

Willdan Group, Inc.
Form 10-Q
May 06, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended April 1, 2016

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 001-33076

WILLDAN GROUP, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

14-195112

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(State or other Jurisdiction of
Incorporation or Organization)

(IRS Employer Identification No.)

2401 East Katella Avenue, Suite 300
Anaheim, California

92806

(Address of principal executive offices) (Zip code)

Registrant's Telephone Number, Including Area Code: (800) 424-9144

Not Applicable

(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

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 (§ 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 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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

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 No

As of May 5, 2016, there were 8,199,494 shares of common stock, \$0.01 par value per share, of Willdan Group, Inc. issued and outstanding.

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WILLDAN GROUP, INC.

FORM 10-Q QUARTERLY REPORT

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

WILLDAN GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

	April 1, 2016	January 1, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,839,000	\$ 16,487,000
Accounts receivable, net of allowance for doubtful accounts of \$786,000 and \$760,000 at April 1, 2016 and January 1, 2016, respectively	34,250,000	17,929,000
Costs and estimated earnings in excess of billings on uncompleted contracts	17,162,000	13,840,000
Other receivables	1,080,000	177,000
Prepaid expenses and other current assets	2,318,000	2,082,000
Total current assets	59,649,000	50,515,000
Equipment and leasehold improvements, net	3,816,000	3,684,000
Goodwill	25,088,000	16,097,000
Other intangible assets, net	4,301,000	1,545,000
Other assets	528,000	504,000
Total assets	\$ 93,382,000	\$ 72,345,000
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 16,553,000	\$ 5,561,000
Accrued liabilities	9,858,000	10,334,000
Contingent consideration payable	1,420,000	1,420,000
Billings in excess of costs and estimated earnings on uncompleted contracts	8,628,000	6,218,000
Notes payable	5,878,000	4,039,000
Capital lease obligations	419,000	444,000
Total current liabilities	42,756,000	28,016,000
Contingent consideration payable	4,277,000	4,305,000
Notes payable	2,876,000	1,085,000
Capital lease obligations, less current portion	210,000	255,000
Deferred lease obligations	769,000	737,000
Deferred income taxes, net	1,203,000	331,000
Total liabilities	52,091,000	34,729,000

Commitments and contingencies

Stockholders' equity:

Preferred stock, \$0.01 par value, 10,000,000 shares authorized, no shares issued and outstanding	—	—
Common stock, \$0.01 par value, 40,000,000 shares authorized; 8,194,000 and 7,904,000 shares issued and outstanding at April 1, 2016 and January 1, 2016, respectively	81,000	79,000
Additional paid-in capital	40,972,000	38,377,000
Retained earnings (accumulated deficit)	238,000	(840,000)
Total stockholders' equity	41,291,000	37,616,000
Total liabilities and stockholders' equity	\$ 93,382,000	\$ 72,345,000

See accompanying notes to condensed consolidated financial statements.

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WILLDAN GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended	
	April 1, 2016	April 3, 2015
Contract revenue	\$ 33,915,000	\$ 33,297,000
Direct costs of contract revenue (exclusive of depreciation and amortization shown separately below):		
Salaries and wages	8,534,000	7,985,000
Subcontractor services and other direct costs	11,733,000	11,821,000
Total direct costs of contract revenue	20,267,000	19,806,000
General and administrative expenses:		
Salaries and wages, payroll taxes and employee benefits	6,761,000	6,641,000
Facilities and facility related	1,110,000	1,048,000
Stock-based compensation	207,000	124,000
Depreciation and amortization	610,000	429,000
Other	3,122,000	2,620,000
Total general and administrative expenses	11,810,000	10,862,000
Income from operations	1,838,000	2,629,000
Other (expense) income:		
Interest income	—	1,000
Interest expense	(50,000)	(51,000)
Other, net	1,000	54,000
Total other (expense) income, net	(49,000)	4,000
Income before income taxes	1,789,000	2,633,000
Income tax expense	711,000	1,138,000
Net income	\$ 1,078,000	\$ 1,495,000
Earnings per share:		
Basic	\$ 0.13	\$ 0.19
Diluted	\$ 0.13	\$ 0.18
Weighted-average shares outstanding:		
Basic	7,996,000	7,765,000
Diluted	8,244,000	8,103,000

See accompanying notes to condensed consolidated financial statements.

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WILLDAN GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

(Unaudited)

	Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Total
	Shares	Amount	Capital		
Balance at January 1, 2016	7,904,000	79,000	38,377,000	(840,000)	37,616,000
Shares of common stock issued in connection with employee stock purchase plan	14,000	—	113,000	—	113,000
Shares of common stock issued in connection with employee stock option exercise	20,000	—	47,000	—	47,000
Stock issued to acquire business	256,000	2,000	2,228,000	—	2,230,000
Stock-based compensation	—	—	207,000	—	207,000
Net income	—	—	—	1,078,000	1,078,000
Balance at April 1, 2016	8,194,000	\$ 81,000	\$ 40,972,000	\$ 238,000	\$ 41,291,000

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WILLDAN GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months Ended	
	April 1, 2016	April 3, 2015
Cash flows from operating activities:		
Net income	\$ 1,078,000	\$ 1,495,000
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	610,000	429,000
Deferred income taxes	269,000	476,000
(Gain) on sale of equipment	—	(5,000)
Provision for doubtful accounts	31,000	226,000
Stock-based compensation	207,000	124,000
Accretion of contingent consideration	(28,000)	—
Changes in operating assets and liabilities, net of effects from business acquisitions:		
Accounts receivable	(2,259,000)	(3,052,000)
Costs and estimated earnings in excess of billings on uncompleted contracts	(2,231,000)	(2,870,000)
Other receivables	(20,000)	(4,000)
Prepaid expenses and other current assets	(236,000)	(46,000)
Other assets	10,000	(372,000)
Accounts payable	(636,000)	1,523,000
Accrued liabilities	(864,000)	(1,358,000)
Billings in excess of costs and estimated earnings on uncompleted contracts	2,410,000	1,063,000
Deferred lease obligations	32,000	63,000
Net cash used in operating activities	(1,627,000)	(2,308,000)