Heritage-Crystal Clean, Inc.
Form 10-Q
July 28, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
(Mark One)

x	QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended June 18, 2016
	OR
o	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 001-33987

HERITAGE-CRYSTAL CLEAN, INC.
(Exact name of registrant as specified in its charter)

Delaware	26-0351454
State or other jurisdiction of Incorporation	(I.R.S. Employer Identification No.)

2175 Point Boulevard
Suite 375
Elgin, IL 60123
(Address of principal executive offices) (Zip Code)

Registrant’s telephone number, including area code: (847) 836-5670

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 x No o

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 x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer x
Non-accelerated filer o	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No x

On July 25, 2016, there were outstanding 22,407,811 shares of Common Stock, $0.01 par value, of Heritage-Crystal Clean, Inc.

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PART I

ITEM 1. FINANCIAL STATEMENTS

Heritage-Crystal Clean, Inc.
Condensed Consolidated Balance Sheets
(In Thousands, Except Share and Par Value Amounts)

	June 18, 2016 (unaudited)	January 2, 2016
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 25,325	$ 23,608
Accounts receivable - net	43,487	41,592
Inventory - net	21,553	24,774
Other current assets	6,578	4,810
Total Current Assets	96,943	94,784
Property, plant and equipment - net	130,997	131,365
Equipment at customers - net	23,148	23,172
Software and intangible assets - net	21,539	22,202
Goodwill	31,511	30,325
Total Assets	$ 304,138	$ 301,848
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 25,116	$ 25,129
Current maturities of long-term debt	6,659	6,700
Accrued salaries, wages, and benefits	4,775	4,330
Taxes payable	7,223	6,735
Other current liabilities	5,310	3,617
Total Current Liabilities	49,083	46,511
Long term debt, less current maturities	61,426	62,778
Deferred income taxes	2,843	2,726
Total Liabilities	$ 113,352	$ 112,015
STOCKHOLDERS' EQUITY:		
Common stock - 26,000,000 shares authorized at $0.01 par value, 22,259,042 and 22,213,364 shares issued and outstanding at June 18, 2016 and January 2, 2016, respectively	$ 223	$ 222
Additional paid-in capital	183,525	182,558
Retained earnings	6,449	6,385
Total Heritage-Crystal Clean, Inc. Stockholders' Equity	190,197	189,165
Noncontrolling interest	589	668
Total Equity	$ 190,786	$ 189,833
Total Liabilities and Stockholders' Equity	$ 304,138	$ 301,848

See accompanying notes to financial statements.

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Heritage-Crystal Clean, Inc.
Condensed Consolidated Statements of Income
(In Thousands, Except per Share Amounts)
(Unaudited)

	Second Quarter Ended,		First Half Ended,	
	June 18, 2016	June 20, 2015	June 18, 2016	June 20, 2015
Revenues				
Product revenues	$24,695	$32,223	$48,399	$66,620
Service revenues	55,857	50,718	110,606	100,357
Total revenues	$80,552	$82,941	$159,005	$166,977
Operating expenses				
Operating costs	$61,711	$64,363	$125,959	$134,077
Selling, general, and administrative expenses	11,521	10,615	23,729	21,681
Depreciation and amortization	4,118	4,298	8,246	8,631
Other (income) - net	(142)	(154)	(201)	(253)
Operating income	3,344	3,819	1,272	2,841
Interest expense – net	451	408	969	962
Income before income taxes	2,893	3,411	303	1,879
Provision for income taxes	1,062	1,413	197	781
Net income	1,831	1,998	106	1,098
Income attributable to noncontrolling interest	—	28	42	69
Net income attributable to Heritage-Crystal Clean, Inc. common stockholders	$1,831	$1,970	$64	$1,029
Net income per share: basic	$0.08	$0.09	$—	$0.05
Net income per share: diluted	$0.08	$0.09	$—	$0.05
Number of weighted average shares outstanding: basic	22,246	22,138	22,236	22,129
Number of weighted average shares outstanding: diluted	22,419	22,403	22,392	22,374

See accompanying notes to financial statements.

Heritage-Crystal Clean, Inc.
Condensed Consolidated Statement of Stockholders' Equity
(In Thousands, Except Share Amounts)
(Unaudited)

	Shares	Par Value Common	Additional Paid–in Capital	Retained Earnings	Total Heritage-Crystal Clean, Inc. Stockholders' Equity	Noncontrolling Interest	Total Equity
Balance at January 2, 2016	22,213,364	$ 222	$ 182,558	$ 6,385	$ 189,165	$ 668	$ 189,833
Net income	—	—	—	64	64	42	106
Distribution	—	—	—	—	—	(121)	(121)
Issuance of common stock – ESPP	23,040	—	222	—	222	—	222
Share-based compensation	22,638	1	745	—	746	—	746
Balance at June 18, 2016	22,259,042	$ 223	$ 183,525	$ 6,449	$ 190,197	$ 589	$ 190,786

See accompanying notes to financial statements.

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Heritage-Crystal Clean, Inc.
Condensed Consolidated Statements of Cash Flows
(In Thousands)
(Unaudited)

	For the First Half Ended,	
	June 18, 2016	June 20, 2015
Cash flows from Operating Activities:		
Net income	$106	$1,098
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	8,246	8,631
Non-cash inventory impairment	1,651	4,415
Bad debt provision	361	721
Share-based compensation	746	590
Deferred taxes	117	647
Amortization of deferred gain on lease conversion	(189)	(176)
Other, net	324	6
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(1,895)	1,483
Decrease (increase) in inventory	1,598	(2,191)
(Increase) decrease in other current assets	(1,768)	6,149
Increase (decrease) increase in accounts payable	2,620	(8,237)
Increase (decrease) in accrued expenses	2,474	(3,720)
Cash provided by operating activities	$14,391	$9,416
Cash flows from Investing Activities:		
Capital expenditures	$(8,671)	$(10,158)
Business acquisitions, net of cash acquired	(2,400)	—
Cash used in investing activities	$(11,071)	$(10,158)
Cash flows from Financing Activities:		
Payments on term loan	$(1,704)	$(1,152)
Payments of notes payable	—	(158)
Payments of contingent consideration	—	(96)
Proceeds from the issuance of common stock	222	222
Distributions to noncontrolling interest	(121)	(240)
Cash used in financing activities	$(1,603)	$(1,424)
Net increase (decrease) in cash and cash equivalents	1,717	(2,166)
Cash and cash equivalents, beginning of period	23,608	21,555
Cash and cash equivalents, end of period	$25,325	$19,389
Supplemental disclosure of cash flow information:		
Income taxes paid	$242	$61
Cash paid for interest, net of capitalized interest of $ — and $304, respectively	956	724
Supplemental disclosure of non-cash information:		
Payables for construction in progress	$284	$222

See accompanying notes to financial statements.

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HERITAGE-CRYSTAL CLEAN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

June 18, 2016

(1) ORGANIZATION AND NATURE OF OPERATIONS

Heritage-Crystal Clean, Inc., a Delaware corporation and its subsidiaries (collectively the “Company”), provides parts cleaning and hazardous and non-hazardous waste services primarily to small and mid-sized customers in both the manufacturing and vehicle maintenance sectors. The Company's service programs include parts cleaning, containerized waste management, used oil collection, vacuum truck services, waste antifreeze collection and recycling, and field services. The Company also owns and operates a used oil re-refinery through which it recycles used oil into high quality base oil for lubricants as well as other re-refinery byproducts. The Company also has multiple locations where it dehydrates used oil to be sold as recycled fuel oil. The Company's locations are in the United States and Ontario, Canada. The Company conducts its primary business operations through Heritage-Crystal Clean, LLC, its wholly owned subsidiary, and all intercompany balances have been eliminated in consolidation.

The Company’s fiscal year ends on the Saturday closest to December 31. The most recent fiscal year ended on January 2, 2016. Each of the Company's first three fiscal quarters consists of twelve weeks while the last fiscal quarter consists of sixteen or seventeen weeks.

In the Company's Environmental Services segment, product revenues include sales of solvent, machines, antifreeze, and accessories; and service revenues include drum waste removal services, servicing of parts cleaning machines, vacuum truck services, field services, and other services. In the Company's Oil Business segment, product revenues include sales of re-refined base oil, byproducts, recycled fuel oil, and used oil; and service revenues include revenues from collecting used oil, collecting and recycling of oil filters and collecting and disposing of waste water. Due to the Company's integrated business model, it is impracticable to separately present costs of tangible products and costs of services.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are described in Note 2, "Summary of Significant Accounting Policies," in the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 2016. There have been no material changes in these policies or their application.

Recently Issued Accounting Pronouncements
Accounting standards not yet adopted

Standard	Issuance Date	Description	Our Effective Date	Effect on the Financial Statements
ASU 2016-09 Compensation - Stock Compensation: Improvements to Employee Share-Based Payment Accounting. (Topic 718)	March 2016	This update addresses the simplification of accounting for employee share-based payment transactions as it pertains to income taxes, the classification of awards as equity or liabilities, accounting for forfeitures, statutory tax withholding requirements, and certain classifications on the statement of cash flows. Early adoption is permitted.	January 1, 2017	The Company is currently evaluating the effect that implementation of this update will have on its consolidated financial position and results of operations.
ASU 2016-02 Leases (Topic 842)	February 2016	This update was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Early application of the amendments in this update is permitted for all entities.	January 4, 2019	The Company is currently evaluating the effect that implementation of this update will have on its consolidated financial position and results of operations.
ASU 2014-15 Presentation of Financial Statements - Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern. (Subtopic 205-40)	August 2014	This update provides guidance about management’s responsibility to evaluate whether there is substantial doubt about an entity’s ability to continue as a going concern and to provide related footnote disclosures. Early adoption is permitted.	December 31, 2016	The adoption of ASU 2014-15 is not expected to have an impact on the Company’s consolidated financial statements.
ASU 2014-09 Revenue from Contracts with Customers, and ASU 2015-14 Revenue from Contracts with Customers: Deferral of the Effective Date (Topic 606)	May 2014	The underlying principle of this update is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Entities have the option of using either a full retrospective or a modified approach to adopt the guidance. Early adoption is	December 31, 2017	This update could impact the timing and amounts of revenue recognized. The Company is currently evaluating the effect that implementation of this update will have on its consolidated financial position and results of operations upon adoption.

not permitted.

Recently issued accounting standards adopted

Standard	Issuance Date	Description	Effective Date	Effect on the Financial Statements
2015-03 Interest—Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs, and 2015-15 Interest—Imputation of Interest (Subtopic 835-30)	April 2015	These updates require debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt, and allows for the presentation of debt issuance costs as an asset regardless of whether or not there is an outstanding balance on the line-of-credit arrangement.	January 3, 2016	The adoption of ASU 2015-03 resulted in the reclassification of $1.4 million of unamortized debt issuance costs from "Other current assets" to "Term loan, less current maturities" as of January 2, 2016.

(3) BUSINESS COMBINATIONS

On March 24, 2016, the Company purchased the assets of Phoenix Environmental Services, Inc. and Pipeline Video and Cleaning North Corporation (together "Phoenix Environmental"). The purchase price for the acquisition was $2.7 million, including $0.3 million placed into escrow and including contingent consideration of up to $0.3 million based on subsequent business performance.

The Company is continuing to evaluate the purchase price allocations. Preliminary purchase price allocations are tentative and subject to revision as the Company finalizes appraisals and other analyses. Measurement period adjustments reflect new information obtained about facts and circumstances that existed as of the acquisition date. Final determination of the fair values may result in further adjustments to the values presented. The Company believes that the preliminary allocations provide a reasonable basis for estimating the fair values of assets acquired based on the information available. The Phoenix Environmental purchase price allocation is preliminary as the Company is still in the process of obtaining information to finalize the purchase price, net cash paid, and estimated fair values of the assets presented below. The Company expects to finalize the purchase price allocation no later than one year from the purchase date.

The following table summarizes the estimated fair values of the assets acquired related to the acquisition:

(Thousands)	Phoenix Environmental Services
Accounts receivable	$ 361
Inventory	27
Property, plant, & equipment	374
Equipment at customers	55
Intangible assets	710
Goodwill[a]	1,173
Total purchase price	2,700
Less: contingent consideration	(300)
Net cash paid	$ 2,400

[a]Goodwill recognized from the acquisition of Phoenix Environmental represents the excess of the fair value of the net assets acquired over the purchase price, and is based upon the Company's expectations of synergies from combining the operations of Phoenix Environmental and the Company, and the value of intangible assets that are not separately recognized, such as the assembled workforce. All of the goodwill was assigned to the Environmental

Services reporting unit. All goodwill is expected to be deductible for income tax purposes.

Unaudited Pro Forma Financial Information

The pro forma financial information in the table below presents the combined results of the Company as if the Phoenix Environmental acquisition that occurred in fiscal 2016 had occurred January 3, 2015. The pro forma information is shown for illustrative purposes only and is not necessarily indicative of future results of operations of the Company or results of operations of the Company that would have actually occurred had the transactions been in effect for the period presented.

(In thousands, except per share data)	Second Quarter Ended, June 18, 2016	Second Quarter Ended June 20, 2015
Total revenues	$80,552	$83,670
Net income	1,831	2,023
Income per share		
Basic	$0.08	$0.09
Diluted	0.08	0.09

(In thousands, except per share data)	First Half Ended, June 18, 2016	First Half Ended, June 20, 2015
Total revenues	$159,709	$168,480
Net income	43	1,209
Income per share		
Basic	$—	$0.05
Diluted	—	0.05

(4) ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

(Thousands)	June 18, 2016	January 2, 2016
Trade	$41,164	$ 38,379
Less: allowance for doubtful accounts	2,227	2,207
Trade - net	38,937	36,172
Related parties	972	1,250
Other	3,578	4,170
Total accounts receivable - net	$43,487	$ 41,592

The following table provides the changes in the Company’s allowance for doubtful accounts for the first half ended June 18, 2016 and the fiscal year ended January 2, 2016:

(Thousands)	For the First Half Ended, June 18, 2016	For the Fiscal Year Ended, January 2, 2016
Balance at beginning of period	$2,227	$ 3,927
Balance acquired from FCC Environmental, including measurement period adjustments	—	2,701
Provision for bad debts	361	1,009
Accounts written off, net of recoveries	(341)	(5,430)
Balance at end of period	$2,227	$ 2,207

(5) INVENTORY

The carrying value of inventory consisted of the following:

(Thousands)	June 18, 2016	January 2, 2016
Used oil and processed oil	$7,918	$ 9,045
Solvents and solutions	4,658	6,285
Machines	3,408	3,827
Drums and supplies	4,222	4,226
Other	1,678	1,681
Total inventory	21,884	25,064
Less: machine refurbishing reserve	331	290
Total inventory - net	$21,553	$ 24,774

Inventory consists primarily of used oil, processed oil, solvents and solutions, new and refurbished parts cleaning machines, drums and supplies, and other items. Inventories are valued at the lower of first-in, first-out (FIFO) cost or market, net of any reserves for excess, obsolete, or unsalable inventory. The Company continually monitors its inventory levels at each of its locations and evaluates inventories for excess or slow-moving items. If circumstances indicate the cost of inventories exceed their recoverable value, inventories are reduced to net realizable value. The Company wrote down the value of inventory by $0.2 million in the second quarter of 2016, compared to a write down of $1.8 million in the second quarter of 2015. Total inventory write-downs for the first half of fiscal 2016 and the first half of fiscal 2015 were $1.7 million and $4.4 million, respectively. Write-downs in the second quarter of 2016 pertain to solvents and solutions inventory. Write-downs in 2015 and the first quarter of 2016 pertain to used oil and processed oil inventory as well as solvents and solutions inventory.

(6) PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consisted of the following:

(Thousands)	June 18, 2016	January 2, 2016
Machinery, vehicles, and equipment [(a)]	$77,024	$75,129
Buildings and storage tanks	69,569	69,317
Land	9,308	9,295
Leasehold improvements [(a)]	4,585	4,523
Construction in progress	6,546	4,474
Assets held for sale	148	189
Total property, plant and equipment	167,180	162,927
Less: accumulated depreciation	(36,183)	(31,562)
Property, plant and equipment - net	$130,997	$131,365

(Thousands)	June 18, 2016	January 2, 2016
Equipment at customers [(a)]	$61,233	$59,216
Less: accumulated depreciation	(38,085)	(36,044)
Equipment at customers - net	$23,148	$23,172

(a) Numbers include preliminary fair values of assets acquired in the acquisition described in Note 3 that may be adjusted as additional information becomes known.

Depreciation expense for the second quarters ended June 18, 2016 and June 20, 2015 was $3.4 million and $3.6 million, respectively. Depreciation expense for the first half ended June 18, 2016 and the first half ended June 20, 2015 was $6.7 million and $7.4 million, respectively.

(7) GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill is measured as a residual amount as of the acquisition date, which in most cases results in measuring goodwill as an excess of the purchase consideration transferred plus the fair value of any noncontrolling interest in the acquiree over the fair value of the net assets acquired, including any contingent consideration. The Company tests goodwill for impairment annually in the fourth quarter and in interim periods if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The Company's determination of fair value requires certain assumptions and estimates, such as margin expectations, market conditions, growth expectations, expected changes in working capital, etc., regarding expected future profitability and expected future cash flows. The Company tests goodwill for impairment at each of its two reporting units, Environmental Services and Oil Business, and the Company does not aggregate reporting units for purposes of impairment testing.

The following table shows changes to our goodwill balances by segment from January 2, 2016, to June 18, 2016:

(Thousands)	Oil Business	Environmental Services	Total
Balance at January 2, 2016	$ —	$ 30,325	$30,325
Phoenix Environmental acquisition	—	1,173	1,173
Currency translation adjustments	—	13	13
Balance at June 18, 2016	$ —	$ 31,511	$31,511

Following is a summary of software and other intangible assets:

	June 18, 2016			January 2, 2016		
(Thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer & supplier relationships	$22,933	$ 5,408	$ 17,525	$22,202	$ 4,369	$ 17,833
Software	4,573	3,500	1,073	4,455	3,382	1,073
Non-compete agreements	2,940	1,936	1,004	2,930	1,713	1,217
Patents, formulae, and licenses	1,769	541	1,228	1,769	510	1,259
Other	1,349	640	709	1,354	534	820
Total software and intangible assets	$33,564	$ 12,025	$ 21,539	$32,710	$ 10,508	$ 22,202

Amortization expense was $0.7 million for the second quarter ended June 18, 2016 and $0.7 million for second quarter ended June 20, 2015. Amortization expense was $1.5 million for the first half ended June 18, 2016 and $1.2 million for first half ended June 20, 2015. The weighted average useful lives of software; customer & supplier relationships; patents, formulae, and licenses; non-compete agreements, and other intangibles were 9 years, 11 years, 15 years, 5 years, and 6 years, respectively.

The expected amortization expense for the remainder of fiscal 2016 and for fiscal years 2017, 2018, 2019, and 2020 is $1.8 million, $3.2 million, $2.9 million, $2.6 million, and $2.5 million, respectively. The preceding expected amortization expense is an estimate. Actual amounts of amortization expense may differ from estimated amounts due to additional intangible asset acquisitions, disposal of intangible assets, accelerated amortization of intangible assets, and other events.

(8) DEBT AND FINANCING ARRANGEMENTS

Bank Credit Facility

On October 16, 2014, the Company amended its Amended and Restated Credit Agreement ("Credit Agreement", or "Credit Facility"). The Credit Agreement, as amended, allows for up to $140.0 million in borrowings. As of June 18, 2016 and January 2, 2016, the Company's total borrowings were $69.2 million and $70.9 million, respectively, under the term loan which has a maturity date of February 5, 2018. The remaining portion of the Credit Facility is a revolving loan which expires on February 5, 2018. There were no amounts outstanding under the revolver at June 18, 2016 and January 2, 2016. Unamortized debt issuance costs were $1.1 million and $1.4 million as of June 18, 2016 and January 2, 2016, respectively.

During the second quarter of fiscal 2016, the Company recorded interest of $0.5 million on the term loan and capitalized less than $0.1 million for various capital projects. During the first half of fiscal 2016, the Company recorded interest of $1.0 million on the term loan, of which less than $0.1 million was capitalized for various capital projects. During the second quarter of fiscal 2015, the Company recorded interest of $0.4 million on the term loan and capitalized $0.2 million for various capital projects. During the first half of fiscal 2015, the Company recorded interest of $0.8 million on the term loan and capitalized $0.3 million for various capital projects.

As of June 18, 2016 and January 2, 2016, the Company was in compliance with all covenants under the Credit Agreement. As of June 18, 2016 and January 2, 2016, the Company had $3.0 million and $4.4 million of standby letters of credit issued, respectively, and $19.8 million and $34.5 million was available for borrowing under the Credit Facility. The actual amount available under the revolving loan portion of the Credit Agreement is limited by the Company's total leverage ratio.

The Company's weighted average interest rate for all debt as of June 18, 2016 and June 20, 2015 was 3.2% and 3.2%, respectively.

(9) SEGMENT INFORMATION

The Company reports in two segments: "Environmental Services" and "Oil Business." The Environmental Services segment consists of the Company's parts cleaning, containerized waste management, vacuum truck service, antifreeze recycling activities, and field services. The Oil Business segment consists of the Company's used oil collection, used oil re-refining activities, and the dehydration of used oil to be sold as recycled fuel oil.

No single customer in either segment accounted for more than 10.0% of consolidated revenues in any of the periods presented. There were no intersegment revenues.

Operating segment results for the second quarters and first halves ended June 18, 2016, and June 20, 2015 were as follows:
Second Quarter Ended,
June 18, 2016

(Thousands)	Environmental Services	Oil Business	Corporate and Eliminations	Consolidated
Revenues				
Product revenues	$ 5,106	$ 19,589	$ —	$ 24,695
Service revenues	47,331	8,526	—	55,857
Total revenues	$ 52,437	$ 28,115	$ —	$ 80,552
Operating expenses				
Operating costs	35,631	26,080	—	61,711
Operating depreciation and amortization	1,710	1,591	—	3,301
Profit before corporate selling, general, and administrative expenses	$ 15,096	$ 444	$ —	$ 15,540
Selling, general, and administrative expenses			11,521	11,521
Depreciation and amortization from SG&A			817	817
Total selling, general, and administrative expenses				