

ICF International, Inc.
Form 10-Q
August 03, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(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, 2011

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: 001-33045

ICF International, Inc.

(Exact name of Registrant as Specified in its Charter)

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Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

22-3661438
(I.R.S. Employer
Identification No.)

9300 Lee Highway, Fairfax, VA
(Address of Principal Executive Offices)

22031
(Zip Code)

Registrant's telephone number, including area code: (703) 934-3000

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 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 July 31, 2011, there were 19,760,294 shares outstanding of the registrant's common stock.

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PERIOD ENDED JUNE 30, 2011
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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****ICF International, Inc. and Subsidiaries****CONSOLIDATED BALANCE SHEETS**

(in thousands, except share amounts)

	June 30, 2011 <i>(Unaudited)</i>	December 31, 2010
Current Assets:		
Cash	\$ 2,677	\$ 3,301
Contract receivables, net	184,409	176,963
Prepaid expenses and other	9,395	6,995
Income tax receivable	2,761	1,628
Deferred income taxes	4,564	4,973
Total current assets	203,806	193,860
Total property and equipment, net	17,247	18,887
Other assets:		
Goodwill	325,835	323,467
Other intangible assets, net	22,685	26,148
Restricted cash	1,735	3,179
Other assets	7,520	7,278
Total Assets	\$ 578,828	\$ 572,819
Current Liabilities:		
Accounts payable	\$ 33,255	\$ 29,866
Accrued salaries and benefits	42,911	40,750
Accrued expenses	24,772	25,522
Deferred revenue	20,596	20,034
Total current liabilities	121,534	116,172
Long-term liabilities:		
Long-term debt	63,414	85,000
Deferred rent	6,312	5,142
Deferred income taxes	9,560	10,068
Other	5,250	3,704
Total Liabilities	206,070	220,086
Commitments and Contingencies		
Stockholders' Equity:		
Preferred stock, par value \$.001 per share; 5,000,000 shares authorized; none issued		
Common stock, \$.001 par value; 70,000,000 shares authorized; 19,854,975 and 19,618,659 issued; and 19,758,966 and 19,567,571 outstanding as of June 30, 2011, and December 31, 2010, respectively	20	20
Additional paid-in capital	225,058	220,891

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Retained earnings	150,326	133,637
Treasury stock	(2,322)	(1,291)
Accumulated other comprehensive loss	(324)	(524)
Total Stockholders' Equity	372,758	352,733
Total Liabilities and Stockholders' Equity	\$ 578,828	\$ 572,819

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

Table of Contents**ICF International, Inc. and Subsidiaries****CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)**

(in thousands, except per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Gross Revenue	\$ 213,395	\$ 199,647	\$ 408,137	\$ 374,085
Direct Costs	133,522	125,131	251,743	232,690
Operating costs and expenses:				
Indirect and selling expenses	59,270	56,130	117,196	107,160
Depreciation and amortization	2,778	2,643	5,539	5,311
Amortization of intangible assets	2,321	3,082	4,736	6,163
Total operating costs and expenses	64,369	61,855	127,471	118,634
Operating income	15,504	12,661	28,923	22,761
Interest expense	(564)	(917)	(1,193)	(1,880)
Other income	2	79	89	98
Income before income taxes	14,942	11,823	27,819	20,979
Provision for income taxes	5,979	4,622	11,130	8,358
Net income	\$ 8,963	\$ 7,201	\$ 16,689	\$ 12,621
Earnings per Share:				
Basic	\$ 0.46	\$ 0.37	\$ 0.85	\$ 0.65
Diluted	\$ 0.45	\$ 0.37	\$ 0.84	\$ 0.65
Weighted-average Shares:				
Basic	19,688	19,351	19,634	19,317
Diluted	19,847	19,568	19,849	19,537

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

Table of Contents**ICF International, Inc. and Subsidiaries****CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

(in thousands)

	Six months ended June 30,	
	2011	2010
Cash flows from operating activities		
Net income	\$ 16,689	\$ 12,621
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income taxes	(157)	(2,220)
(Gain) loss on disposal of fixed assets	(58)	19
Non-cash equity compensation	2,972	3,888
Depreciation and amortization	10,275	11,474
Deferred rent	1,251	381
Changes in operating assets and liabilities, net of the effect of acquisitions:		
Contract receivables, net	(5,778)	9,579
Prepaid expenses and other assets	(2,987)	(2,114)
Accounts payable	2,878	(3,822)
Accrued salaries and benefits	1,850	2,213
Accrued expenses	37	887
Deferred revenue	561	(5,301)
Income tax receivable and payable	(1,140)	5,235
Restricted cash	1,444	(1,027)
Other liabilities	1,545	(646)
Net cash provided by operating activities	29,382	31,167
Cash flows from investing activities		
Capital expenditures	(4,234)	(3,077)
Capitalized software development costs	(28)	(201)
Payments for business acquisitions, net of cash received	(4,523)	
Net cash used in investing activities	(8,785)	(3,278)
Cash flows from financing activities		
Advances from working capital facilities	81,841	13,051
Payments on working capital facilities	(103,427)	(38,051)
Debt issue costs		(21)
Proceeds from exercise of options	219	489
Tax benefits of stock option exercises and award vesting	911	606
Net payments for stockholder issuances and buybacks	(965)	(572)
Net cash used in financing activities	(21,421)	(24,498)
Effect of exchange rate on cash	200	