

BARRETT BUSINESS SERVICES INC

Form 10-Q

November 09, 2009

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended September 30, 2009

Commission File No. 0-21886

BARRETT BUSINESS SERVICES, INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of

52-0812977
(IRS Employer

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incorporation or organization)

Identification No.)

8100 NE Parkway Drive, Suite 200

Vancouver, Washington
(Address of principal executive offices)

98662
(Zip Code)

(360) 828-0700

(Registrant's telephone number, including area code)

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 Website, 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 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 (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer Accelerated filer
Non-accelerated filer 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

Number of shares of common stock, \$.01 par value, outstanding at October 30, 2009 was 10,488,202 shares.

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Part I - Financial Information

Item 1. Financial Statements

BARRETT BUSINESS SERVICES, INC.

Consolidated Balance Sheets

(Unaudited)

(In thousands, except per share amounts)

	September 30, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 38,505	\$ 42,214
Marketable securities	8,919	17,968
Trade accounts receivable, net	46,194	34,389
Income taxes receivable	4,455	
Prepaid expenses and other	1,365	1,440
Deferred income taxes	2,963	2,373
Workers' compensation receivables for insured claims	225	225
Total current assets	102,626	98,609
Marketable securities	6,389	427
Goodwill, net	47,338	47,338
Property, equipment and software, net	15,014	15,503
Restricted marketable securities and workers' compensation deposits	3,454	2,701
Other assets	1,650	1,645
Workers' compensation receivables for insured losses and recoveries	3,552	3,837
	\$ 180,023	\$ 170,060
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 648	\$ 881
Accrued payroll, payroll taxes and related benefits	42,134	32,296
Other accrued liabilities	557	902
Workers' compensation claims liabilities	9,872	7,186
Workers' compensation claims liabilities for insured claims	225	225
Safety incentives liability	4,588	4,626
Total current liabilities	58,024	46,116
Customer deposits	614	706
Long-term workers' compensation claims liabilities	15,377	5,235
Long-term workers' compensation claims liabilities for insured claims	2,350	2,438
Deferred income taxes	3,911	4,394
Deferred gain on sale and leaseback	457	549
Commitments and contingencies		

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Stockholders' equity:

Preferred stock, \$.01 par value; 500,000 shares authorized; no shares issued and outstanding		
Common stock, \$.01 par value; 20,500 shares authorized, 10,526 and 10,583 shares issued and outstanding	105	106
Additional paid-in capital	28,970	30,959
Other comprehensive income	161	25
Retained earnings	70,054	79,532
	99,290	110,622
	\$ 180,023	\$ 170,060

The accompanying notes are an integral part of these financial statements

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BARRETT BUSINESS SERVICES, INC.

Consolidated Statements of Operations

(Unaudited)

(In thousands, except per share amounts)

	Three Months Ended September 30,	
	2009	2008
Revenues:		
Staffing services	\$ 33,180	\$ 44,468
Professional employer service fees	32,314	32,993
Total revenues	65,494	77,461
Cost of revenues:		
Direct payroll costs	25,095	32,941
Payroll taxes and benefits	20,399	21,201
Workers compensation	7,859	8,410
Total cost of revenues	53,353	62,552
Gross margin	12,141	14,909
Selling, general and administrative expenses	8,416	10,007
Depreciation and amortization	422	385
Income from operations	3,303	4,517
Loss on impairment of investments		(3,483)
Other income:		
Investment income, net	305	470
Other	660	(5)
Other income	965	465
Income before income taxes	4,268	1,499
Provision for income taxes	1,323	849
Net income	\$ 2,945	\$ 650
Basic earnings per share	\$.28	\$.06
Weighted average number of basic shares outstanding	10,475	10,781
Diluted earnings per share	\$.28	\$.06
Weighted average number of diluted shares outstanding	10,559	10,997

The accompanying notes are an integral part of these financial statements

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BARRETT BUSINESS SERVICES, INC.

Consolidated Statements of Operations

(Unaudited)

(In thousands, except per share amounts)

	Nine Months Ended September 30,	
	2009	2008
Revenues:		
Staffing services	\$ 85,224	\$ 120,891
Professional employer service fees	88,607	94,947
Total revenues	173,831	215,838
Cost of revenues:		
Direct payroll costs	64,291	89,267
Payroll taxes and benefits	62,460	66,367
Workers compensation	33,473	22,679
Total cost of revenues	160,224	178,313
Gross margin	13,607	37,525
Selling, general and administrative expenses	24,792	27,841
Depreciation and amortization	1,218	1,143
(Loss) income from operations	(12,403)	8,541
Loss on impairment of investments		(3,483)
Other income:		
Investment income, net	794	1,646
Other	579	32
Other income	1,373	1,678
(Loss) income before income taxes	(11,030)	6,736
(Benefit from) provision for income taxes	(4,069)	2,745
Net (loss) income	\$ (6,961)	\$ 3,991
Basic (loss) earnings per share	\$ (.67)	\$.36
Weighted average number of basic shares outstanding	10,442	10,935
Diluted (loss) earnings per share	\$ (.67)	\$.36
Weighted average number of diluted shares outstanding	10,442	11,214

The accompanying notes are an integral part of these financial statements

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BARRETT BUSINESS SERVICES, INC.

Consolidated Statements of Cash Flows

(Unaudited)

(In thousands)

	Nine Months Ended September 30,	
	2009	2008
Cash flows from operating activities:		
Net (loss) income	\$ (6,961)	\$ 3,991
Reconciliations of net (loss) income to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,218	1,143
(Gains) losses recognized on marketable securities	(580)	3,454
Purchase of marketable securities		(31)
Gain recognized on sale and leaseback	(92)	(92)
Deferred income taxes	(1,159)	3
Share based compensation	75	
Changes in certain assets and liabilities, net of amounts purchased in acquisitions:		
Trade accounts receivable, net	(11,805)	(11,193)
Income taxes receivable	(4,445)	
Prepaid expenses and other	75	560
Accounts payable	(233)	(309)
Accrued payroll, payroll taxes and related benefits	9,677	7,770
Income taxes payable		475
Other accrued liabilities	(345)	(145)
Workers compensation claims liabilities	13,025	3,138
Safety incentives liability	(38)	(1,016)
Customer deposits and other assets, net	(136)	(90)
Net cash (used in) provided by operating activities	(1,724)	7,658
Cash flows from investing activities:		
Cash paid for acquisitions, including other direct costs		