

ICF International, Inc.
Form 10-Q
August 03, 2016

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, 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: 001-33045

ICF International, Inc.

(Exact name of Registrant as Specified in its Charter)

Delaware

22-3661438

(State or Other Jurisdiction of Incorporation or Organization) (I.R.S. Employer Identification No.)
9300 Lee Highway, Fairfax, VA 22031
(Address of Principal Executive Offices) (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 29, 2016, there were 18,972,298 shares outstanding of the registrant's common stock.

ICF INTERNATIONAL, INC.

**QUARTERLY REPORT ON FORM 10-Q FOR THE
PERIOD ENDED JUNE 30, 2016**

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PART I. FINANCIAL INFORMATION**Item 1. Financial Statements****ICF International, Inc. and Subsidiaries****CONSOLIDATED BALANCE SHEETS**

(in thousands, except share and per share amounts)

	June 30, 2016 (Unaudited)	December 31, 2015
Current Assets:		
Cash and cash equivalents	\$ 10,848	\$ 7,747
Contract receivables, net	282,673	256,965
Prepaid expenses and other	19,109	10,032
Total current assets	312,630	274,744
Total property and equipment, net of accumulated depreciation of \$78,857 and \$71,203 as of June 30, 2016 and December 31, 2015, respectively	44,069	45,425
Other assets:		
Goodwill	685,389	687,404
Other intangible assets, net	52,464	58,899
Restricted cash	1,365	1,362
Other assets	13,428	12,456
Total Assets	\$ 1,109,345	\$ 1,080,290
Current Liabilities:		
Accounts payable	\$ 57,733	\$ 63,738
Accrued salaries and benefits	61,401	43,118
Accrued expenses and other current liabilities	42,552	43,001
Deferred revenue	32,570	30,523
Income tax payable	305	2,604
Total current liabilities	194,561	182,984
Long-term Liabilities:		
Long-term debt	317,904	311,532
Deferred rent	15,691	15,785
Deferred income taxes	34,823	33,326
Other	10,058	13,387
Total Liabilities	573,037	557,014
Commitments and Contingencies (Note 4)		
Stockholders' Equity:		

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Preferred stock, par value \$.001 per share; 5,000,000 shares authorized; none issued	—	—
Common stock, par value \$.001 per share; 70,000,000 shares authorized; 21,553,269 and 21,313,472 issued; and 18,976,925 and 19,032,054 outstanding as of June 30, 2016 and December 31, 2015, respectively	22	21
Additional paid-in capital	286,350	280,113
Retained earnings	345,780	325,306
Treasury stock	(85,410)	(74,673)
Accumulated other comprehensive loss	(10,434)	(7,491)
Total Stockholders' Equity	536,308	523,276
Total Liabilities and Stockholders' Equity	\$ 1,109,345	\$ 1,080,290

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

ICF International, Inc. and Subsidiaries**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**

(in thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30, 2016	2015	June 30, 2016	2015
Revenue	\$305,419	\$288,949	\$589,018	\$562,476
Direct Costs	194,188	178,251	371,387	342,820
Operating costs and expenses:				
Indirect and selling expenses	84,641	83,782	166,200	168,615
Depreciation and amortization	4,084	3,894	8,103	7,742
Amortization of intangible assets	3,148	4,288	6,276	8,603
Total operating costs and expenses	91,873	91,964	180,579	184,960
Operating income	19,358	18,734	37,052	34,696
Interest expense	(2,460)	(2,489)	(4,905)	(5,053)
Other (expense) income	(57)	(1,190)	218	(1,421)
Income before income taxes	16,841	15,055	32,365	28,222
Provision for income taxes	6,258	5,881	11,891	11,148
Net income	\$10,583	\$9,174	\$20,474	\$17,074
Earnings per Share:				
Basic	\$0.56	\$0.47	\$1.08	\$0.88
Diluted	\$0.55	\$0.47	\$1.06	\$0.86
Weighted-average Shares:				
Basic	19,008	19,475	19,001	19,462
Diluted	19,293	19,706	19,320	19,805
Other comprehensive (loss) income:				
Foreign currency translation adjustments, net of tax	(2,026)	1,499	(2,943)	(589)
Comprehensive income, net of tax	\$8,557	\$10,673	\$17,531	\$16,485

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

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

(in thousands)

	Six Months Ended	
	June 30, 2016	2015
Cash Flows from Operating Activities		
Net income	\$ 20,474	\$ 17,074
Adjustments to reconcile net income to net cash provided by operating activities:		
Non-cash equity compensation	5,042	5,701
Depreciation and amortization	14,379	16,345
Other adjustments, net	1,768	(736)
Changes in operating assets and liabilities, net of the effect of acquisitions:		
Contract receivables, net	(27,158)	(23,956)
Prepaid expenses and other assets	(10,650)	686
Accounts payable	(4,147)	(3,267)
Accrued salaries and benefits	18,336	(10,418)
Accrued expenses and other current liabilities	(827)	(5,942)
Deferred revenue	2,182	270
Income tax receivable and payable	(2,311)	7,870
Other liabilities	(1,351)	1,362
	15,737	4,989

**Net Cash Provided
by Operating
Activities****Cash Flows from
Investing Activities**

Capital expenditures for property and equipment and capitalized software	(7,856)	(5,782)
Payments for business acquisitions, net of cash received	—	(1,818)
Net Cash Used in Investing Activities	(7,856)	(7,600)