

SPAR GROUP INC
Form 10-Q
May 11, 2012

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, 2012.

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
State of Incorporation

33-0684451
IRS Employer Identification No.

560 White Plains Road, Suite 210, Tarrytown, New York 10591
(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

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

On March 31, 2012, there were 20,130,918 shares of Common Stock outstanding.

SPAR Group, Inc.

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PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

SPAR Group, Inc. and Subsidiaries

Consolidated Balance Sheets

(In thousands, except share and per share data)

	March 31, 2012 (unaudited)	December 31, 2011 (note)
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,666	\$ 1,705
Accounts receivable, net	14,673	15,461
Prepaid expenses and other current assets	860	801
Total current assets	17,199	17,967
Property and equipment, net	1,771	1,523
Goodwill	1,148	1,148
Intangibles	677	705
Other assets	195	178
Total assets	\$ 20,990	\$ 21,521
Liabilities and equity		
Current liabilities:		
Accounts payable	\$ 3,401	\$ 1,819
Accrued expenses and other current liabilities	3,423	4,039
Accrued expenses due to affiliates	1,551	1,092
Customer deposits	217	183
Lines of credit	972	3,641
Total current liabilities	9,564	10,774
Long-term debt and other liabilities	438	334
Total liabilities	10,002	11,108
Equity:		
SPAR Group, Inc. equity		
Preferred stock, \$.01 par value:		
Authorized and available shares—		
2,245,598 Issued and outstanding shares —		
none — March 31, 2012 and none —		
December 31, 2011	—	—
Common stock, \$.01 par value:	201	201
Authorized shares — 47,000,000 Issued		
and outstanding shares — 20,130,918 —		
March 31, 2012 and 20,103,043 —		

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December 31, 2011		
Additional paid-in capital	14,098	13,940
Accumulated other comprehensive loss	(214)	(172)
Accumulated deficit	(4,319)	(4,626)
Total SPAR Group, Inc. equity	9,766	9,343
Non-controlling interest	1,222	1,070
Total liabilities and equity	\$ 20,990	\$ 21,521

Note: The Balance Sheet at December 31, 2011, is excerpted from the consolidated audited financial statements as of 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 Income and Comprehensive Income
(unaudited)
(In thousands, except per share data)

	Three Months Ended March 31,	
	2012	2011
Net revenues	\$21,047	\$16,418
Cost of revenues	15,278	11,186
Gross profit	5,769	5,232
Selling, general and administrative expenses	5,022	4,573
Depreciation and amortization	277	262
Operating income	470	397
Interest expense	51	81
Other (income) expense	(82) 9
Income before provision for income taxes	501	307
Provision for income taxes	42	24
Net income	459	283
Net income attributable to the non-controlling interest	(152) (30
Net income attributable to SPAR Group, Inc.	\$307	\$253
Basic/diluted net income per common share:		
Net income - basic	\$0.02	\$0.01
Net income - diluted	\$0.01	\$0.01
Weighted average common shares – basic	20,117	19,639
Weighted average common shares – diluted	21,467	21,347