PC TEL INC
Form 10-Q
November 09, 2010

Table of Contents

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

Form 10-Q

þ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2010

o **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 000-27115

PCTEL, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**77-0364943**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
471 Brighton Drive, Bloomingdale, IL	**60108**
(Address of Principal Executive Office)	(Zip Code)

(630) 372-6800

(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 þ No o

Indicate by check mark whether the registrant has submitted electronically and on its corporate Web site, if any, every Interactive Date File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

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 Exchange Act:

o Large accelerated filer	þ Accelerated filer	o Non-accelerated filer	o Smaller reporting company
		(do not check if a smaller reporting company)	

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

Indicate the number of shares outstanding of each of the registrant s classes of common stock, as of the latest practicable date.

Title	Outstanding
Common Stock, par value $.001 per share	18,471,163 as of November 1, 2010

PCTEL, INC.
Form 10-Q
For the Quarterly Period Ended September 30, 2010
TABLE OF CONTENTS

Table of Contents

PART I FINANCIAL INFORMATION

Item 1: Financial Statements

PCTEL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	(unaudited) September 30, 2010	December 31, 2009
ASSETS		
Cash and cash equivalents	$ 27,051	$ 35,543
Short-term investment securities	38,073	27,896
Accounts receivable, net of allowance for doubtful accounts of $133 and $89 at September 30, 2010 and December 31, 2009, respectively	12,367	9,756
Inventories, net	10,064	8,107
Deferred tax assets, net	1,023	1,024
Prepaid expenses and other assets	3,760	2,541
Total current assets	92,338	84,867
Property and equipment, net	11,330	12,093
Long-term investment securities	6,559	12,135
Other intangible assets, net	10,602	9,241
Deferred tax assets, net	8,818	9,947
Other noncurrent assets	1,062	935
TOTAL ASSETS	**$ 130,709**	**$ 129,218**
LIABILITIES AND STOCKHOLDERS EQUITY		
Accounts payable	$ 4,745	$ 2,192
Accrued liabilities	5,997	3,786
Total current liabilities	10,742	5,978
Long-term liabilities	2,317	2,172
Total liabilities	13,059	8,150
Stockholders equity:		
Common stock, $0.001 par value, 100,000,000 shares authorized, 18,504,358 and 18,494,499 shares issued and outstanding at September 30, 2010 and December 31, 2009, respectively	18	18
Additional paid-in capital	137,459	138,141
Accumulated deficit	(19,874)	(17,122)
Accumulated other comprehensive income	47	31

Total stockholders equity		117,650		121,068
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	**$**	**130,709**	**$**	**129,218**

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

Table of Contents

PCTEL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)
(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
REVENUES	$ 17,314	$ 13,709	$ 50,694	$ 41,216
COST OF REVENUES	10,301	7,283	28,348	22,061
GROSS PROFIT	**7,013**	**6,426**	**22,346**	**19,155**
OPERATING EXPENSES:				
Research and development	2,955	2,673	9,128	8,010
Sales and marketing	2,548	1,845	7,332	5,841
General and administrative	2,171	2,169	7,648	7,245
Amortization of other intangible assets	742	553	2,281	1,660
Restructuring charges	95		585	494
Impairment of goodwill				1,485
Loss on sale of product lines and related note receivable				454
Royalties				(400)
Total operating expenses	8,511	7,240	26,974	24,789
OPERATING LOSS	(1,498)	(814)	(4,628)	(5,634)
Other income, net	77	375	323	742
LOSS BEFORE INCOME TAXES	(1,421)	(439)	(4,305)	(4,892)
Provision (benefit) for income taxes	(492)	316	(1,553)	(981)
NET LOSS	**$ (929)**	**$ (755)**	**$ (2,752)**	**$ (3,911)**
Basic Earnings per Share:				
Net Loss	$ (0.05)	$ (0.04)	$ (0.16)	$ (0.22)
Diluted Earnings per Share:				
Net Loss	$ (0.05)	$ (0.04)	$ (0.16)	$ (0.22)
Weighted average shares Basic	17,360	17,559	17,463	17,573
Weighted average shares Diluted	17,360	17,559	17,463	17,573

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

Table of Contents

PCTEL, INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)
(in thousands)

	Nine Months Ended September 30, 2010	2009
Operating Activities:		
Net loss	(2,752)	$ (3,911)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	3,945	3,321
Impairment charge		1,485
Gain on bargain purchase of acquisition	(54)	
Stock based compensation	3,475	2,670
Gain on sale of assets and related royalties		(400)
Loss on disposal/sale of property and equipment	(16)	34
Restructuring costs	178	166
Loss on sale of product lines and related note receivable		454
Payment of withholding tax on stock based compensation	(809)	(767)
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(2,435)	2,842
Inventories	(1,738)	2,238
Prepaid expenses and other assets	(1,341)	(456)
Accounts payable	2,219	(1,173)
Income taxes payable	(261)	(143)
Other accrued liabilities	1,240	(2,402)
Deferred tax assets	(166)	421
Deferred revenue	715	(15)
Net cash provided by operating activities	2,200	4,364
Investing Activities:		
Capital expenditures	(885)	(948)
Proceeds from disposal of property and equipment	10	
Purchase of investments	(22,252)	(21,290)
Redemptions/maturities of short-term investments	17,650	18,633
Proceeds on sale of assets and related royalties		400
Purchase of assets/businesses, net of cash acquired	(2,109)	(2,260)
Net cash used in investing activities	(7,586)	(5,465)
Financing Activities:		
Proceeds from issuance of common stock	468	427
Payments for repurchase of common stock	(3,588)	(1,515)
Net cash used in financing activities	(3,120)	(1,088)

Net decrease in cash and cash equivalents	(8,506)	(2,189)
Effect of exchange rate changes on cash	14	19
Cash and cash equivalents, beginning of year	35,543	44,766
Cash and Cash Equivalents, End of Period	$ 27,051	$ 42,596

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

PCTEL, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended September 30, 2010 (Unaudited)
(in thousands except per share data and as otherwise noted)

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. For further information, refer to the audited consolidated financial statements and footnotes thereto included in the company s Annual Report on Form 10-K for the year ended December 31, 2009.

Nature of Operations

PCTEL focuses on wireless broadband technology related to propagation and optimization. The company designs and develops software-based radios for wireless network optimization and develops and distributes innovative antenna solutions. The company s scanning receivers, receiver-based products and interference management solutions are used to measure, monitor and optimize cellular networks. The company s antenna solutions address public safety, military, and government applications; supervisory control and data acquisition (SCADA), health care, energy, smart grid and agricultural applications; indoor wireless, wireless backhaul, and cellular applications. The company s portfolio includes a broad range of antennas for worldwide interoperability for microwave access (WiMAX), land mobile radio (LMR) antennas, and global positioning systems (GPS) antennas that serve innovative applications in telemetry, radio frequency identification (RFID), Wi-Fi, fleet management, and mesh networks. PCTEL s products are sold worldwide through direct and indirect channels. The company supplies its products to public and private carriers, wireless infrastructure providers, wireless equipment distributors, value added resellers (VARs) and other original equipment manufacturers (OEMs).

On January 12, 2010, the company acquired all of the outstanding shares of Sparco Technologies, Inc. (Sparco), a San Antonio, Texas based company that specializes in selling value-added Wireless Local Area Network (WLAN) products and services to the enterprise, education, hospitality, and healthcare markets. Sparco s product line includes antennas for WLAN, National Electrical Manufacturers Association (NEMA) enclosures and mounting accessories, site survey tools, and amplifiers. With this acquisition, the company extended its product offering, channel penetration and technology base in wireless enterprise products. In July 2010, the company established a plan to integrate the Sparco operations in its Bloomingdale, Illinois location. The company completed this integration in the third quarter 2010.

On December 30, 2009, the company acquired all of the assets related to the scanning receiver business from Ascom Network Testing, Inc. (Ascom). This business was a small part of Comarco s Wireless Test Solutions (WTS) segment, a business that Ascom acquired in 2009. Under the agreement, the company will continue to supply both its scanning receivers and the WTS scanning receivers to the newly formed Ascom that consolidated the testing businesses for mobile telecom carriers of Ascom. The company accounted for this purchase of assets as a business combination.

On December 9, 2009, the company acquired from Wider Networks, Inc. (Wider) its interference management patents as well as the exclusive distribution rights for Wider s interference management products as part of a settlement agreement. The settlement agreement provided for a purchase of assets in the form of patented technology, trade names and trademarks, and exclusive distribution rights. The settlement gives the company another interference management product, suitable for certain markets, to distribute alongside its CLARIFY® product.

On January 5, 2009, the company acquired all of the outstanding share capital of Wi-Sys Communications, Inc. (Wi-Sys). During the second quarter 2009, the company exited the Canadian facility of Wi-Sys and fully integrated the Wi-Sys product lines into the company s antenna product operations in Bloomingdale, Illinois. During 2009, the company incurred a restructuring charge of $0.2 million for employee severance, lease termination costs, and disposition of assets related to the Wi-Sys integration.

Basis of Consolidation and Foreign Currency Translation

The condensed consolidated balance sheet as of September 30, 2010 and the condensed consolidated statements of operations and cash flows for the three and nine months ended September 30, 2010 and 2009 are unaudited and reflect all adjustments of a normal recurring nature that are, in the opinion of management, necessary for a fair presentation of the interim period financial statements. The interim condensed consolidated financial statements are derived from the audited financial statements as of December 31, 2009.

The condensed consolidated financial statements include the accounts of the company and its subsidiaries. All intercompany accounts and transactions have been eliminated. The unaudited interim condensed consolidated financial statements of the company have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted. The significant accounting policies followed by the company are set forth within the company s Annual Report on Form 10-K for the year ended December 31, 2009 (the 2009 Form 10-K). There were no changes in the company s significant accounting policies during the nine months ended September 30, 2010. In addition, the company reaffirms the use of estimates in the preparation of the financial statements as set forth in the 2009 Form 10-K. These interim condensed consolidated financial statements should be read in conjunction with the company s audited consolidated financial statements and notes thereto included in the 2009 Form 10-K. The results for the operations for the period ended September 30, 2010 may not be indicative of the results to be expected for the period ending December 31, 2010.

The company is exposed to foreign currency fluctuations due to its foreign operations and international sales. The functional currency for the company s foreign operations is predominantly the applicable local currency. Accounts of foreign operations are translated into U.S. dollars using the exchange rate in effect at the applicable balance sheet date for assets and liabilities and average monthly rates prevailing during the period for revenue and expense accounts. Adjustments resulting from translation are included in accumulated other comprehensive income, a separate component of shareholders equity. Gains and losses resulting from other transactions originally in foreign currencies and then translated into U.S. dollars are included in net loss. Net foreign exchange gains (losses) resulting from foreign currency transactions included in other income, net were $0 in the three months ended September 30, 2010 and 2009. Net foreign exchange losses resulting from foreign currency transactions included in other income, net were $23 and $34 for the nine months ended September 30, 2010 and 2009, respectively.

Fair Value of Financial Instruments

Cash and cash equivalents are measured at fair value and short-term investments are recognized at amortized cost in the company s financial statements. Accounts receivable and other investments are financial assets with carrying values that approximate fair value due to the short-term nature of these assets. Accounts payable are financial liabilities with carrying values that approximate fair value due to the short-term nature of these liabilities.

The company follows fair value accounting which establishes a fair value hierarchy that requires the company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instruments categorization within the hierarchy is based on the lowest level of input that is significant to the fair value measurement.

There are three levels of inputs that may be used to measure fair value:

Level 1: inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of assets or liabilities.

Level 3: unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

2. Recent Accounting Pronouncements

Recently Adopted Accounting Guidance

In January 2010, the Financial Accounting Standards Board (FASB) issued guidance to amend the disclosure requirements related to recurring and nonrecurring fair value measurements. The guidance requires new disclosures on the transfers of assets and liabilities between Level 1 (quoted prices in active market for identical assets or liabilities) and Level 2 (significant other observable inputs) of the fair value measurement hierarchy, including the reasons and the timing of the transfers. Additionally, the guidance requires a roll forward of activities on purchases, sales, issuance, and settlements of the assets and liabilities measured using significant unobservable inputs (Level 3 fair value measurements). The guidance became effective for the company with the reporting period beginning January 1,

2010. Adoption of this new guidance did not have a material impact on the company s consolidated financial statements.

7

In June 2009, the FASB issued amendments to the accounting rules for Variable Interest Entities (VIEs) and for transfers of financial assets. The new guidance for VIEs eliminates the quantitative approach previously required for determining the primary beneficiary of a variable interest entity and requires ongoing qualitative reassessments of whether an enterprise is the primary beneficiary. In addition, qualifying special purpose entities (QSPEs) are no longer exempt from consolidation under the amended guidance. The amendments also limit the circumstances in which a financial asset, or a portion of a financial asset, should be derecognized when the transferor has not transferred the entire original financial asset to an entity that is not consolidated with the transferor in the financial statements being presented, and/or when the transferor has continuing involvement with the transferred financial asset. The company adopted these amendments for interim and annual reporting periods beginning on January 1, 2010. The adoption of these amendments did not have a material impact on the company s consolidated financial statements.

Recent Accounting Guidance Not Yet Adopted

In October 2009, the FASB issued changes to revenue recognition for multiple-deliverable arrangements. These changes require separation of consideration received in such arrangements by establishing a selling price hierarchy (not the same as fair value) for determining the selling price of a deliverable, which will be based on available information in the following order: vendor-specific objective evidence, third-party evidence, or estimated selling price; eliminate the residual method of allocation and require that the consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method, which allocates any discount in the arrangement to each deliverable on the basis of each deliverable s selling price; require that a vendor determine its best estimate of selling price in a manner that is consistent with that used to determine the price to sell the deliverable on a standalone basis; and expand the disclosures related to multiple-deliverable revenue arrangements. The company will adopt these changes on the effective date of January 1, 2011. The company does not expect the adoption of these changes to have a material impact on its consolidated financial statements.

3. Balance Sheet Data

Cash and Cash equivalents

At September 30, 2010, cash and cash equivalents included bank balances and investments with original maturities less than 90 days. At September 30, 2010 and December 31, 2009, the company s cash equivalents were invested in highly liquid AAA money market funds that are required to comply with Rule 2a-7 of the Investment Company Act of 1940. Such funds utilize the amortized cost method of accounting, seek to maintain a constant $1.00 per share price, and are redeemable upon demand. The company restricts its investments in AAA money market funds to those invested 100% in either short term U.S. Government Agency securities, or bank repurchase agreements collateralized by these same securities. The fair values of these money market funds are established through quoted prices in active markets for identical assets (Level 1 inputs). The cash in the company s U.S. banks is fully insured by the Federal Deposit Insurance Corporation due to the balances being below the maximum insured amounts.

The company had $0.6 million and $0.9 million of cash equivalents in foreign bank accounts at September 30, 2010 and December 31, 2009, respectively. As of September 30, 2010, the company has no intentions of repatriating the cash in its foreign bank accounts. If the company decides to repatriate the cash in the foreign bank accounts, it may experience difficulty in repatriating this cash in a timely manner. The company may also be exposed to foreign currency fluctuations and taxes if it repatriates these funds.

Investments

At September 30, 2010 and December 31, 2009, the company s short-term and long-term investments consisted of pre-refunded municipal bonds, U.S. Government Agency bonds, and AA or higher rated corporate bonds all classified as held-to-maturity.

At September 30, 2010, the company has invested $34.4 million in pre-refunded municipal bonds and U.S. Government Agency bonds and $10.3 million in AA or higher rated corporate bonds. The income and principal from the pre-refunded municipal bonds are secured by an irrevocable trust of U.S Treasury securities. The bonds, classified as short-term investments, have original maturities greater than 90 days and mature in less than one year. The company classified $6.6 million as long-term investment securities because the original maturities were greater than one year. Of this total, $4.3 million mature in 2011, and $2.3 million mature in 2012. The company s bonds are recorded at the purchase price and carried at amortized cost. Approximately 22% of the company s bonds were protected by bond default insurance at September 30, 2010.

At December 31, 2009, the company had $35.1 million invested in pre-refunded municipal bonds and U.S. Government Agency bonds and $4.9 million in AA or higher rated corporate bonds, and classified $12.1 million as long-term investment securities because the original maturities were greater than one year.

Table of Contents

The company s financial assets are measured at fair value on a recurring basis. At September 30, 2010, all of the company s financial assets were able to be measured with Level 1 inputs.
The fair value measurements of the financial assets at September 30, 2010 and December 31, 2009 were as follows:

	Quoted at Prices in Active Markets for Identical Assets (Level 1)	
	September 30, 2010	December 31, 2009
Cash equivalents	$ 25,660	$ 34,933
Bonds:		
Short-term	38,021	28,330
Long-term	6,549	11,878
Total	$ 70,230	$ 75,141

The fair value amounts above are based on prices in active markets for identical assets (Level 1 inputs). The fair value of the financial assets at September 30, 2010 in the table above was less than the book values and the fair value of the financial assets at December 31, 2009 exceeded the book values of these financial assets. The net unrealized gains/(losses) were approximately ($0.1) million and $0.2 million at September 30, 2010 and December 31, 2009, respectively.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at invoiced amount with standard net terms that range between 30 and 60 days. The company extends credit to its customers based on an evaluation of a company s financial condition and collateral is generally not required. The company maintains an allowance for doubtful accounts for estimated uncollectible accounts receivable. The allowance is based on the company s assessment of known delinquent accounts, historical experience, and other currently available evidence of the collectability and the aging of accounts receivable. The company s allowance for doubtful accounts was $0.1 million at September 30, 2010 and December 31, 2009, respectively. The provision for doubtful accounts is included in sales and marketing expense in the condensed consolidated statements of operations. There were no unbilled receivables at September 30, 2010 or December 31, 2009.

Inventories

Inventories are stated at the lower of cost or market and include material, labor and overhead costs using the FIFO method of costing. Inventories as of September 30, 2010 and December 31, 2009 were composed of raw materials, sub-assemblies, finished goods and work-in-process. The company had consigned inventory with customers of $0.7 million and $0.6 million at September 30, 2010 and December 31, 2009, respectively. The company records allowances to reduce the value of inventory to the lower of cost or market, including allowances for excess and obsolete inventory. The allowance for inventory losses was $1.3 million and $1.2 million at September 30, 2010 and December 31, 2009, respectively.
Inventories consisted of the following at September 30, 2010 and December 31, 2009:

	September 30, 2010	December 31, 2009
Raw materials	$ 7,011	$ 5,836
Work in process	680	390

Finished goods		2,373		1,881
Inventories, net	$	10,064	$	8,107

Prepaid and other current assets
Prepaid assets are stated at cost and are amortized over their useful lives (up to one year) of the assets.

Table of Contents

Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets. The company depreciates computers over three years, office equipment, manufacturing and test equipment, and motor vehicles over five years, furniture and fixtures over seven years, and buildings over 30 years. Leasehold improvements are amortized over the shorter of the corresponding lease term or useful life. Gains and losses on the disposal of property and equipment are included in operating expenses in the condensed consolidated statements of operations. Maintenance and repairs are expensed as incurred.

Property and equipment consists of the following at September 30, 2010 and December 31, 2009:

	September 30, 2010	December 31, 2009
Building	$ 6,207	$ 6,207
Computers and office equipment	4,591	4,013
Manufacturing and test equipment	7,516	7,300
Furniture and fixtures	1,115	1,104
Leasehold improvements	174	166
Motor vehicles	27	27
Total property and equipment	19,630	18,817
Less: Accumulated depreciation and amortization	(10,070)	(8,494)
Land	1,770	1,770
Property and equipment, net	$ 11,330	$ 12,093

Goodwill

In January 2009, the company recorded goodwill of $1.1 million related to the acquisition of Wi-Sys. In March 2009, the company recorded goodwill impairment of $1.5 million because of the company s low market capitalization. The impairment represented the full amount of the goodwill from the Wi-Sys acquisition and $0.4 million remaining from the company s Licensing unit. The company s goodwill balance was $0 on the condensed consolidated balance sheets at September 30, 2010 and December 31, 2009, respectively.

Intangible Assets

The company amortizes intangible assets with finite lives on a straight-line basis over the estimated useful lives, which range from one to eight years. The summary of other intangible assets, net as of September 30, 2010 and December 31, 2009 are as follows:

	September 30, 2010			December 31, 2009		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Customer contracts and relationships	$ 16,763	$ 8,259	$ 8,504	$ 13,413	$ 6,612	$ 6,801
Patents and technology	6,409	5,939	470	6,409	5,718	691
Trademarks and trade names	2,628	1,991	637	2,361	1,746	615
Other, net	2,675	1,684	991	2,651	1,517	1,134
	$ 28,475	$ 17,873	$ 10,602	$ 24,834	$ 15,593	$ 9,241

The $1.3 million increase in intangible assets at September 30, 2010 compared to December 31, 2009 reflects the addition of approximately $3.6 million for the acquisition of Sparco in January 2010 minus amortization of approximately $2.3 million for the nine months ended September 30, 2010. See Note 4 for information related to the Sparco acquisition.

Liabilities

Accrued liabilities consist of the following at September 30, 2010 and December 31, 2009:

Table of Contents

	September 30, 2010		December 31, 2009	
Inventory receipts	$	1,460	$	1,135
Payroll, bonuses, and other employee benefits		1,362		415
Paid time off		834		777
Deferred revenues		724		9
Warranties		233		228
Due to Wider		199		194
Due to Sparco shareholders		198		
Restructuring		178		
Professional fees		139		199
Due to Ascom		99		97
Employee stock purchase plan		95		207
Other		476		525
Total	$	5,997	$	3,786

Long-term liabilities consist of the following at September 30, 2010 and December 31, 2009:

	September 30, 2010		December 31, 2009	
Executive deferred compensation plan	$	1,093	$	928
Income taxes		798		798
Due to Wider		198		189
Deferred rent		112		163
Due to Ascom		98	&n	