HENRY JACK & ASSOCIATES INC
Form 10-Q/A
June 25, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q/A
Amendment No. 1

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

For the quarterly period ended September 30, 2014

OR

( ) 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 0-14112

JACK HENRY & ASSOCIATES, INC.
(Exact name of registrant as specified in its charter)

Delaware	43-1128385
(State or Other Jurisdiction of Incorporation)	(I.R.S Employer Identification No.)

663 Highway 60, P.O. Box 807, Monett, MO 65708
(Address of Principle Executive Offices)
(Zip Code)

417-235-6652
(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 [ ] No [X]

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 files).
Yes [ ] No [X]

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.

Large accelerated filer [X]	Accelerated filer [ ]

Non-accelerated filer [ ] (Do not check if a smaller reporting company) 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 [ ] No [X]
APPLICABLE ONLY TO CORPORATE ISSUERS

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

As of November 3, 2014, Registrant had 81,775,635 shares of Common Stock outstanding ($0.01 par value).

JACK HENRY & ASSOCIATES, INC.
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In this report, all references to “JHA”, the “Company”, “we”, “us”, and “our”, refer to Jack Henry & Associates, Inc., and its wholly owned subsidiaries.

FORWARD LOOKING STATEMENTS

Certain statements in this report, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements may appear throughout this report, including without limitation, in Management's Discussion and Analysis of Financial Condition and Results of Operations. Forward-looking statements generally are identified by the words “believe,” “project,” “expect,” “anticipate,” “estimate,” and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements are identified at “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended June 30, 2014. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

Explanatory Note

Restatement of Consolidated Financial Statements

On May 6, 2015, Jack Henry & Associates, Inc. (the "Company") announced that it had identified historical accounting errors relating to its accounting for certain software license and maintenance agreements.

The Company has corrected these errors in the accompanying restated condensed consolidated financial statements (unaudited).

See Note 11 - Restatement of Condensed Consolidated Financial Statements which is included in "Financial Statements" in Item 1 of this Amended Quarterly Report for the fiscal quarter ended 30 September, 2014 on Form 10-Q/A.

Internal Control over Financial Reporting

Management reevaluated its assessment of disclosure controls and procedures as of September 30, 2014. As a result of that reassessment, management concluded that disclosure controls and procedures were not effective due to a material weakness. For a description of the material weakness and actions taken and to be taken to remediate the material weakness, see "Part I - Item 4 - Controls and Procedures."

This Amended Quarterly Report on Form 10-Q/A does not reflect events occurring after the Original Filing on November 5, 2014 or modify or update those disclosures affected by subsequent events, except for the effects of the restatement. Disclosures not affected by the restatement are unchanged and reflect the disclosures made at the time of Original Filing.

The following items in the Original Filing have been amended:

Part I, Item 1 Financial Statements

Part I, Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations

Part I, Item 4 Controls and Procedures

Part II, Item 6 Exhibits

The Company's Chief Executive Officer and Chief Financial Officer are providing currently dated certifications in connection with this Amended Quarterly Report on Form 10-Q/A; the certifications are filed as Exhibits 31.1, 31.2 and 32.1.

The Company is concurrently filing an amended Annual Report on Form 10-K/A for the year ended June 30, 2014 and its Quarterly Reports on Form 10-Q for the fiscal quarters ended December 31, 2014 and March 31, 2015 to reflect the effects of the restatement therein.

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Share and Per Share Data)
(Unaudited)

	September 30, 2014 As Restated, See Note 11	June 30, 2014 As Restated, See Note 11
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$39,402	$70,377
Receivables, net	159,110	224,041
Income tax receivable	2,618	7,937
Prepaid expenses and other	73,928	61,074
Deferred costs	35,265	27,077
Total current assets	310,323	390,506
PROPERTY AND EQUIPMENT, net	301,132	291,675
OTHER ASSETS:		
Non-current deferred costs	83,965	78,458
Computer software, net of amortization	167,585	160,391
Other non-current assets	44,333	44,657
Customer relationships, net of amortization	132,893	136,602
Other intangible assets, net of amortization	27,805	25,653
Goodwill	552,761	552,761
Total other assets	1,009,342	998,522
Total assets	$1,620,797	$1,680,703
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$8,316	$10,516
Accrued expenses	58,038	63,299
Accrued income taxes	14,690	—
Deferred income tax liability	21,440	30,094
Notes payable and current maturities of long term debt	9,964	5,407
Deferred revenues	292,276	337,493
Total current liabilities	404,724	446,809
LONG TERM LIABILITIES:		
Non-current deferred revenues	166,519	155,375
Non-current deferred income tax liability	103,693	97,720
Debt, net of current maturities	1,041	3,729
Other long-term liabilities	10,349	9,683
Total long term liabilities	281,602	266,507
Total liabilities	686,326	713,316
STOCKHOLDERS' EQUITY		
Preferred stock - $1 par value; 500,000 shares authorized, none issued	—	—
Common stock - $0.01 par value; 250,000,000 shares authorized; 102,611,471 shares issued at September 30, 2014; 102,429,926 shares issued at June 30, 2014	1,026	1,024

Additional paid-in capital	412,092	412,512
Retained earnings	1,159,678	1,131,632

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Less treasury stock at cost 20,843,232 shares at September 30, 2014; 19,794,559 shares at June 30, 2014	(638,325)	(577,781)
Total stockholders' equity	934,471	967,387
Total liabilities and equity	$1,620,797	$1,680,703

See notes to condensed consolidated financial statements

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JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In Thousands, Except Share and Per Share Data)
(Unaudited)

	Three Months Ended September 30, 2014 As Restated, See Note 11	2013 As Restated, See Note 11
REVENUE		
License	$503	$762
Support and service	288,216	262,630
Hardware	12,755	14,338
Total revenue	301,474	277,730
COST OF SALES		
Cost of license	409	344
Cost of support and service	165,090	149,156
Cost of hardware	9,385	10,941
Total cost of sales	174,884	160,441
GROSS PROFIT	126,590	117,289
OPERATING EXPENSES		
Selling and marketing	21,663	20,738
Research and development	16,791	15,673
General and administrative	16,510	14,250
Total operating expenses	54,964	50,661
OPERATING INCOME	71,626	66,628
INTEREST INCOME (EXPENSE)		
Interest income	57	131
Interest expense	(266)	(280)
Total interest income (expense)	(209)	(149)
INCOME BEFORE INCOME TAXES	71,417	66,479
PROVISION FOR INCOME TAXES	25,329	23,258
NET INCOME	$46,088	$43,221
Diluted earnings per share	$0.56	$0.50
Diluted weighted average shares outstanding	82,589	85,854
Basic earnings per share	$0.56	$0.51
Basic weighted average shares outstanding	82,195	85,294

See notes to condensed consolidated financial statements

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JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

	Three Months Ended September 30,	
	2014 As Restated, See Note 11	2013 As Restated, See Note 11
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$46,088	$43,221
Adjustments to reconcile net income from operations to net cash from operating activities:		
Depreciation	13,631	12,963
Amortization	15,817	12,893
Change in deferred income taxes	(2,682)	(2,287)
Excess tax benefits from stock-based compensation	(3,801)	(2,947)
Expense for stock-based compensation	2,068	1,922
(Gain)/loss on disposal of assets	(56)	(30)
Changes in operating assets and liabilities:		
Change in receivables	64,931	78,489
Change in prepaid expenses, deferred costs and other	(26,225)	(19,806)
Change in accounts payable	(2,200)	2,213
Change in accrued expenses	(4,680)	(16,238)
Change in income taxes	24,329	21,531
Change in deferred revenues	(34,072)	(34,234)
Net cash from operating activities	93,148	97,690
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(21,485)	(7,351)
Proceeds from sale of assets	58	2,702
Internal use software	(3,455)	(3,183)
Computer software developed	(17,999)	(14,076)
Net cash from investing activities	(42,881)	(21,908)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments on credit facilities	(170)	(2,798)
Purchase of treasury stock	(60,544)	—
Dividends paid	(18,042)	(17,054)
Excess tax benefits from stock-based compensation	3,801	2,947
Proceeds from issuance of common stock upon exercise of stock options	161	111
Minimum tax withholding payments related to share based compensation	(7,602)	(6,176)
Proceeds from sale of common stock, net	1,154	1,070
Net cash from financing activities	(81,242)	(21,900)
NET CHANGE IN CASH AND CASH EQUIVALENTS	$(30,975)	$53,882
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	$70,377	$127,905
CASH AND CASH EQUIVALENTS, END OF PERIOD	$39,402	$181,787

See notes to condensed consolidated financial statements

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JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands, Except Per Share Amounts)
(Unaudited)

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
DESCRIPTION OF THE COMPANY
Jack Henry & Associates, Inc. and subsidiaries ("JHA" or the "Company") is a provider of integrated computer systems and services that has developed and acquired a number of banking and credit union software systems. The Company's revenues are predominately earned by marketing those systems to financial institutions nationwide together with computer equipment (hardware), by providing the conversion and software implementation services for financial institutions to utilize JHA software systems, and by providing other related services. JHA also provides continuing support and services to customers using in-house or outsourced systems.
CONSOLIDATION
The consolidated financial statements include the accounts of JHA and all of its subsidiaries, which are wholly-owned, and all intercompany accounts and transactions have been eliminated.
COMPREHENSIVE INCOME
Comprehensive income for the three months ended September 30, 2014 and 2013 equals the Company's net income.
COMMON STOCK
The Board of Directors has authorized the Company to repurchase shares of its common stock. Under this authorization, the Company may finance its share repurchases with available cash reserves or short-term borrowings on its existing credit facilities. The share repurchase program does not include specific price targets or timetables and may be suspended at any time. At September 30, 2014, there were 20,843 shares in treasury stock and the Company had the remaining authority to repurchase up to 4,147 additional shares. The total cost of treasury shares at September 30, 2014 is $638,325. During the first quarter of fiscal 2015, the Company repurchased 1,049 treasury shares for $60,544. At June 30, 2014, there were 19,795 shares in treasury stock and the Company had authority to repurchase up to 5,196 additional shares.
Dividends declared per share were $0.22 and $0.20 for the three months ended September 30, 2014 and 2013, respectively.
INTERIM FINANCIAL STATEMENTS
The accompanying condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q of the Securities and Exchange Commission and in accordance with accounting principles generally accepted in the United States of America applicable to interim condensed consolidated financial statements, and do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete consolidated financial statements. The condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes, which are included in its Annual Report on Form 10-K/A ("Form 10-K/A") for the fiscal year ended June 30, 2014. The accounting policies followed by the Company are set forth in Note 1 to the Company's consolidated financial statements included in its Form 10-K/A for the fiscal year ended June 30, 2014.
In the opinion of the management of the Company, the accompanying unaudited condensed consolidated financial statements reflect all adjustments necessary (consisting of normal recurring adjustments) to present fairly the financial position of the Company as of September 30, 2014, the results of its operations for the three months ended September 30, 2014 and 2013, and its cash flows for the three months ended September 30, 2014 and 2013.
The results of operations for the period ended September 30, 2014 are not necessarily indicative of the results to be expected for the entire year.
LITIGATION
We are subject to various routine legal proceedings and claims, including the following:
In May 2013 a patent infringement lawsuit entitled DataTreasury Corporation v. Jack Henry & Associates, Inc. et. al. was filed against the Company, several subsidiaries and a number of customer financial institutions in the US District

Court for the Eastern District of Texas. The complaint seeks damages, interest, injunctive relief, and attorneys' fees for the alleged infringement of two patents, as well as trebling of damage awards for alleged willful infringement. We

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believe we have strong defenses and intend to defend the lawsuit vigorously. At this stage, we cannot make a reasonable estimate of possible loss or range of loss, if any, arising from this lawsuit.

NOTE 2. FAIR VALUE OF FINANCIAL INSTRUMENTS

For cash equivalents, amounts receivable or payable and short-term borrowings, fair values approximate carrying value, based on the short-term nature of the assets and liabilities. The fair value of long term debt also approximates carrying value as estimated using discounted cash flows based on the Company's current incremental borrowing rates or quoted prices in active markets.

The Company's estimates of the fair value for financial assets and financial liabilities are based on the framework established in the fair value accounting guidance. The framework is based on the inputs used in valuation, gives the highest priority to quoted prices in active markets, and requires that observable inputs be used in the valuations when available. The three levels of the hierarchy are as follows:

Level 1: inputs to the valuation are quoted prices in an active market for identical assets

Level 2: inputs to the valuation include quoted prices for similar assets in active markets that are observable either directly or indirectly

Level 3: valuation is based on significant inputs that are unobservable in the market and the Company's own estimates of assumptions that we believe market participants would use in pricing the asset

Fair value of financial assets, included in cash and cash equivalents, is as follows:

	Estimated Fair Value Measurements			Total Fair
	Level 1	Level 2	Level 3	Value
September 30, 2014				
Financial Assets:				
Money market funds	$2,915	$—	$—	$2,915
June 30, 2014				
Financial Assets:				
Money market funds	$28,877	$—	$—	$28,877

NOTE 3. RECENT ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers in May 2014. The new standard will supersede much of the existing authoritative literature for revenue recognition. The standard and related amendments will be effective for the Company for its annual reporting period beginning July 1, 2017, including interim periods within that reporting period. Early application is not permitted. Entities are allowed to transition to the new standard by either recasting prior periods or recognizing the cumulative effect. The Company is currently evaluating the newly issued guidance, including which transition approach will be applied and the estimated impact it will have on our consolidated financial statements.

NOTE 4. DEBT

The Company's outstanding long and short term debt is as follows:

	September 30, 2014	June 30, 2014
LONG TERM DEBT		
Capital leases	$6,365	$7,757
	6,365	7,757
Less current maturities	5,324	4,028
Debt, net of current maturities	$1,041	$3,729

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SHORT TERM DEBT		
Capital leases	$4,640	$1,379
Current maturities of long-term debt	5,324	4,028
Notes payable and current maturities of long term debt	$9,964	$5,407

Capital leases

The Company has entered into various capital lease obligations for the use of certain computer equipment. Long term capital lease obligations were entered into of which $6,365 remains outstanding at September 30, 2014 and $5,324 will be maturing within the next twelve months. The Company also has short term capital lease obligations totaling $4,640 at September 30, 2014.

Other lines of credit

The long term revolving credit facility allows for borrowings of up to $150,000, which may be increased by the Company at any time until maturity to $250,000. The credit facility bears interest at a variable rate equal to (a) a rate based on LIBOR or (b) an alternate base rate (the greater of (a) the Federal Funds Rate plus 0.5%, (b) the Prime Rate or (c) LIBOR plus 1.0%), plus an applicable percentage in each case determined by the Company's leverage ratio. The credit facility is secured by pledges of capital stock of certain subsidiaries of the Company and also guaranteed by certain subsidiaries of the Company. The credit facility is subject to various financial covenants that require the Company to maintain certain financial ratios as defined in the agreement. As of September 30, 2014, the Company was in compliance with all such covenants. The revolving loan terminates June 4, 2015 and at September 30, 2014, there was no outstanding revolving loan balance.

The Company renewed an unsecured bank credit line on March 3, 2014 which provides for funding of up to $5,000 and bears interest at the prime rate less 1%. The credit line was renewed through April 30, 2017. At September 30, 2014, no amount was outstanding.

Interest

The Company paid interest of $285 and $299 during the three months ended September 30, 2014 and 2013, respectively.

Property and Equipment

Property and equipment included $1,605 and $5,337 in accrued liabilities or acquired via capital lease at September 30, 2014 and 2013, respectively. These amounts were excluded from capital expenditures on the statement of cash flows.

NOTE 5. INCOME TAXES

The effective tax rate of 35.5% of income before income taxes for the quarter ended September 30, 2014 is higher than 35.0% for the same quarter in fiscal 2014 primarily due to the effect of the Research and Experimentation Credit (“R&E Credit”) which expired December 31, 2013.

The Company paid income taxes of $3,681 and $4,015 in the three months ended September 30, 2014 and 2013, respectively.

At September 30, 2014, the Company had $8,235 of gross unrecognized tax benefits, $5,627 of which, if recognized, would affect our effective tax rate. We had accrued interest and penalties of $1,433 and $682 related to uncertain tax positions at September 30, 2014 and 2013, respectively.

The U.S. federal and state income tax returns for June 30, 2011 and all subsequent years remain subject to examination as of September 30, 2014 under statute of limitations rules. We anticipate potential changes could reduce the unrecognized tax benefits balance by $1,700 - $2,300 within twelve months of September 30, 2014.

NOTE 6. STOCK-BASED COMPENSATION

Our pre-tax operating income for the three months ended September 30, 2014 and 2013, includes $2,068 and $1,922 of equity-based compensation costs, respectively.

2005 NSOP and 1996 SOP

The Company previously issued options to employees under the 1996 Stock Option Plan (“1996 SOP”) and to outside directors under the 2005 Non-Qualified Stock Option Plan (“2005 NSOP”). No stock options were issued under the

1996 SOP or the 2005 NSOP during the three months ended September 30, 2014.

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A summary of option plan activity under the plan is as follows:

	Number of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding July 1, 2014	125	22.29	
Granted	—	—	
Forfeited	—	—	
Exercised	(9)	19.04	
Outstanding September 30, 2014	116	$22.54	$3,842
Vested September 30, 2014	116	$22.54	$3,842
Exercisable September 30, 2014	116	$22.54	$3,842

Compensation cost related to outstanding options has been fully recognized. The weighted average remaining contractual term on options currently exercisable as of September 30, 2014 was 3.48 years.

Restricted Stock Plan

The Company issues both share awards and unit awards under the Restricted Stock Plan. The following table summarizes non-vested share awards as of September 30, 2014, as well as activity for the three months then ended:

Share awards	Shares	Weighted Average Grant Date Fair Value
Outstanding July 1, 2014	138	33.56
Granted	9	56.06
Vested	(32)	26.18
Forfeited	(7)	46.39
Outstanding September 30, 2014	108	$36.79

At September 30, 2014, there was $1,496 of compensation expense that has yet to be recognized related to non-vested restricted stock share awards, which will be recognized over a weighted-average period of 1.18 years.

The following table summarizes non-vested unit awards as of September 30, 2014, as well as activity for the three months then ended:

Unit awards	Shares	Weighted Average Grant Date Fair Value
Outstanding July 1, 2014	709	31.66
Granted	164	53.04
Vested	(277)	19.69
Forfeited	(101)	19.69
Outstanding September 30, 2014	495	47.83

The weighted average assumptions used in this model to estimate fair value at the measurement date and resulting values are as follows:

Volatility	17.8	%
Risk free interest rate	1.06	%
Dividend yield	1.5	%
Stock Beta	0.765	

At September 30, 2014, there was $15,369 of compensation expense that has yet to be recognized related to non-vested restricted stock unit awards, which will be recognized over a weighted-average period of 1.94 years.

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NOTE 7. EARNINGS PER SHARE

The following table reflects the reconciliation between basic and diluted earnings per share:

	Three Months Ended September 30,	
	2014	2013
Net Income	$46,088	$43,221
Common share information:		
Weighted average shares outstanding for basic earnings per share	82,195	85,294
Dilutive effect of stock options and restricted stock	394	560
Weighted average shares outstanding for diluted earnings per share	82,589	85,854
Basic earnings per share	$0.56	$0.51
Diluted earnings per share	$0.56	$0.50

Per share information is based on the weighted average number of common shares outstanding for each of the fiscal years. Stock options and restricted stock have been included in the calculation of earnings per share to the extent they are dilutive. There were 78 anti-dilutive restricted shares excluded for the three months ended September 30, 2014 (18 restricted shares were excluded for the three months ended September 30, 2013).

NOTE 8. BUSINESS ACQUISITION

Banno, LLC

Effective March 1, 2014, the Company acquired all of the equity interests of Banno, an Iowa-based company that provides Web hosting, mobile banking, and transaction marketing services with a focus on the mobile medium, for $27,910 paid in cash. This acquisition was funded using existing operating cash. The acquisition of Banno expanded the Company’s presence in online and mobile technologies within the industry.

Management has completed a preliminary purchase price allocation of Banno and its assessment of the fair value of acquired assets and liabilities assumed. The recognized amounts of identifiable assets acquired and liabilities assumed, based upon their preliminary fair values as of March 1, 2014 are set forth below:

Current assets	$610
Long-term assets	87
Identifiable intangible assets	9,255
Total liabilities assumed	(1,512)
Total identifiable net assets	8,440
Goodwill	19,470
Net assets acquired	$27,910

The amounts shown above may change in the near term as management continues to assess the fair value of acquired assets and liabilities and evaluate the income tax implications of this business combination.

The goodwill of $19,470 arising from this acquisition consists largely of the growth potential, synergies and economies of scale expected from combining the operations of the Company with those of Banno, together with the value of Banno’s assembled workforce. Goodwill from this acquisition has been allocated to our Banking Systems and Services segment. Approximately 95% of the goodwill is expected to be deductible for income tax purposes.

Identifiable intangible assets from this acquisition consists of customer relationships of $3,946, $3,546 of computer software and other intangible assets of $1,763. The weighted average amortization period for acquired customer relationships, acquired computer software, and other intangible assets is 15 years, 8 years, and 20 years, respectively.

Current assets is inclusive of cash acquired of $16. The fair value of current assets acquired included accounts receivable of $476. The gross amount receivable is $501, of which $25 is expected to be uncollectible.

The accompanying consolidated statements of income for the three months ended September 30, 2013 do not include any revenues and expenses related to this acquisition. The impact of this acquisition was considered immaterial to both the current and prior periods of our consolidated financial statements and pro forma financial information has not been provided.

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NOTE 9. REPORTABLE SEGMENT INFORMATION

The Company is a provider of integrated computer systems that perform data processing (available for in-house installations or outsourced services) for banks and credit unions. The Company's operations are classified into two reportable segments: bank systems and services ("Bank") and credit union systems and services ("Credit Union"). The Company evaluates the performance of its segments and allocates resources to them based on various factors, including prospects for growth, return on investment, and return on revenue.

	Three Months Ended September 30, 2014			Three Months Ended September 30, 2013		
	Bank	Credit Union	Total	Bank	Credit Union	Total
REVENUE						
License	$441	$62	$503	$533	$229	$762
Support and service	221,216	67,000	288,216	200,435	62,195	262,630
Hardware	9,745	3,010	12,755	10,585	3,753	14,338
Total revenue	231,402	70,072	301,474	211,553	66,177	277,730
COST OF SALES						
Cost of license	366	43	409	163	181	344
Cost of support and service	128,887	36,203	165,090	115,690	33,466	149,156
Cost of hardware	7,171	2,214				