

SPAR GROUP INC  
Form 10-Q  
November 14, 2017

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 third quarterly period ended **September 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: 0-27408

**SPAR Group, Inc.**

(Exact name of registrant as specified in its charter)

Delaware                      33-0684451  
State of Incorporation    IRS Employer Identification No.

333 Westchester Avenue, South Building, Suite 204,  
White Plains, New York 10604  
(Address of principal executive offices, including zip  
code)

Registrant's telephone number, including area code: (914) 332-4100

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Indicate by check 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", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

Accelerated Filer  
Smaller Reporting Company

Non-Accelerated Filer    (Do not check if a smaller reporting company)

Emerging Growth Company

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) of 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

On November 10, 2017, there were 20,575,969 shares of Common Stock outstanding.

**SPAR Group, Inc.**

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**PART I: FINANCIAL INFORMATION****Item 1. Consolidated Financial Statements****SPAR Group, Inc. and Subsidiaries****Consolidated Balance Sheets***(In thousands, except share and per share data)*

	<b>September 30, 2017 (Unaudited)</b>	<b>December 31, 2016 (revised) (1)</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 7,662	\$ 7,324
Accounts receivable, net	36,824	33,669
Prepaid expenses and other current assets	1,629	1,299
Total current assets	46,115	42,292
Property and equipment, net	2,551	2,536
Goodwill	1,841	1,847
Intangible assets, net	1,900	2,340
Deferred income taxes	4,468	4,694
Other assets	1,683	1,142
Total assets	\$ 58,558	\$ 54,851
<b>Liabilities and equity</b>		
Current liabilities:		
Accounts payable	\$ 7,783	\$ 5,567
Accrued expenses and other current liabilities	13,598	9,766
Due to affiliates	4,008	3,349
Customer incentives and deposits	1,587	1,305
Lines of credit and short-term loans	6,222	9,778
Total current liabilities	33,198	29,765
Long-term debt and other liabilities	33	4
Total liabilities	33,231	29,769
Commitments and Contingencies – See Note 9		
Equity:		
SPAR Group, Inc. equity	–	–

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Preferred stock, \$.01 par value: Authorized and available shares– 2,445,598 Issued and outstanding shares– None – September 30, 2017, and December 31, 2016		
Common stock, \$.01 par value: Authorized shares – 47,000,000 Issued shares – 20,680,717 – September 30, 2017, and December 31, 2016	<b>207</b>	207
Treasury stock, at cost 115,123 shares – September 30, 2017, and 37,877 shares – December 31, 2016	<b>(127</b>	) (51 )
Additional paid-in capital	<b>16,234</b>	16,093
Accumulated other comprehensive loss	<b>(2,060</b>	) (2,407 )
Retained earnings	<b>6,246</b>	5,835
Total SPAR Group, Inc. equity	<b>20,500</b>	19,677
Non-controlling interest	<b>4,827</b>	5,405
Total equity	<b>25,327</b>	25,082
Total liabilities and equity	<b>\$ 58,558</b>	\$ 54,851

(1) See Note 2 Correction of Prior Period Financial Statements.

*See accompanying notes.*

**SPAR Group, Inc. and Subsidiaries****Consolidated Statements of Income and Comprehensive Income (Loss)****(unaudited)***(In thousands, except per share data)*

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
		(revised)		(revised)
		(1)		(1)
Net revenues	<b>\$48,752</b>	\$33,438	<b>\$131,361</b>	\$89,781
Cost of revenues	<b>39,960</b>	26,162	<b>105,563</b>	69,309
Gross profit	<b>8,792</b>	7,276	<b>25,798</b>	20,472
Selling, general and administrative expense	<b>7,477</b>	6,360	<b>21,988</b>	17,637
Depreciation and amortization	<b>487</b>	486	<b>1,526</b>	1,459
Operating income	<b>828</b>	430	<b>2,284</b>	1,376
Interest expense	<b>110</b>	51	<b>117</b>	111
Other (income), net	<b>(78 )</b>	(78 )	<b>(275 )</b>	(183 )
Income before income tax expense	<b>796</b>	457	<b>2,442</b>	1,448
Income tax expense (benefit)	<b>210</b>	(31 )	<b>907</b>	200
Net income	<b>586</b>	488	<b>1,535</b>	1,248
Net income attributable to non-controlling interest				