

COMPUTER TASK GROUP INC

Form 10-Q

April 23, 2014

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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 March 28, 2014

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 No. 1-9410

COMPUTER TASK GROUP, INCORPORATED

(Exact name of registrant as specified in its charter)

New York

16-0912632

(State or other jurisdiction of incorporation or
organization)

(I.R.S. Employer Identification No.)

800 Delaware Avenue, Buffalo, New York

14209

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (716) 882-8000

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.

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

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 Act). YES NO

APPLICABLE ONLY TO CORPORATE ISSUERS:

Title of each class	Shares outstanding at April 17, 2014
Common stock, par value \$.01 per share	18,397,293

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

COMPUTER TASK GROUP, INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(amounts in thousands, except per share data)

(Unaudited)

	For the Quarter Ended	
	March 28, 2014	March 29, 2013
Revenue	\$97,911	\$108,495
Direct costs	76,979	85,896
Selling, general and administrative expenses	15,457	16,417
Operating income	5,475	6,182
Interest and other income	18	10
Interest and other expense	115	119
Income before income taxes	5,378	6,073
Provision for income taxes	2,212	2,016
Net income	\$3,166	\$4,057
Net income per share:		
Basic	\$0.21	\$0.26
Diluted	\$0.19	\$0.24
Weighted average shares outstanding:		
Basic	15,153	15,430
Diluted	16,576	17,066
Cash dividend declared per share	\$0.06	\$0.05

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

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COMPUTER TASK GROUP, INCORPORATED
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (amounts in thousands)
 (Unaudited)

	For the Quarter Ended	
	March 28, 2014	March 29, 2013
Net Income	\$3,166	\$4,057
Foreign currency adjustment	3	(587)
Change in pension loss, net of taxes of \$12 and \$18 in 2014 and 2013, respectively	45	162
Other comprehensive income (loss)	48	(425)
Comprehensive income	\$3,214	\$3,632

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

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CONDENSED CONSOLIDATED BALANCE SHEETS

(amounts in thousands, except share balances)

(Unaudited)

	March 28, 2014	December 31, 2013
Assets		
Current Assets:		
Cash and cash equivalents	\$32,309	\$46,227
Accounts receivable, net of allowances of \$1,040 in both 2014 and 2013	72,965	67,422
Prepaid and other current assets	2,447	1,657
Deferred income taxes	1,058	1,113
Total current assets	108,779	116,419
Property, equipment and capitalized software, net	8,231	8,241
Goodwill	37,638	37,638
Deferred income taxes	6,659	6,487
Other assets	4,590	4,750
Investments	835	896
Total assets	\$166,732	\$174,431
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable	\$8,166	\$9,536
Accrued compensation	24,834	31,460
Advance billings on contracts	2,272	2,467
Dividend payable	897	748
Other current liabilities	3,813	4,086
Income taxes payable	2,408	632
Total current liabilities	42,390	48,929
Deferred compensation benefits	10,484	11,224
Other long-term liabilities	392	436
Total liabilities	53,266	60,589
Shareholders' Equity:		
Common stock, par value \$0.01 per share, 150,000,000 shares authorized; 27,017,824 shares issued in both periods	270	270
Capital in excess of par value	122,807	122,531
Retained earnings	114,534	112,277
Less: Treasury stock of 8,556,156 and 8,488,404 shares at cost, in 2014 and 2013, respectively	(60,405)	(57,163)
Stock Trusts of 3,363,351 shares at cost in both periods	(55,083)	(55,083)
Other	—	(285)
Accumulated other comprehensive loss	(8,657)	(8,705)
Total shareholders' equity	113,466	113,842
Total liabilities and shareholders' equity	\$166,732	\$174,431