

Willdan Group, Inc.  
Form 10-Q  
November 09, 2007

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-Q**

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

**For the quarterly period ended September 28, 2007**

**OR**

**o 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 001-33076**

**WILLDAN GROUP, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**

(State or other Jurisdiction of Incorporation or  
Organization)

**14-195112**

(IRS Employer Identification No.)

**2401 East Katella Avenue, Suite 300**  
**Anaheim, California**

(Address of principal executive offices,  
excluding zip code)

**92806**  
(Zip code)

Registrant's Telephone Number, Including Area Code: **(800) 424-9144**

**Not Applicable**

(Former name, former address and former fiscal year, if changed since last report).

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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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one): Large Accelerated Filer ☐ Accelerated Filer ☐ Non-Accelerated Filer ☒.

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

As of November 8, 2007, there were 7,150,239 shares of common stock, \$0.01 par value per share, of Willdan Group, Inc. issued and outstanding.

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**WILLDAN GROUP, INC.**  
**FORM 10-Q QUARTERLY REPORT**

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**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**WILLDAN GROUP, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS**

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	December 29, 2006	September 28, 2007 (Unaudited)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 20,633,000	\$ 6,207,000
Liquid investments		9,000,000
Cash, cash equivalents and liquid investments	20,633,000	15,207,000
Accounts receivable, net of allowance for doubtful accounts of \$492,000 and \$650,000 at December 29, 2006 and September 28, 2007, respectively	14,270,000	14,364,000
Costs and estimated earnings in excess of billings on uncompleted contracts	7,960,000	7,738,000
Other receivables	4,505,000	1,376,000
Prepaid expenses and other current assets	1,858,000	1,025,000
Total current assets	49,226,000	39,710,000
Equipment and leasehold improvements, net	4,372,000	3,690,000
Goodwill	2,911,000	2,911,000
Other assets	599,000	525,000
Total assets	\$ 57,108,000	\$ 46,836,000
<b>Liabilities and Stockholders Equity</b>		
Current liabilities:		
Excess of outstanding checks over bank balance	\$ 257,000	\$ 1,089,000
Borrowings under line of credit		31,000
Accounts payable	1,270,000	1,003,000
Accrued liabilities	14,106,000	5,477,000
Billings in excess of costs and estimated earnings on uncompleted contracts	1,222,000	1,112,000
Accrued final distribution payable to holders of redeemable common stock	3,150,000	
Current portion of notes payable	993,000	23,000
Current portion of notes payable to related parties	75,000	
Current portion of capital lease obligations	170,000	178,000
Current portion of deferred income taxes	1,693,000	1,693,000
Total current liabilities	22,936,000	10,606,000
Notes payable to related parties, less current portion	46,000	
Capital lease obligations, less current portion	348,000	300,000
Deferred lease obligations	547,000	658,000
Deferred income taxes, net of current portion	398,000	398,000
<b>Commitments and contingencies</b>		
<b>Stockholders equity:</b>		
Preferred stock, \$0.01 par value, 10,000,000 shares authorized, no shares issued and outstanding		
Common stock, \$0.01 par value, 40,000,000 shares authorized: 7,148,000 and 7,150,000 shares issued and outstanding at December 29, 2006 and September 28, 2007 respectively	71,000	71,000
Additional paid-in capital	32,552,000	32,732,000
Retained earnings	210,000	2,071,000
Total stockholders equity	32,833,000	34,874,000
Total liabilities and stockholders equity	\$ 57,108,000	\$ 46,836,000

See accompanying notes to condensed consolidated financial statements.



**WILLDAN GROUP, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 29, 2006	September 28, 2007	September 29, 2006	September 28, 2007
Contract revenues	\$ 20,954,000	\$ 19,687,000	\$ 59,047,000	\$ 60,135,000
Direct costs of contract revenues:				
Salaries and wages	6,412,000	6,414,000	18,570,000	19,815,000
Production expenses	381,000	432,000	1,149,000	1,229,000
Subconsultant services	1,206,000	1,187,000	3,166,000	3,438,000
Total direct costs of contract revenues	7,999,000	8,033,000	22,885,000	24,482,000
General and administrative expenses:				
Salaries and wages, payroll taxes and employee benefits	6,616,000	5,916,000	19,661,000	19,260,000
Facilities	1,116,000	1,145,000	2,979,000	3,405,000
Depreciation and amortization	414,000	439,000	1,137,000	1,335,000
Litigation accrual reversal	(1,049,000)		(1,049,000)	
Other	2,946,000	2,497,000	7,663,000	9,415,000
Total general and administrative expenses	10,043,000	9,997,000	30,391,000	33,415,000
Income from operations	2,912,000	1,657,000	5,771,000	2,238,000
Other income (expense)				
Interest expense	(185,000)	(23,000)	(596,000)	527,000
Interest income and other, net	13,000	197,000	2,368,000	525,000
Total other income (expense)	(172,000)	174,000	1,772,000	1,052,000
Income before income tax expense	2,740,000	1,831,000	7,543,000	3,290,000
Income tax expense	41,000	778,000	79,000	1,429,000
Net income	\$ 2,699,000	\$ 1,053,000	\$ 7,464,000	\$ 1,861,000
Net income per share				
Basic and diluted	\$ 0.57	\$ 0.15	\$ 1.58	\$ 0.26
Weighted-average shares outstanding				
Basic	4,713,000	7,150,000	4,712,000	7,148,000
Diluted	4,713,000	7,161,000	4,712,000	7,154,000

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**Pro Forma Data:**

Pro forma provision for income taxes	\$	1,096,000	\$	2,117,000
Pro forma net income	\$	1,644,000	\$	5,426,000
Pro forma income per common share, basic and diluted	\$	0.35	\$	1.15

See accompanying notes to condensed consolidated financial statements.



**WILLDAN GROUP, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited)

	Nine Months Ended	
	September 29, 2006	September 28, 2007
Cash flows from operating activities:		
Net income	\$ 7,464,000	\$ 1,861,000
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	1,138,000	1,342,000
Loss (gain) on sale of equipment	(13,000)	4,000
Allowance for doubtful accounts	406,000	194,000
Stock-based compensation		145,000
Changes in operating assets and liabilities		
Accounts receivable	(2,301,000)	(288,000)
Costs and estimated earnings in excess of billing on uncompleted contracts	(800,000)	222,000
Other receivables	(1,030,000)	3,129,000
Prepaid expenses and other current assets	424,000	833,000
Other assets	(60,000)	52,000
Accounts payable	906,000	(267,000)
Accrued liabilities	(517,000)	(8,629,000)
Billings in excess of costs and estimated earnings on uncompleted contracts	144,000	(110,000)
Deferred income taxes	48,000	
Deferred lease obligations	141,000	111,000
Net cash provided by (used in) operating activities	5,950,000	(1,401,000)
Cash flows from investing activities		
Purchase of equipment and leasehold improvements	(2,418,000)	(582,000)
Proceeds from sale of equipment	4,000	28,000
Purchase of other assets	(100,000)	
Purchase of liquid investments		(16,100,000)
Proceeds from sale of liquid investments		7,100,000
Net cash used in investing activities	(2,514,000)	(9,554,000)
Cash flows from financing activities		
Changes in excess of outstanding checks over bank balance	(78,000)	832,000
Payments on notes payable	(1,128,000)	(1,091,000)
Proceeds from borrowings under line of credit	11,655,000	378,000
Repayments of line of credit	(11,655,000)	(347,000)