

Edgar Filing: FORRESTER RESEARCH, INC. - Form 10-Q

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

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. (Check one):

Large accelerated filer 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

As of May 4, 2016 17,827,000 shares of the registrant's common stock were outstanding.



FORRESTER RESEARCH, INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FORRESTER RESEARCH, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except per share data, unaudited)

	March 31, 2016	December 31, 2015
ASSETS		
Current Assets:		
Cash and cash equivalents	\$78,654	\$53,331
Marketable investments (Note 3)	41,356	47,775
Accounts receivable, net	49,351	67,355
Deferred commissions	13,316	13,529
Prepaid expenses and other current assets	18,713	15,737
Total current assets	201,390	197,727
Property and equipment, net	26,946	27,569
Goodwill	74,992	74,071
Intangible assets, net	2,165	2,334
Other assets	17,426	17,290
Total assets	\$322,919	\$318,991
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$1,289	\$525
Accrued expenses and other current liabilities	27,371	41,252
Deferred revenue	154,805	140,676
Total current liabilities	183,465	182,453
Non-current liabilities	9,254	9,236
Total liabilities	192,719	191,689
Stockholders' Equity (Note 7):		
Preferred stock, \$0.01 par value		
Authorized - 500 shares; issued and outstanding - none	—	—
Common stock, \$0.01 par value		
Authorized - 125,000 shares		
Issued - 21,112 and 21,063 shares as of March 31, 2016 and December 31, 2015, respectively		
Outstanding - 17,801 and 17,752 shares as of March 31, 2016 and December 31, 2015, respectively	211	211
Additional paid-in capital	138,180	134,967

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Retained earnings	115,222	117,135
Treasury stock - 3,311 shares as of March 31, 2016 and December 31, 2015, at cost	(120,185)	(120,185)
Accumulated other comprehensive loss	(3,228)	(4,826)
Total stockholders' equity	130,200	127,302
Total liabilities and stockholders' equity	\$322,919	\$318,991

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

FORRESTER RESEARCH, INC.

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(In thousands, except per share data, unaudited)

	Three Months Ended March 31,	
	2016	2015
Revenues:		
Research services	\$53,248	\$51,858
Advisory services and events	24,153	23,329
Total revenues	77,401	75,187
Operating expenses:		
Cost of services and fulfillment	31,123	30,761
Selling and marketing	30,404	29,631
General and administrative	9,973	9,758
Depreciation	1,965	2,107
Amortization of intangible assets	209	221
Reorganization costs	1,015	3,424
Total operating expenses	74,689	75,902
Income (loss) from operations	2,712	(715)
Other income (expense), net	(328)	282
Losses on investments, net	-	(19)
Income (loss) before income taxes	2,384	(452)
Income tax provision (benefit)	1,095	(228)
Net income (loss)	\$1,289	\$(224)
Basic income (loss) per common share	\$0.07	\$(0.01)
Diluted income (loss) per common share	\$0.07	\$(0.01)
Basic weighted average common shares outstanding	17,762	18,058
Diluted weighted average common shares outstanding	17,925	18,058
Cash dividends declared per common share	\$0.18	\$0.17

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

FORRESTER RESEARCH, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands, unaudited)

	Three Months Ended March 31,	
	2016	2015
Net income (loss)	\$1,289	\$(224)
Other comprehensive income (loss), net of taxes:		
Foreign currency translation	1,481	(3,000)
Net change in market value of investments	117	98
Other comprehensive income (loss)	1,598	(2,902)
Comprehensive income (loss)	\$2,887	\$(3,126)

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

FORRESTER RESEARCH, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands, unaudited)

	Three Months Ended March 31, 2016	2015
Cash flows from operating activities:		
Net income (loss)	\$ 1,289	\$(224)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	1,965	2,107
Amortization of intangible assets	209	221
Net losses from investments	-	19
Deferred income taxes	(177)	109
Stock-based compensation	2,135	2,186
Amortization of premium on investments	107	187
Foreign currency (gains) losses	464	(166)
Changes in assets and liabilities		
Accounts receivable	18,138	16,802
Deferred commissions	213	785
Prepaid expenses and other current assets	(3,001)	(5,449)
Accounts payable	763	(13)
Accrued expenses and other liabilities	(14,150)	(7,984)

Deferred revenue	13,582		7,702
Net cash provided by operating activities	21,537		16,282
Cash flows from investing activities:			
Purchases of property and equipment	(1,144)		(948)
Purchases of marketable investments	(2,206)		(14,552)
Proceeds from sales and maturities of marketable investments	8,710		8,578
Other investing activity	(20)		204
Net cash provided by (used in) investing activities	5,340		(6,718)
Cash flows from financing activities:			
Dividends paid on common stock	(3,201)		(3,069)
Repurchases of common stock	-		

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and on August 13, 2014 the underwriters partially exercised their overallotment option, at which time we sold an additional 220,000 shares. We received net cash proceeds of \$35.5 million from the IPO, including the subsequent partial overallotment exercise, net of underwriting discounts and commissions and expenses paid by us. None of the expenses associated with the IPO were paid to directors, officers, persons owning 10% or more of any class of our equity securities, or to their associates, or to our affiliates. Piper Jaffray and Leerink Partners acted as joint book-running managers and Raymond James and Mizuho Securities acted as co-managers for the offering.

We hold the proceeds received from our initial public offering as cash, cash equivalents and marketable securities and intend to continue to invest the funds in short-term marketable securities, including U.S. government, government agency and corporate debt securities. There has been no material change in the planned use of proceeds from our initial public offering as described in our Prospectus filed with the U.S. Securities and Exchange Commission on July 18, 2014 pursuant to Rule 424(b).

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The exhibits listed in the Exhibit Index to this Quarterly Report on Form 10-Q are incorporated herein by reference.

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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 thereunto duly authorized.

CAREDX, INC.
(Registrant)

Date: November 14, 2014

By: /s/ Peter Maag
Peter Maag
President and Chief Executive
Officer
(Principal Executive Officer)

By: /s/ Kenneth E. Ludlum
Chief Financial Officer
(Principal Accounting and
Financial Officer)

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Exhibit	
Number	Exhibit Description
10.14.1*	Settlement Agreement and Mutual Release dated September 11, 2014 between CareDx, Inc. and Roche Molecular Systems, Inc.
31.1	Certification of Periodic Report by Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Periodic Report by Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Confidential treatment has been requested for portions of this exhibit. These portions have been omitted and filed separately with the Securities and Exchange Commission.