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CORVEL CORP  
Form 10-Q  
February 07, 2019

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 quarterly period ended December 31, 2018

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 0-19291

CORVEL CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization) 33-0282651  
(I.R.S. Employer  
Identification No.)

2010 Main Street, Suite 600  
Irvine, CA 92614  
(Address of principal executive offices) (Zip Code)

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Registrant's telephone number, including area code: (949) 851-1473

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 every Interactive Data File required to be submitted 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 such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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

Non-accelerated filer

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

The number of shares outstanding of the registrant's Common Stock, \$0.0001 par value per share, as of February 1, 2019, was 18,638,179.

CORVEL CORPORATION

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## Part I – FINANCIAL INFORMATION

## Item 1 – Financial Statements

## CORVEL CORPORATION

## CONSOLIDATED BALANCE SHEETS

	December 31, 2018 (Unaudited)	March 31, 2018
<b>Assets</b>		
Current Assets		
Cash and cash equivalents (Note 1)	\$96,483,000	\$55,771,000
Customer deposits	42,638,000	35,496,000
Accounts receivable, net	62,430,000	64,940,000
Prepaid taxes and expenses	8,471,000	7,110,000
Total current assets	210,022,000	163,317,000
Property and equipment, net	62,868,000	69,356,000
Goodwill	36,814,000	36,814,000
Other intangibles, net (Note 7)	3,083,000	3,415,000
Other assets	958,000	1,102,000
<b>TOTAL ASSETS</b>	<b>\$313,745,000</b>	<b>\$274,004,000</b>
<b>Liabilities and Stockholders' Equity</b>		
Current Liabilities		
Accounts and taxes payable (Note 10)	\$15,263,000	\$13,453,000
Accrued liabilities (Note 10)	102,153,000	84,536,000
Total current liabilities	117,416,000	97,989,000
Deferred income taxes	4,061,000	4,839,000
Total liabilities	121,477,000	102,828,000
Commitments and contingencies (Notes 8 and 9)		
<b>Stockholders' Equity</b>		
Common stock, \$.0001 par value: 120,000,000 shares authorized at December 31, 2018		
and March 31, 2018; 53,967,662 shares issued (18,700,031 shares outstanding, net of		
Treasury shares) and 53,793,986 shares issued (18,912,907 shares outstanding, net of		
Treasury shares) at December 31, 2018 and March 31, 2018, respectively		
Paid-in capital	3,000	3,000
Treasury Stock (35,267,631 shares at December 31, 2018 and 34,881,079 shares at	152,523,000	143,705,000
March 31, 2018)	(453,580,000)	(430,989,000)
Retained earnings	493,322,000	458,457,000
Total stockholders' equity	192,268,000	171,176,000
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$313,745,000</b>	<b>\$274,004,000</b>

See accompanying notes to unaudited consolidated financial statements.

## CORVEL CORPORATION

## CONSOLIDATED INCOME STATEMENTS – UNAUDITED

	Three Months Ended	
	December 31,	
	2018	2017
REVENUES	\$ 146,082,000	\$ 140,734,000
Cost of revenues	116,728,000	115,165,000
Gross profit	29,354,000	25,569,000
General and administrative expenses	15,803,000	15,496,000
Income before income tax provision	13,551,000	10,073,000
Income tax provision	3,253,000	504,000
NET INCOME	\$ 10,298,000	\$ 9,569,000
Net income per common and common equivalent share		
Basic	\$0.55	\$0.51
Diluted	\$0.54	\$0.50
Weighted average common and common equivalent shares		
Basic	18,758,000	18,849,000
Diluted	18,984,000	19,121,000

See accompanying notes to unaudited consolidated financial statements.

## CORVEL CORPORATION

## CONSOLIDATED INCOME STATEMENTS – UNAUDITED

	Nine Months Ended December 31,	
	2018	2017
REVENUES	\$444,656,000	\$414,777,000
Cost of revenues	352,459,000	334,675,000
Gross profit	92,197,000	80,102,000
General and administrative expenses	46,834,000	43,794,000
Income before income tax provision	45,363,000	36,308,000
Income tax provision	10,498,000	9,571,000
NET INCOME	\$34,865,000	\$26,737,000
Net income per common and common equivalent share		
Basic	\$1.85	\$1.42
Diluted	\$1.83	\$1.41
Weighted average common and common equivalent shares		