

CRA INTERNATIONAL, INC.
Form 10-Q
May 09, 2012

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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 31, 2012

or

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

Commission file number: 000-24049

CRA International, Inc.

(Exact name of registrant as specified in its charter)

Massachusetts

(State or other jurisdiction of
incorporation or organization)

04-2372210

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

200 Clarendon Street, T-33, Boston, MA

(Address of principal executive offices)

02116-5092

(Zip Code)

(617) 425-3000

(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, or a smaller reporting company. See 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

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(Do not check if a smaller reporting company)

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.

Class	Outstanding at May 4, 2012
Common Stock, no par value per share	10,384,337 shares

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CRA International, Inc.

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Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. Financial Statements****CRA International, Inc.****Condensed Consolidated Statements of Operations (unaudited)***(In thousands, except per share data)*

	Quarter Ended	
	March 31, 2012	April 2, 2011
Revenues	\$ 69,132	\$ 78,607
Costs of services	46,487	51,560
Gross profit	22,645	27,047
Selling, general and administrative expenses	17,867	17,828
Depreciation and amortization	1,472	1,299
Income from operations	3,306	7,920
Interest income	66	82
Interest expense	(80)	(392)
Other expense, net	(39)	(146)
Income before provision for income taxes	3,253	7,464
Provision for income taxes	(2,817)	(3,003)
Net income	436	4,461
Net loss (income) attributable to noncontrolling interest, net of tax	83	(26)
Net income attributable to CRA International, Inc.	\$ 519	\$ 4,435
Net income per share attributable to CRA International, Inc.:		
Basic	\$ 0.05	\$ 0.42
Diluted	\$ 0.05	\$ 0.41
Weighted average number of shares outstanding:		
Basic	10,316	10,613
Diluted	10,493	10,798

See accompanying notes to the condensed consolidated financial statements.

Table of Contents**CRA International, Inc.****Condensed Consolidated Statements of Comprehensive Income (unaudited)***(In thousands)*

	Quarter Ended	
	March 31, 2012	April 2, 2011
Net income	\$ 436	\$ 4,461
Other comprehensive income:		
Foreign currency translation adjustments	1,717	2,097
Comprehensive income	2,153	6,558
Less: comprehensive loss (income) attributable to noncontrolling interest	83	(26)
Comprehensive income attributable to CRA International, Inc.	\$ 2,236	\$ 6,532

See accompanying notes to the condensed consolidated financial statements.

Table of Contents**CRA International, Inc.****Condensed Consolidated Balance Sheets (unaudited)***(In thousands, except share data)*

	March 31, 2012	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 41,562	\$ 61,587
Short-term investments	9,494	14,495
Accounts receivable, net of allowances of \$8,381 at March 31, 2012 and \$6,548 at December 31, 2011	55,199	68,394
Unbilled services	35,523	16,326
Prepaid expenses and other assets	9,193	8,224
Deferred income taxes	20,776	20,898
Total current assets	171,747	189,924
Property and equipment, net	21,126	21,611
Goodwill	141,904	140,654
Intangible assets, net of accumulated amortization of \$6,587 at March 31, 2012 and \$6,806 at December 31, 2011	2,342	2,472
Deferred income taxes, net of current portion	108	105
Other assets	17,072	17,341
Total assets	\$ 354,299	\$ 372,107
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	\$ 10,810	\$ 10,469
Accrued expenses	41,765	60,502
Deferred revenue and other liabilities	7,597	7,707
Current portion of deferred rent	4,216	2,870
Current portion of notes payable	650	650
Current portion of deferred compensation	2,171	75
Total current liabilities	67,209	82,273
Notes payable, net of current portion	1,652	1,631
Deferred rent and other non-current liabilities	8,035	9,423
Deferred compensation	1,714	1,714
Deferred income taxes, net of current portion	8,712	8,659
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, no par value; 1,000,000 shares authorized; none issued and outstanding		
Common stock, no par value; 25,000,000 shares authorized; 10,285,474 shares and 10,329,051 shares issued and outstanding at March 31, 2012 and December 31, 2011, respectively	96,704	98,578
Receivables from shareholders	(236)	(236)
Retained earnings	176,119	175,600
Accumulated other comprehensive loss	(4,621)	(6,338)
Total CRA International, Inc. shareholders' equity	267,966	267,604
Noncontrolling interest	725	803
Total shareholders' equity	268,691	268,407

Total liabilities and shareholders' equity	\$ 354,299	\$ 372,107
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See accompanying notes to the condensed consolidated financial statements.

Table of Contents**CRA International, Inc.****Condensed Consolidated Statements of Cash Flows (unaudited)***(In thousands)*

	Quarter Ended	
	March 31, 2012	April 2, 2011
Operating activities:		
Net income	\$ 436	\$ 4,461
Adjustments to reconcile net income to net cash used in operating activities, net of effect of acquired business:		
Depreciation and amortization	1,477	1,322
Deferred rent	(99)	(1,862)
Deferred income taxes	180	176
Share-based compensation expenses	1,527	1,670
Excess tax benefits from share-based compensation	(37)	
Noncash interest from discount on convertible debentures		129
Changes in operating assets and liabilities, exclusive of acquisitions:		
Accounts receivable	13,811	(787)
Unbilled services	(19,031)	(3,989)
Prepaid expenses and other assets	(556)	(1,102)
Accounts payable, accrued expenses, and other liabilities	(18,793)	(2,885)
Net cash used in operating activities	(21,085)	(2,867)
Investing activities:		
Consideration relating to acquisitions, net		(289)
Purchase of property and equipment	(673)	(2,465)
Purchase of investments	(9,494)	(31,430)
Sale of investments	14,495	
Net cash provided by (used in) investing activities	4,328	(34,184)
Financing activities:		
Issuance of common stock, principally stock option exercises	316	282
Tax withholding payment reimbursed by restricted shares	(719)	(685)
Excess tax benefits from share-based compensation	37	
Repurchase of common stock	(3,050)	
Repurchase of treasury stock by NeuCo, Inc.		(33)
Net cash used in financing activities	(3,416)	(436)
Effect of foreign exchange rates on cash and cash equivalents	148	293
Net decrease in cash and cash equivalents	(20,025)	(37,194)
Cash and cash equivalents at beginning of period	61,587	87,505
Cash and cash equivalents at end of period	\$ 41,562	\$ 50,311
Supplemental cash flow information:		
Cash paid for income taxes	\$ 4,901	\$ 2,420
Cash paid for interest	\$ 56	\$ 34

See accompanying notes to the condensed consolidated financial statements

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CRA International, Inc.

Condensed Consolidated Statement of Shareholders' Equity (unaudited)

(In thousands, except share data)

	CRA International, Inc. Shareholders' Equity
Common Stock	