

COMPUTER SOFTWARE INNOVATIONS INC
Form 424B3
December 05, 2007

PROSPECTUS SUPPLEMENT NO. 14
To Prospectus dated May 14, 2007

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-129842

Computer Software Innovations, Inc.

14,435,472 SHARES OF COMMON STOCK

This Prospectus Supplement supplements the Prospectus dated May 14, 2007, as amended and supplemented, relating to the offer and sale by the selling stockholder identified in the Prospectus of up to 14,435,472 shares of common stock of Computer Software Innovations, Inc. (the Company).

This Prospectus Supplement includes the Company's Form 8-K filed with the Securities and Exchange Commission on December 5, 2007.

The information contained in the report included in this Prospectus Supplement is dated as of the period of such report. This Prospectus Supplement should be read in conjunction with the Prospectus dated May 14, 2007, as supplemented on May 25, 2007, June 1, 2007, June 27, 2007, August 14, 2007, September 14, 2007, October 3, 2007, October 5, 2007, October 11, 2007, October 24, 2007, November 13, 2007, November 20, 2007, and December 3, 2007, which supplements are to be delivered with this Prospectus Supplement. This Prospectus Supplement is qualified by reference to the Prospectus except to the extent that the information in this Prospectus Supplement updates and supersedes the information contained in the Prospectus dated May 14, 2007, including any supplements or amendments thereto.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement No. 14 is December 5, 2007.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

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

Date of report (Date of earliest event reported) December 4, 2007

COMPUTER SOFTWARE INNOVATIONS, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware

(State or other jurisdiction of incorporation)

000-51758
(Commission File Number)

98-0216911
(IRS Employer Identification No.)

900 East Main Street, Suite T, Easley, South Carolina
(Address of principal executive offices)

29640
(Zip Code)

(864) 855-3900

(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 7.01. Regulation FD Disclosure.

Computer Software Innovations, Inc. (the Company) is furnishing as Exhibit 99.1 a PowerPoint presentation to be presented in meetings with various interested persons. The presentation contains certain forward-looking financial information concerning the Company.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

The following exhibit is furnished as part of this report:

Exhibit

Number	Description
Exhibit 99.1	PowerPoint Presentation (December 4, 2007)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

COMPUTER SOFTWARE INNOVATIONS, INC.

By: /s/ David B. Dechant

Name: David B. Dechant

Title: Chief Financial Officer

Date: December 5, 2007

EXHIBIT INDEX

Exhibit Number	Description
Exhibit 99.1	PowerPoint Presentation (December 4, 2007)

Computer Software Innovations, Inc.
OTC BB: CSWI
December 2007
Investor Presentation

Safe Harbor
This
presentation
contains
forward-looking
statements

that
is,

statements

related

to

future,

not

past,

events. In this context, forward looking statements often address our expected future business and financial performance,

and

often

contain

words

such

as

may,

could,

should,

expect,

believe,

seek,

estimate,

predict,

or project.

Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties arise from economic health of the software and technology industry, demand for CSI s

products and engineering services, competitive pricing pressures and

the availability of necessary financing. In addition, other risks are more fully described in CSI s

2006 Form 10-

KSB and other filings with the Securities and Exchange Commission. These uncertainties may cause our actual results to be materially different from those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.

Company Overview

Computer Software Innovations, Inc. (OTCBB:CSWI), CSI: Technology Outfitters, is a full service software and technology solutions company working primarily with public sector organizations.

The software solutions include financial management, billing and revenue management, school activity accounting, lesson planning and automated workflow.

The technology solutions include IP telephony, IP video surveillance, visual communications, interactive classrooms, network security and traffic monitoring, infrastructure design, wireless solutions, network management, engineering services, disaster recovery and hardware solutions.

CSI's

client base includes school districts, higher education, municipalities, county governments, and other non-profit organizations. Currently, more than 600 public sector organizations utilize CSI's software systems and network integration services.

Highlights

Horizontal Growth

Business Model Easily Scalable and Replicable to Other Regions

Projected \$51M+ Business which Expanded from 3 State Territory to 8 State Territory following January 2007 Acquisition (est. for year ending 2007).

Competitive Proprietary Software

Vertical Growth

Loyal Customer Base

Software Client Retention Rate > 90%

Additional Technology Solution Sell-Through

Financial Strengths

Strong Gross Margins (YTD 07 Software = 43.8% Technology = 16.8%)

Recurring Revenues

Public Sector

Good Collection History & Ongoing Technology Budgets

Return to profitability in 2007 primarily as business reaches critical mass with emphasis on higher margin software business.

2007 Projection \$4.3M EBITDA* and Net Income over \$1.0M

* EBITDA

is

a

non-GAAP

measure.

Net

Income

is

the

nearest

GAAP

measure.

See

slides

subsequent

for

discussions

of

EBITDA,

which should not be used in lieu of or separate from GAAP measures, and regarding reconciling EBITDA to GAAP Net Income

Company History
Founded in 1989 in Easley, SC
Financial
Management
Software

1989
Released
CSI
Accounting+*Plus*
(Microsoft

Windows
platform)

-

1999

Released SmartFusion

(Microsoft.Net/SQL platform) 2007

Technology Division added in 1999

Computer

&

Network

Hardware

1999

IP Telephony

2001

IP Surveillance

2003

Interactive Whiteboards

2003

Classroom

Audio

Augmentation

2004

Network

Security

2005

Storage

and

Disaster

Recovery

2006

2005 Created Publicly Traded Company: CSWI

Acquisition

of

McAler

Computer

Associates

Jan,

2007

Select Financials
Summary of Capitalization as of 9/30/07
Common
Shares
Outstanding:
3.8 M
F/D
Shares

Outstanding:

13.3 M

Full

Potential

Diluted:

18.0 M

Warrant

Conversion

Yields:

\$ 8.7M

Current Market Cap: \$5.32 Million

Management/Board Ownership

2.17 Million Shares or 61% of

Common outstanding; 20%

outstanding shares (common &

preferred)

Key Statistics as of 9/30/07 (except share price data)

Fiscal Year Ends

December 31

Current Share

Price (11/12/07)

\$1.50

2006 Revenues

\$28.5M

Total Current

Assets

\$9.9M

9 Months 2007

Revenues

\$44.1M

Total Assets

\$22.6M

52 Week Trading Range

(thru 11/12/07):

\$.75 -

\$1.70

Total Debt

\$6.0M (w/sub debt)

\$3.8M (w/o sub debt)

Horizontal Growth -
Organic & Acquisition Strategy
Replicate successful Southeast
Regional business model into other
regions with CSI sales force or
through acquisition
Target companies with
complimentary products and/or
complimentary footprint

Horizontal Growth
Through BEACHHEAD
Strategy
McAleer Expansion with January, 2007 Acquisition
1.
Establish Beachhead
With Immediate,
Significant Revenue
Growth, while

Yielding Positive

Cash Flow

2.

Cross-Sell Acquired

Accounts, 5-10%+

Growth Goal

3.

Penetrate Market,

Securing New

Accounts

Throughout

Expanded Footprint,

30%+ Growth Goal

4.

Continue Expanding

the Beachhead and

Replicate all 3 steps

with each Additional

Strategic Acquisition

County Government

3,100 County Governments
Municipal/City Government

36,000 Municipalities/City
Governments
School Districts

14,000 School Districts
Horizontal Growth Opportunity -
US Target Markets

1
2
3

1. Per U.S. Dept of Census
2. Per National League of Cities
3. Per National Center for Education Statistics

0
5,000
10,000
15,000
20,000
25,000
30,000
35,000
40,000

County Governments
Municipalities/City Governments
School Districts

Vertical Growth

-

The

Total **Technology Solution Outfitters**

Horizontal Growth -
Competitive Proprietary Software
Products
-
Accounting+*Plus*/Smart Fusion/NextGen
-
28 Different Modules
-
Curriculator
Our People -
Our Experience:
-
Financial Management Software Expertise
-

K12 and Local Government Experience

Competitive with Nationally Marketed

Products

Software Client Retention >90%

An outfitter's job is to equip the person or organization with the tools to become successful.

Ledger

Budget

Preparation

Audit

Reporting

Claims

Reimburse-
ment

Purchasing

Accounts

Payable

Inventory

Fixed Assets

Accounts

Receivable

Check

Reconciliation

Payroll

Insurance &

Benefits

Absent

Employee

Personnel

Cost

Allocation

Hospitality

Fees

Business

License

Construction

Permits

Cash

Collections

Cash

Drawer

Interface

Utility Billing

Property Tax

Collection

Handheld

Interface

Utility

Billing Work

Orders

Available

Subs
Applicant
Tracking
Warehouse
Requisitions
Food Service
Reporting

Vertical Growth -
Technology Solutions
Interactive Classroom Technologies
Interactive Whiteboards
Interactive Assessment and Selection Device
Classroom Audio Augmentation
Consulting Services
Project Management
Deployment Services
Network Services and Converged Technologies

Analysis

Design

Integration

Implementation

Support Services

Hardware

Network

Convergence

Certified Reseller for Cisco, HP and other major vendors

Company Awards and Recognitions

2004, 2005, 2006 & 2007 VAR Business 500

2005 Government VAR 100

2004 VAR Business 50 Fastest Growing Technology Companies

2004 VAR Business Technology Innovator Award-Application Development

2003 CRN Top 5 Rising Stars

2002, 2003, 2004 SC Fastest Growing Companies Award

2003 Ingram Micro National Fastest Growing K-12 Sector

2002 Ingram Micro Southeast Region Fastest Growing K-12 Sector

Financial Strengths

Strong Gross Margins

Software = 43.8%

Technology = 16.8%

Recurring Revenue

Approximately 50% of Software Revenues

Increased Emphasis on Technology Support Contracts

Advantages of Public Sector Focus

Good Collection History

Little bad debt write-offs

Ongoing Technology Budgets

Financial Summary

Non-GAAP Financial Measure: Explanation and Reconciliation of EBITDA

EBITDA is a non-GAAP financial measure used by management, lenders and certain investors as a supplemental measure in the evaluation of some aspects of a corporation's financial position and core operating performance. Investors sometimes use EBITDA as it allows for some level of comparability of profitability trends between those businesses differing as to capital structure and capital intensity by removing the impacts of depreciation and amortization. EBITDA does not include changes in major working capital items such as receivables, inventory and payables, which can also indicate a significant need for, or source of, cash. Since decisions regarding capital investment and financing and changes in working capital components can have a significant impact on cash flow, EBITDA is not a good indicator of a business's cash flows. We use EBITDA for evaluating the relative underlying performance of the Company's core operations and for planning purposes, including a review of this indicator and discussion of potential targets in the preparation of annual operating budgets. We calculate EBITDA by adjusting net income or loss to exclude net interest expense, income tax expense or benefit and depreciation and amortization, thus the term "Earnings Before Interest, Taxes, Depreciation and Amortization" and the acronym "EBITDA."

EBITDA is presented as additional information because management believes it to be a useful supplemental analytic measure of financial performance of our core business, and as it is frequently requested by sophisticated investors. However, management recognizes it is no substitute for GAAP measures and should not be relied upon as an indicator of financial performance separate from GAAP measures (as discussed further below).

When evaluating EBITDA, investors should consider, among other things, increasing and decreasing trends in the measure and how it compares to levels of debt and interest expense, ongoing investing activities, other financing activities and changes in working capital needs. Moreover, this measure should not be construed as an alternative to net income (as an indicator of operating performance) or cash flows (as a measure of liquidity) as determined

in
accordance with GAAP.

While some investors use EBITDA to compare between companies with different investment and capital structures, all companies do not calculate EBITDA in the same manner. Accordingly, the EBITDA presented below may not be comparable to similarly titled measures of other companies.

A reconciliation of net income reported under GAAP to EBITDA is provided after the following two slides.

Income Statement Data
(in thousands)
Quarter Ending
09-30-07
Quarter Ending
09-30-06
Quarter Ending

09-30-05

Net sales

\$15,352

\$7,128

\$6,951

Gross profit

\$3,047

\$1,671

\$1,432

Operating income

\$1,043

\$186

\$179

Net income (loss)

\$691

(\$39)

\$788

EBITDA

(a non-GAAP measure

see

reconciliation which follows the next slide)

\$1462

\$441

\$1,543

Reverse Merger, Acquisition

& Compliance Related Costs

Warrant

Accounting

-

Gain

\$143

\$169

\$161

\$1,191

Balance Sheet Data

(in thousands)

Quarter Ending

09-30-07

Quarter Ending

09-30-06

Quarter Ending

09-30-05

Current Assets

\$9,910

\$5,455

\$7,305

Total Assets

\$16,476

\$7,834

\$8,548

Current Liabilities

\$11,035

\$7,311

\$14,848

Total Liabilities

\$14,517

\$7,551

\$14,848

Total Interest Bearing Debt

\$6,010

\$3,005

\$4,021

Stockholder s Equity (Deficit)

\$1,959

\$283

(\$6,300)

Historical Financials Quarterly

Income Statement Data
(in thousands)
Year to Date
09-30-07
Year Ending
12-31-06
Year Ending

12-31-05
Net sales
\$44,105
\$28,554
\$24,287
Gross profit
\$9,603
\$6,373
\$6,546
Operating income (loss)
\$3,453
(\$243)
(\$186)
Net income (loss)
\$1,879
(\$880)
(\$756)
EBITDA
(a non-GAAP measure
see
reconciliation which follows this slide)
\$4,626
\$475
\$76
Reverse Merger, Acquisition
& Compliance Related Costs
Warrant
Accounting
-
Loss
\$519
\$1,703
\$329
\$2,371
\$414
Balance Sheet Data
(in thousands)
Year to Date
06-30-07
Year Ending
12-31-06
Year Ending
12-31-05
Current Assets
\$9,910
\$6,497
\$6,156
Total Assets
\$16,476
\$9,460

\$7,574

Current Liabilities

\$11,035

\$9,359

\$8,098

Total Liabilities

\$14,517

\$9,564

\$8,098

Total Interest Bearing Debt

\$6,010

\$2,565

\$3,951

Stockholder's Equity (Deficit)

\$1,959

(\$104)

(\$525)

Historical Financials Annual

Explanation and Reconciliation of EBITDA Table
Amounts in Thousands \$
Quarter Ended
September 30
Nine Months Ended
September 30
2007
2006

2007

2006

Reconciliation of Net income (loss) per

GAAP to EBITDA:

Net income (loss) per GAAP

\$ 691

\$ (39)

\$1,879

\$ (68)

Adjustments:

Income tax expense

229

120

1,167

91

Interest expense, net

123

106

407

292

Amortization of loan fees

--

--

--

17

Depreciation and

amortization of fixed assets

and trademarks

132

82

387

245

Amortization of software

development costs

287

171

786

529

EBITDA

\$ 1,462

\$ 441

\$ 4,626

\$ 1,106

Management forecasted EBITDA for the year is \$4.3 million, most comparable GAAP measure of forecasted net income has been given as over \$1.0 million. Larger gap between the two measures than historical is anticipated due to increased depreciation and amortization from assets, tangible and intangible, acquired in the McAleer acquisition.

Senior Management Team

Management Ownership = 59% outstanding common shares; 19% outstanding shares (common & preferred)

Nancy K. Hedrick

CEO & President

27 Yrs in IT Field

President of CSI since 1989

Thomas P. Clinton

Sr. Vice President of Strategic Partnerships

22 Yrs in IT Field
(including The Computer Group & IKON)

VP at CSI since 1999

David Dechant, CPA

Chief Financial Officer

22 Yrs in Finance
(including Conso Int 1 Corp & Warner-Lambert)

CFO at CSI since 2005

Beverly N. Hawkins

Sr. Vice President of Product Development

21 Yrs in IT Field

VP of CSI since 1989

William J. Buchanan

Sr. Vice President of Delivery & Support

22 Yrs in IT Field

(including The Computer Group & IKON)

VP at CSI since 1999

Investment Highlights

Diverse product offerings targeting schools, governments and small business

Representing

a

more

than

\$9B

Market

Opportunity

in

the

U.S.

*

Strong Horizontal Growth Potential Through Beachhead Strategy

Business Model Easily Scalable and Replicable to Other Regions
3 State, \$28M business, expanded to 8 States, with \$51M+ business by YE 2007
Market Competitive Proprietary Software Applications
Excellent Vertical Growth Opportunities
Loyal Customer Base
Software Client Retention Rate Greater than 90%
Additional Technology Solution Sell-Through
Leveraging Relationships for Cross Selling
Financial Strengths
Strong Gross Margins (Software = 43.8% Technology = 16.8%)
Recurring Revenue Model for Engineering Services and Software Updates
Public Sector = Good Collection History & Ongoing Technology Budgets
Historically
profitable
up
to
Going
Public
(2005).
Projected
return
to
profitability
in
2007
as
costs
related
to
going
public
normalize.
(07
est.
\$4.3M
EBITDA**
and
>\$1.0M
Net
Income.)

* per IDC, a subsidiary of International Data Group, Inc. (the parent company of IDG News Service)

** EBITDA is a non-GAAP measure. Net Income is the nearest GAAP measure. See prior slides for discussions of EBITDA, which should not be used in lieu of or separate from GAAP measures, and regarding reconciling EBITDA to GAAP Net Income.

Company Contact

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Investor Contact

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