

HOME SOLUTIONS OF AMERICA INC
Form 10QSB
August 15, 2005

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-QSB

(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, 2005

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 0-22388

HOME SOLUTIONS OF AMERICA, INC.

(Exact Name of Small Business Issuer as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

99-0273889
(IRS Employer
Identification No.)

5565 Red Bird Center Dr Suite 150 Dallas, Texas 75237
(Address of Principal Executive Offices)

(214) 623-8446
(Issuer's Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year,
if Changed Since Last Report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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

The number of shares outstanding of the registrant's common stock, \$.001 par value per share, as of August 15, 2005 was 24,144,332.
Transitional Small Business Disclosure Format: Yes _____ No

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements.

HOME SOLUTIONS OF AMERICA, INC.
CONSOLIDATED BALANCE SHEET
(In Thousands, Except Per Share Data)
(Unaudited)

	June 30, 2005
ASSETS	
Current assets:	
Cash	\$ 1,901
Accounts receivable, net of allowance for doubtful accounts of \$287	9,501
Note receivable	980
Inventories	2,125
Costs in excess of billings	442
Prepaid expenses and other current assets	710
Assets held for sale	940
Total current assets	16,599
Property and equipment, net of accumulated depreciation of \$876	2,911
Intangibles, net of accumulated amortization of \$634	8,271
Goodwill	24,796
Due from related party	10
Other assets	140
	\$ 52,727
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Accounts payable and accrued expenses	\$ 6,836
Current portion of debt	6,589
Current portion of capital lease obligations	85
Billings in excess of costs	180
Due to related party	265
Notes payable to related party	750
Total current liabilities	14,705
Long-term liabilities:	
Debt, net of current portion	7,526
Minority interest	330
Capital lease obligations, net of current portion	102
Total liabilities	22,663
Commitments and contingencies	
Stockholders' equity:	
Series A convertible preferred stock, \$0.001 par value, 0.08 shares authorized; 0.068 shares issued and outstanding (total liquidation preference of \$1,746)	-
Series B convertible preferred stock, \$0.001 par value, 0.04 shares authorized, 0.04 shares issued and outstanding (total liquidation preference of \$1,036)	-
Common stock, \$0.001 par value, 50,000 shares authorized; 20,941 shares issued and outstanding	21
Additional paid-in capital	49,328
Accumulated deficit	(19,285)
Total stockholders' equity	30,064
	\$ 52,727

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

HOME SOLUTIONS OF AMERICA, INC.
CONSOLIDATED STATEMENTS OF INCOME
(In Thousands, Except Per Share Amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Net sales	\$ 16,055	\$ 7,415	\$ 25,370	14,082
Costs and expenses				
Cost of sales	9,490	3,875	14,339	7,577
Selling, general and administrative expenses	4,705	2,587	7,544	5,047
	14,195	6,462	21,883	12,624
Operating income	1,860	953	3,487	1,458
Other income (expense):				
Gain on sale of assets	(1)	(4)	-	2
Interest income	15	1	32	3
Interest expense	(447)	(244)	(794)	(428)
Other income	29	12	47	164
Total other income (expense)	(404)	(235)	(715)	(259)
Income (loss) before income taxes and minority interest	1,456	718	2,772	1,199
Income taxes	(104)	-	(206)	-
Minority interest in income of consolidated subsidiary	(287)	(139)	(480)	(193)
Net income	\$ 1,065	\$ 579	\$ 2,086	1,006
Net income available to common shareholders per share:				
Basic	\$ 0.04	\$ 0.02	\$ 0.09	0.05
Diluted	0.04	0.02	0.08	0.04
Weighted average number of common shares outstanding:				
Basic	20,929			