363,474
LONG TERM LIABILITES		
Deferred rent, net of current portion	116,218	137,878
Total long term liabilities	116,218	137,878
Total liabilities	1,690,717	1,501,352
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Common stock, $.01 par value, 100,000,000 shares authorized, 67,673,775 and 67,573,775 shares issued and outstanding at March 31, 2012 and December 31, 2011, respectively	676,738	675,738
Accumulated other comprehensive income (loss)	32	(10,418)
Warrants outstanding	8,649,786	8,649,786
Additional paid-in capital	247,164,232	246,842,116
Accumulated deficit	(245,884,656)	(241,816,603)

Total shareholders' equity	10,606,132	14,340,619
Total liabilities and shareholders' equity	$12,296,849	$15,841,971

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

PARKERVISION, INC.

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(UNAUDITED)

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
Engineering services revenue	$0	$0
Cost of sales	0	0
Gross margin	0	0
Research and development expenses	2,038,523	1,937,721
Marketing and selling expenses	395,358	341,822
General and administrative expenses	1,640,716	1,107,981
Total operating expenses	4,074,597	3,387,524
Interest and other income	6,853	19,088
Interest expense	(309)	(1,297)
Total interest and other income and interest expense	6,544	17,791
Net loss	(4,068,053)	(3,369,733)
Other comprehensive income, net of tax:		
Unrealized gain on available for sale securities	10,450	657
Other comprehensive income, net of tax	10,450	657
Comprehensive loss	$(4,057,603)	$(3,369,076)
Basic and diluted net loss per common share	$(0.06)	$(0.06)

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

PARKERVISION, INC.

STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(4,068,053)	$(3,369,733)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	307,366	333,474
Share-based compensation	323,116	455,122
Realized loss on available for sale securities	2,183	4,114
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	155,543	133,558
Accounts payable and accrued expenses	213,879	302,826
Deferred rent	(17,502)	6,929
Total adjustments	984,585	1,236,023
Net cash used in operating activities	(3,083,468)	(2,133,710)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments available for sale	(9,035)	(21,650)
Proceeds from sale of investments	3,475,000	2,275,000
Payments for patent costs and other intangible assets	(252,732)	(198,656)
Purchases of property and equipment	(94,644)	(20,028)
Net cash provided by investing activities	3,118,589	2,034,666
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from issuance of common stock	0	4,149,325
Proceeds from exercise of options and warrants	0	105,250
Principal payments on capital lease obligation	(7,012)	(6,145)
Net cash (used in) provided by financing activities	(7,012)	4,248,430
NET INCREASE IN CASH AND CASH EQUIVALENTS	28,109	4,149,386
CASH AND CASH EQUIVALENTS, beginning of period	213,438	213,398
CASH AND CASH EQUIVALENTS, end of period	$241,547	$4,362,784

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

PARKERVISION, INC.

CONDENSED NOTES TO FINANCIAL STATEMENTS

(UNAUDITED)

1. Description of Business

ParkerVision, Inc. (“We”, the “Company”, or “ParkerVision”) is in the business of innovating fundamental wireless technologies. We design, develop and market our proprietary radio frequency (“RF”) technologies and products for use in semiconductor circuits for wireless communication products. Our business is expected to include licensing of our intellectual property and/or the sale of integrated circuits based on our technology for incorporation into wireless devices designed by our customers. In addition, from time to time, we offer engineering consulting and design services to our customers, for a negotiated fee, to assist them in developing prototypes and/or products incorporating our technologies.

2. Liquidity and Going Concern

Our financial statements were prepared assuming we would continue as a going concern, which contemplates that we will continue in operation for the foreseeable future and will be able to realize assets and settle liabilities and commitments in the normal course of business. These financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that could result should we be unable to continue as a going concern.

Our future business plans call for continued investment in sales, marketing, customer support and product development for our technologies and products, as well as investment in continued protection of our intellectual property including prosecution of new patents and defense of existing patents. Our ability to generate revenues sufficient to offset costs is subject to our ability to successfully support our customers in completing their initial product designs incorporating our technologies, our ability to secure a reasonable share of the market through additional product offerings with our current customers and/or the addition of new customers, and our ability to defend our intellectual property.

Our revenue for 2012, if any, will not be sufficient to cover our operational expenses for 2012, and we expect that our expected continued losses and use of cash will be funded from our cash, cash equivalents and available for sale securities of $1.8 million at March 31, 2012 and the $8.3 million in net proceeds from our April 2012 offering (See Note 9). We believe these resources may be sufficient to support our liquidity requirements through 2012; however, these resources will not be sufficient to support our liquidity requirements for the next twelve months without further cost containment measures that, if implemented, may jeopardize our future growth plans. These circumstances raise substantial doubt about our ability to continue as a going concern.

We believe we may be able to meet future liquidity needs through the issuance of equity securities under our outstanding shelf registration statement or in private placements or through short or long-term debt financing, although there can be no assurance that such financing will be available to us. We currently have no significant long-term debt obligations.

We operate in a highly competitive industry with rapidly changing and evolving technologies. Many of our potential competitors have substantially greater financial, technical and other resources. We have made significant investments in developing our technologies and products, the returns on which are dependent upon the generation of future revenues for realization. The long-term continuation of our business plan is dependent upon the generation of sufficient revenues from our technologies and products to offset expenses. In the event that we do not generate sufficient revenues, we will be required to obtain additional funding through public or private financing and/or further reduce operating costs. Failure to generate sufficient revenues, raise additional capital through debt or equity financings, and/or further reduce operating costs could have a material adverse effect on our ability to meet our long-term liquidity needs and achieve our intended long-term business objectives.

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3. Basis of Presentation

The accompanying unaudited financial statements for the period ended March 31, 2012 were prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Operating results for the three months ended March 31, 2012 are not necessarily indicative of the results that may be expected for the year ending December 31, 2012. All normal and recurring adjustments which, in the opinion of management, are necessary for a fair presentation of the financial condition and results of operations have been included.

The year-end balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. These interim financial statements should be read in conjunction with our latest Annual Report on Form 10-K for the year ended December 31, 2011.

4. Accounting Policies

There have been no changes in accounting policies from those stated in the Annual Report on Form 10-K for the year ended December 31, 2011.

5. Loss per Common Share

Basic loss per common share is determined based on the weighted-average number of common shares outstanding during each period. Diluted loss per common share is the same as basic loss per share as all common share equivalents are excluded from the calculation, as their effect is anti-dilutive. The weighted average number of common shares outstanding for the three months ended March 31, 2012 and 2011 was 67,607,108 and 52,896,765, respectively. Options and warrants to purchase 10,842,039 and 9,721,602 shares of common stock were outstanding at March 31, 2012 and 2011, respectively. In addition, unvested RSUs representing 1,004,377 and 270,213 shares of common stock were outstanding at March 31, 2012 and 2011, respectively. These options, warrants and RSUs were excluded from the computation of diluted loss per common share as their effect would have been anti-dilutive.

6. Intangible Assets

Intangible assets consist of the following:

		March 31, 2012	
	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Patents and copyrights	$17,536,988	$8,536,588	$9,000,400
Prepaid licensing fees	554,000	554,000	0
	$18,090,988	$9,090,588	$9,000,400

	December 31, 2011		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Patents and copyrights	$17,284,255	$8,279,992	$9,004,263
Prepaid licensing fees	554,000	554,000	0
	$17,838,255	$8,833,992	$9,004,263

7. Other Assets

Other assets include the cash surrender value of key-man life insurance policies that we maintain for certain named executive officers. In January 2012, one of these policies was surrendered for approximately $120,000 which represents the face value of the policy less all policy loans and unpaid interest. For the three months ended March 31, 2012, we paid premiums on the one remaining policy totaling approximately $29,000 using annual policy dividends and a loan against the policy in the amount of approximately $22,000. For the three month period ended March 31, 2011, we paid aggregate premiums on these policies totaling approximately $46,000 using annual policy dividends and a loan against one of the policies in the amount of approximately $16,000. The aggregate cash surrender value of these policies, net of policy loans and accrued interest, was approximately $442,000 and $562,000 at March 31, 2012 and December 31, 2011, respectively.

8. Accounting for Share-Based Compensation

There has been no material change in the assumptions used to compute the fair value of our equity awards, nor in the method used to account for share-based compensation from those stated in our Annual Report on Form 10-K for the year ended December 31, 2011.

The following table presents share-based compensation expense included in our statements of operations and comprehensive loss for the three months ended March 31, 2012 and 2011, respectively:

	Three months ended March 31,	
	2012	2011
Research and development expense	$83,983	$204,444
Sales and marketing expense	18,609	52,393
General and administrative expense	220,524	198,285
Total share-based expense	$323,116	$455,122

As of March 31, 2012, there was approximately $1.5 million of total unrecognized compensation cost, net of estimated forfeitures, related to unvested share-based compensation awards. This cost is expected to be recognized over a weighted average period of 2.4 years.

9. Stock Authorization and Issuance

We have filed two shelf registration statements with the SEC for purposes of providing flexibility to raise funds from the offering of various securities over a period of three years, subject to market conditions. Securities offered under the shelf registration statements may be used to fund working capital, capital expenditures, vendor purchases, and other capital needs. The first shelf registration statement (the “January 2009 Shelf”) for the offering of up to $25 million in securities was filed on January 5, 2009 (File No. 333-156571), declared effective on January 20, 2009, and expired in January 2012. We issued an aggregate of $19.6 million in securities under the January 2009 Shelf.

The second shelf registration statement was filed on September 14, 2009 (File No. 333-161903) and was declared effective on September 30, 2009 for the offering of up to $50 million in securities (the "September 2009 Shelf"). To date, we have issued an aggregate of approximately $35.6 million in securities under the September 2009 Shelf, including the offering discussed below.

On April 18, 2012, we completed the sale of an aggregate of 8,139,050 shares of our common stock, at a price of $1.05 per share, to a limited number of institutional and other investors in a registered offering under the September 2009 Shelf. The offering represented 10.7% of our outstanding common stock on an after-issued basis. The aggregate net proceeds from this offering were approximately $8.3 million, after deduction of placement agent fees and other offering costs.

10. Fair Value Measurements

We have determined the estimated fair value amounts of our financial instruments using available market information. Our assets that are measured at fair value on a recurring basis include the following as of March 31, 2012 and December 31, 2011:

		Fair Value Measurements		
	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2012:				
Available for sale securities:				
Municipal bond mutual funds	$1,568,700	$1,568,700	-	-

	Fair Value Measurements	
Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)