

KFORCE INC  
 Form 10-Q  
 April 30, 2015  
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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 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 000-26058

Kforce Inc.  
 (Exact name of registrant as specified in its charter)

FLORIDA	59-3264661
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
1001 EAST PALM AVENUE, TAMPA, FLORIDA	33605
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number, including area code: (813) 552-5000	

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

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

The number of shares outstanding of the registrant's common stock as of April 27, 2015 was 29,592,042.



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KFORCE INC.

QUARTERLY REPORT ON FORM 10-Q FOR THE PERIOD ENDED MARCH 31, 2015

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

References in this document to “the Registrant,” “Kforce,” “the Company,” “we,” “the Firm,” “our” or “us” refer to Kforce Inc and its subsidiaries, except where the context otherwise requires or indicates.

This report, particularly Part I. Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) and Part II. Item 1A. Risk Factors, and the documents we incorporate into this report contain certain statements that are, or may be deemed to be, forward-looking statements within the meaning of that term in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and are made in reliance upon the protections provided by such acts for forward-looking statements. Such statements may include, but may not be limited to, projections of revenue, income, losses, cash flows, capital expenditures, future prospects, our beliefs regarding potential government actions, anticipated costs and benefits of proposed (or future) acquisitions, integration of acquisitions, transition of divestitures, plans for future operations, capabilities of business operations, effects of interest rate variations, our ability to obtain financing and favorable terms, financing needs or plans, plans relating to services of Kforce, estimates concerning the effects of litigation or other disputes, estimates concerning our ability to collect on our accounts receivable, expectations of the overall economic outlook, developments within the staffing sector including, but not limited to, the penetration rate (the percentage of temporary staffing to total employment) and growth in temporary staffing, our ability to recruit qualified individuals, estimates concerning goodwill impairment, as well as assumptions as to any of the foregoing and all statements that are not based on historical fact but rather reflect our current expectations concerning future results and events. For a further list and description of various risks, relevant factors and uncertainties that could cause future results or events to differ materially from those expressed or implied in our forward-looking statements, see the Risk Factors and MD&A sections. In addition, when used in this discussion, the terms “anticipate,” “assume,” “estimate,” “expect,” “intend,” “plan,” “believe,” “will,” “may,” “could,” “should” and variations thereof and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted. Future events and actual results could differ materially from those set forth in or underlying the forward-looking statements. Readers are cautioned not to place undue reliance on any forward-looking statements contained in this report, which speak only as of the date of this report. Kforce undertakes no obligation to publicly publish the results of any adjustments to these forward-looking statements that may be made to reflect events on or after the date of this report or to reflect the occurrence of unexpected events.

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## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements.

## KFORCE INC. AND SUBSIDIARIES

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

## AND COMPREHENSIVE INCOME

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Three Months Ended	
	March 31, 2015	March 31, 2014
Net service revenues	\$312,611	\$282,024
Direct costs of services	217,871	198,498
Gross profit	94,740	83,526
Selling, general and administrative expenses	82,352	73,737
Depreciation and amortization	2,397	2,356
Income from operations	9,991	7,433
Other expense, net	453	337
Income from continuing operations, before income taxes	9,538	7,096
Income tax expense	3,753	2,707
Income from continuing operations	5,785	4,389
Income from discontinued operations, net of income taxes	—	1,860
Net income	5,785	6,249
Other comprehensive income (loss):		
Defined benefit pension and post-retirement plans, net of tax	1	(35 )
Comprehensive income	\$5,786	\$6,214
Earnings per share – basic:		
From continuing operations	\$0.20	\$0.13
From discontinued operations	\$—	\$0.06
Earnings per share – basic	\$0.20	\$0.19
Earnings per share – diluted		
From continuing operations	\$0.20	\$0.13
From discontinued operations	\$—	\$0.06
Earnings per share – diluted	\$0.20	\$0.19
Weighted average shares outstanding – basic	28,276	32,969
Weighted average shares outstanding – diluted	28,475	33,168
Cash dividends declared per share	\$0.11	\$0.10

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

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## KFORCE INC. AND SUBSIDIARIES

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS)

	March 31, 2015	December 31, 2014
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$1,928	\$1,238
Trade receivables, net of allowances of \$2,338 and \$2,040, respectively	203,483	204,710
Income tax refund receivable	723	3,311
Deferred tax assets, net	4,790	4,980
Prepaid expenses and other current assets	10,237	10,170
Total current assets	221,161	224,409
Fixed assets, net	35,174	35,330
Other assets, net	30,556	30,349
Deferred tax assets, net	22,360	22,855
Intangible assets, net	4,819	5,011
Goodwill	45,968	45,968
Total assets	\$360,038	\$363,922
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable and other accrued liabilities	\$37,618	\$38,104
Accrued payroll costs	48,670	52,208
Other current liabilities	1,011	986
Income taxes payable	3,061	2,885
Total current liabilities	90,360	94,183
Long-term debt – credit facility	94,326	93,333
Long-term debt – other	465	562
Other long-term liabilities	37,982	36,456
Total liabilities	223,133	224,534
Commitments and contingencies (see Note C)		
Stockholders' Equity:		
Preferred stock, \$0.01 par; 15,000 shares authorized, none issued and outstanding	—	—
Common stock, \$0.01 par; 250,000 shares authorized, 70,483 and 70,029 issued, respectively	705	700
Additional paid-in capital	414,644	412,642
Accumulated other comprehensive loss	(370	) (371
Retained earnings	127,908	125,378
Treasury stock, at cost; 40,911 and 40,616 shares, respectively	(405,982	) (398,961