

Ashford Inc.
Form 10-Q
August 08, 2017

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

FORM 10-Q

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

For the quarterly period ended June 30, 2017

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: 001-36400

ASHFORD INC.

(Exact name of registrant as specified in its charter)

Maryland 46-5292553
(State or other jurisdiction of incorporation or organization) (IRS employer identification number)

14185 Dallas Parkway, Suite 1100
Dallas, Texas 75254
(Address of principal executive offices) (Zip code)

(972) 490-9600
(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 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "small reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>
	Emerging growth company <input type="checkbox"/>

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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) if the Exchange Act.

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, \$0.01 par value per share	2,021,754
(Class)	Outstanding at August 4, 2017

ASHFORD INC.
FORM 10-Q
FOR THE QUARTER ENDED JUNE 30, 2017

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (unaudited)

ASHFORD INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited, in thousands, except share and per share amounts)

	June 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$36,972	\$ 84,091
Restricted cash	14,000	9,752
Investments in securities	—	91
Prepaid expenses and other	835	1,305
Receivables	245	16
Due from Ashford Trust OP	10,864	12,179
Due from Ashford Prime OP	3,252	3,817
Other assets	66	—
Total current assets	66,234	111,251
Investments in unconsolidated entities	500	500
Furniture, fixtures and equipment, net	11,752	12,044
Deferred tax assets	—	6,002
Goodwill	813	—
Intangible assets, net	166	—
Total assets	\$79,465	\$ 129,797
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$7,834	\$ 11,314
Due to affiliates	2,293	933
Due to Ashford Prime OP from AQUA U.S. Fund	—	2,289
Deferred compensation plan	161	144
Notes payable	337	—
Other liabilities	13,311	9,752
Total current liabilities	23,936	24,432
Accrued expenses	57	287
Deferred income	10,462	4,515
Deferred compensation plan	10,472	8,934
Notes payable, net	76	—
Total liabilities	45,003	38,168
Commitments and contingencies (note 8)		
Redeemable noncontrolling interests	211	179
Redeemable noncontrolling interest in subsidiary common stock	1,555	1,301
Equity:		
Preferred stock, \$0.01 par value, 50,000,000 shares authorized:		
Series A cumulative preferred stock, no shares issued and outstanding at June 30, 2017 and December 31, 2016	—	—
Common stock, \$0.01 par value, 100,000,000 shares authorized, 2,021,754 and 2,015,589 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	20	20
Additional paid-in capital	241,102	237,796

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Accumulated deficit	(209,029)	(200,439)
Total stockholders' equity of the Company	32,093	37,377
Noncontrolling interests in consolidated entities	603	52,772
Total equity	32,696	90,149
Total liabilities and equity	\$79,465	\$ 129,797

See Notes to Condensed Consolidated Financial Statements.

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ASHFORD INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 AND COMPREHENSIVE INCOME (LOSS)

(unaudited, in thousands, except per share amounts)

	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
	2017	2016	2017	2016
REVENUE				
Advisory services	\$18,172	\$18,068	\$30,603	\$31,393
Other	1,467	84	2,049	168
Total revenue	19,639	18,152	32,652	31,561
EXPENSES				
Salaries and benefits	11,364	15,984	22,396	25,192
Depreciation and amortization	587	272	1,055	544
General and administrative	4,947	4,088	8,596	8,529
Impairment	1,072	—	1,072	—
Other	251	—	251	—
Total expenses	18,221	20,344	33,370	34,265
OPERATING INCOME (LOSS)				