

ON ASSIGNMENT INC  
Form 10-Q  
November 07, 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 quarterly period ended September 30, 2014

OR

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

Commission file number: 000-20540

ON ASSIGNMENT, INC.  
(Exact name of registrant as specified in its charter)

Delaware 95-4023433  
(State of Incorporation) (I.R.S. Employer Identification No.)

26745 Malibu Hills Road, Calabasas, CA 91301  
(Address of principal executive offices) (Zip Code)

(818) 878-7900  
(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 the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting

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company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-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

At October 31, 2014, the total number of outstanding shares of the Company’s Common Stock (\$0.01 par value) was 52,347,141.

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ON ASSIGNMENT, INC. AND SUBSIDIARIES

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## PART I - FINANCIAL INFORMATION

## Item 1 — Condensed Consolidated Financial Statements (Unaudited)

ON ASSIGNMENT, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)  
 (Dollars in thousands, except share amounts)

	September 30, 2014	December 31, 2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$29,881	\$37,350
Accounts receivable, net of allowance of \$4,741 and \$3,067, respectively	296,506	262,224
Prepaid expenses	5,664	8,686
Deferred income tax assets	17,190	17,214
Workers' compensation and medical malpractice receivable	19,157	21,200
Other	3,210	3,200
Total current assets	371,608	349,874
Property and equipment, net	43,495	38,591
Goodwill	574,023	574,948
Identifiable intangible assets, net	269,821	288,455
Other	8,108	9,326
Total Assets	\$1,267,055	\$1,261,194
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$18,250	\$10,000
Accounts payable	7,166	8,370
Accrued payroll and contract professional pay	90,976	76,556
Workers' compensation and medical malpractice loss reserves	30,904	32,751
Income taxes payable	2,448	13,418
Other	22,444	27,926
Total current liabilities	172,188	169,021
Deferred income tax liabilities	54,799	49,584
Long-term debt	385,438	389,813
Other long-term liabilities	11,615	12,643
Total liabilities	624,040	621,061
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 1,000,000 shares authorized, no shares issued	—	—
Common stock, \$0.01 par value, 75,000,000 shares authorized, 52,336,398 and 53,926,525 issued and outstanding, respectively	523	539
Paid-in capital	489,254	493,279
Retained earnings	156,140	146,199

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Accumulated other comprehensive income (loss)	(2,902	)	116
Total stockholders' equity	643,015		640,133
Total Liabilities and Stockholders' Equity	\$1,267,055		\$1,261,194

See Notes to Condensed Consolidated Financial Statements.

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ON ASSIGNMENT, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME  
 (UNAUDITED)

(In thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2014	2013	2014	2013
Revenues	\$477,824	\$421,491	\$1,385,716	\$1,208,399
Cost of services	322,218	294,281	939,795	849,746
Gross profit	155,606	127,210	445,921	358,653
Selling, general and administrative expenses	108,705	86,329	320,762	252,488
Amortization of intangible assets	6,018	5,199	18,346	15,853
Operating income	40,883	35,682	106,813	90,312
Interest expense, net	(3,101 )	(3,257 )	(9,532 )	(12,434 )
Write-off of loan costs	—	—	—	(14,958 )
Income before income taxes	37,782	32,425	97,281	62,920