

Addus HomeCare Corp  
Form 10-Q  
May 08, 2015  
[Table of Contents](#)

**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 March 31, 2015

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 001-34504

**ADDUS HOMECARE CORPORATION**

(Exact name of registrant as specified in its charter)

Edgar Filing: Addus HomeCare Corp - Form 10-Q

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**20-5340172**  
(I.R.S. Employer  
Identification No.)

**2300 Warrenville Rd.**

**Downers Grove, IL**  
(Address of principal executive offices)

**60515**  
(Zip code)

**630-296-3400**  
(Registrant's telephone number, including area code)

**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 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 definition 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

**Common Stock \$0.001 par value**

**Shares outstanding at May 1, 2015: 11,089,311**



**Table of Contents**

**ADDUS HOMECARE CORPORATION**

**FORM 10-Q**

**INDEX**

**PART I. FINANCIAL INFORMATION**

<u>Item 1. Financial Statements</u>	3
<u>Condensed Consolidated Balance Sheets as of March 31, 2015 (Unaudited) and December 31, 2014</u>	3
<u>Condensed Consolidated Statements of Income (Unaudited) For the Three Months Ended March 31, 2015 and 2014</u>	4
<u>Condensed Consolidated Statements of Stockholders' Equity (Unaudited) For the Three Months Ended March 31, 2015</u>	5
<u>Condensed Consolidated Statements of Cash Flows (Unaudited) For the Three Months Ended March 31, 2015 and 2014</u>	6
<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	7
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	15
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	22
<u>Item 4. Controls and Procedures</u>	22
<b><u>PART II. OTHER INFORMATION</u></b>	23
<u>Item 1. Legal Proceedings</u>	23
<u>Item 1A. Risk Factors</u>	23
<u>Item 6. Exhibits</u>	24

**Table of Contents****PART I FINANCIAL INFORMATION****Item 1. Financial Statements****ADDUS HOMECARE CORPORATION****AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

As of March 31, 2015 and December 31, 2014

(Amounts and Shares in Thousands, Except Per Share Data)

	(Unaudited) March 31, 2015	(Audited) December 31, 2014
<b>Assets</b>		
Current assets		
Cash	\$ 7,396	\$ 13,363
Accounts receivable, net of allowances of \$3,715 and \$3,881 at March 31, 2015 and December 31, 2014, respectively	74,370	68,333
Prepaid expenses and other current assets	6,158	7,168
Deferred tax assets	8,508	8,508
<b>Total current assets</b>	<b>96,432</b>	<b>97,372</b>
Property and equipment, net of accumulated depreciation and amortization	8,075	7,695
Other assets		
Goodwill	66,088	64,220
Intangibles, net of accumulated amortization	11,540	10,347
Investments in joint ventures	900	900
Other assets	255	269
<b>Total other assets</b>	<b>78,783</b>	<b>75,736</b>
<b>Total assets</b>	<b>\$ 183,290</b>	<b>\$ 180,803</b>
<b>Liabilities and stockholders equity</b>		
Current liabilities		
Accounts payable	\$ 2,995	\$ 3,951
Current portion of capital lease obligations	993	986
Current portion of contingent earn-out obligation	1,000	1,000
Accrued expenses	38,295	37,268
<b>Total current liabilities</b>	<b>43,283</b>	<b>43,205</b>
Long-term liabilities		
Deferred tax liabilities	5,845	5,845
Capital lease obligations, less current portion	2,425	2,677

## Edgar Filing: Addus HomeCare Corp - Form 10-Q

Contingent earn-out obligation, less current portion	1,120	1,120
<b>Total long-term liabilities</b>	<b>9,390</b>	<b>9,642</b>
Total liabilities	52,673	52,847
<b>Stockholders' equity</b>		
Common stock \$ .001 par value; 40,000 authorized and 11,091 and 11,010 shares issued and outstanding as of March 31, 2015 and December 31, 2014, respectively		
	11	11
<b>Additional paid-in capital</b>	<b>85,428</b>	<b>84,929</b>
Retained earnings	45,178	43,016
<b>Total stockholders' equity</b>	<b>130,617</b>	<b>127,956</b>
Total liabilities and stockholders' equity	\$ 183,290	\$ 180,803

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)

**Table of Contents**

**ADDUS HOMECARE CORPORATION**  
**AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
**For the Three Months Ended March 31, 2015 and 2014**  
**(Amounts and Shares in Thousands, Except Per Share Data)**  
**(Unaudited)**

	<b>For the Three Months Ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
Net service revenues	\$ 81,915	\$ 71,683
Cost of service revenues	59,989	53,015
<b>Gross profit</b>	<b>21,926</b>	<b>18,668</b>
General and administrative expenses	17,153	14,403
Depreciation and amortization	1,146	495
<b>Total operating expenses</b>	<b>18,299</b>	<b>14,898</b>
<b>Operating income</b>	<b>3,627</b>	<b>3,770</b>
Interest income	(4)	(2)
Interest expense	177	156
<b>Total interest expense, net</b>	<b>173</b>	<b>154</b>
<b>Income before income taxes</b>	<b>3,454</b>	<b>3,616</b>
Income tax expense	1,292	1,262
<b>Net income</b>	<b>\$ 2,162</b>	<b>\$ 2,354</b>
Net income per common share		
Basic income per share	0.20	0.22
Diluted income per share	0.19	0.21
<b>Weighted average number of common shares and potential common shares outstanding:</b>		
Basic	10,947	10,850
Diluted	11,612	11,110

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)

**Table of Contents**

**ADDUS HOMECARE CORPORATION**  
**AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY**  
**For The Three Months Ended March 31, 2015**  
**(Amounts and Shares in Thousands)**  
**(Unaudited)**

	Common Stock Shares	Common Stock Amount	Additional Paid in Capital	Retained Earnings	Total Stockholders Equity
Balance at December 31, 2014	11,010	\$ 11	\$ 84,929	\$ 43,016	\$ 127,956
Issuance of shares of common stock under restricted stock award agreements	46				
Stock-based compensation			336		336
Shares issued	35		163		163
Net income				2,162	2,162
Balance at March 31, 2015	11,091	\$ 11	\$ 85,428	\$ 45,178	\$ 130,617

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)



**Table of Contents****ADDUS HOMECARE CORPORATION****AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****For The Three Months Ended March 31, 2015 and 2014****(Amounts and Shares in Thousands)****(Unaudited)**

	<b>For the Three Months Ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 2,162	\$ 2,354
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation and amortization	1,146	495
Stock-based compensation	336	123
Amortization of debt issuance costs	14	39
Provision for doubtful accounts	771	1,170
<b>Changes in operating assets and liabilities, net of acquisitions:</b>		
Accounts receivable	(5,905)	1,142
Prepaid expenses and other current assets	1,020	1,440
Other assets		(10)
Accounts payable	(1,176)	(918)
Accrued expenses	728	(3,165)
Net cash (used in) provided by operating activities	(904)	2,670
<b>Cash flows from investing activities:</b>		
Acquisition of business	(4,250)	
Purchases of property and equipment	(731)	(1,484)
Net cash (used in) investing activities	(4,981)	(1,484)
<b>Cash flows from financing activities:</b>		
Cash received from exercise of stock options	163	214
Payments on capital lease obligations	(245)	
Net cash provided by (used in) financing activities	(82)	214
Net change in cash	(5,967)	1,400
Cash, at beginning of period	13,363	15,565
Cash, at end of period	\$ 7,396	\$ 16,965
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid for interest	\$ 177	\$ 156
Cash paid for income taxes	21	2,116
<b>Supplemental disclosures of non-cash investing and financing activities</b>		
Tax benefit related to the amortization of tax goodwill in excess of book basis	40	