

SPAR GROUP INC
Form 10-Q
May 15, 2014

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 first quarterly period ended **March 31, 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 number: 0-27824

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

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 or a smaller reporting company. (See the definitions of "large accelerated filer", "accelerated filer", "non-accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act).

Large Accelerated Filer

Non-Accelerated Filer

(Do not check if a smaller reporting company)

Accelerated Filer

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

On May 12, 2014, there were 20,653,600 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)*

| | March 31, 2014 (Unaudited) | December 31, 2013 (Note) |
|--|---|---|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 4,236 | \$ 2,814 |
| Accounts receivable, net | 20,627 | 21,734 |
| Deferred income taxes | 429 | 456 |
| Prepaid expenses and other current assets | 432 | 642 |
| Total current assets | 25,724 | 25,646 |
| Property and equipment, net | 2,105 | 2,032 |
| Goodwill | 1,800 | 1,800 |
| Intangible assets, net | 2,128 | 2,259 |
| Deferred income taxes | 1,900 | 1,900 |
| Other assets | 552 | 641 |
| Total assets | \$ 34,209 | \$ 34,278 |
| Liabilities and equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 3,891 | \$ 4,267 |
| Accrued expenses and other current liabilities | 5,959 | 5,854 |
| Accrued expenses due to affiliates | 1,634 | 560 |
| Customer deposits | 391 | 673 |
| Lines of credit | 96 | 696 |
| Total current liabilities | 11,971 | 12,050 |
| Long-term debt and other liabilities | 3,679 | 3,672 |
| Total liabilities | 15,650 | 15,722 |
| Commitments and Contingencies – See Note 9 | | |
| Equity: | | |
| SPAR Group, Inc. equity | | |
| Preferred stock, \$.01 par value: Authorized and available shares– 2,445,598 Issued and outstanding shares– None – March 31, 2014 and None – December 31, 2013 | – | – |
| | 207 | 207 |

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Common stock, \$.01 par value: Authorized shares – 47,000,000 Issued shares – 20,680,717 –
 March 31, 2014 and December 31, 2013

| | | | | |
|---|------------------|---|-----------|---|
| Treasury stock, at cost 66,244 shares – March 31, 2014 and 181,931 shares – December 31, 2013 | (130 |) | (356 |) |
| Additional paid-in capital | 15,383 | | 15,339 | |
| Accumulated other comprehensive loss | (1,078 |) | (1,031 |) |
| Retained earnings | 1,285 | | 1,654 | |
| Total SPAR Group, Inc. equity | 15,667 | | 15,813 | |
| Non-controlling interest | 2,892 | | 2,743 | |
| Total Equity | 18,559 | | 18,556 | |
| Total liabilities and equity | \$ 34,209 | | \$ 34,278 | |

The Balance Sheet at December 31, 2013, is excerpted from the consolidated audited financial statements as of Note: that date but does not include certain information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

See accompanying notes.

SPAR Group, Inc. and Subsidiaries

Consolidated Statements of (Loss) Income and Comprehensive Loss

(unaudited)

(In thousands, except per share data)

| | Three Months Ended March 31, | |
|---|---|-------------|
| | 2014 | 2013 |
| Net revenues | \$28,036 | \$24,990 |
| Cost of revenues | 21,806 | 19,182 |
| Gross profit | 6,230 | 5,808 |
| Selling, general and administrative expense | 5,921 | 5,201 |