

SPAR GROUP INC  
Form 10-Q  
November 16, 2015

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 third quarterly period ended **September 30, 2015**.  
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

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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

Accelerated Filer

Non-Accelerated Filer

Smaller Reporting Company

(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 November 1, 2015, there were 20,552,897 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)*

	<b>September 30,  2015 (Unaudited)</b>	<b>December 31,  2014</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	<b>\$ 6,210</b>	\$ 4,382
Accounts receivable, net	<b>21,306</b>	26,245
Deferred income taxes	<b>416</b>	464
Prepaid expenses and other current assets	<b>605</b>	868
Total current assets	<b>28,537</b>	31,959
Property and equipment, net	<b>2,450</b>	2,175
Goodwill	<b>1,800</b>	1,800
Intangible assets, net	<b>2,693</b>	3,149
Deferred income taxes	<b>5,579</b>	5,134
Other assets	<b>522</b>	353
Total assets	<b>\$ 41,581</b>	\$ 44,570
<b>Liabilities and equity</b>		
Current liabilities:		
Accounts payable	<b>\$ 3,608</b>	\$ 4,011
Accrued expenses and other current liabilities	<b>6,474</b>	8,149
Accrued expenses due to affiliates	<b>705</b>	487
Deferred income taxes	<b>1,822</b>	1,540
Customer deposits	<b>721</b>	659
Lines of credit	<b>884</b>	658
Total current liabilities	<b>14,214</b>	15,504
Long-term debt and other liabilities	<b>5,138</b>	5,855
Total liabilities	<b>19,352</b>	21,359
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 – September 30, 2015 and December 31, 2014	–	–
Common stock, \$.01 par value:		

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Authorized shares – 47,000,000		
Issued shares – 20,680,717 – September 30, 2015 and December 31, 2014	<b>207</b>	207
Outstanding shares – 20,540,922 – September 30, 2015 and 20,559,054 – December 31, 2014 –		–
Treasury stock, at cost 139,795 shares – September 30, 2015 and 121,663 shares – December 31, 2014	<b>(198</b>	) (183 )
Additional paid-in capital	<b>15,755</b>	15,519
Accumulated other comprehensive loss	<b>(2,969</b>	) (1,556 )
Retained earnings	<b>4,633</b>	4,770
Total SPAR Group, Inc. equity	<b>17,428</b>	18,757
Non-controlling interest	<b>4,801</b>	4,454
Total equity	<b>22,229</b>	23,211
Total liabilities and equity	<b>\$ 41,581</b>	\$ 44,570

*See accompanying notes.*

**SPAR Group, Inc. and Subsidiaries****Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income****(unaudited)***(In thousands, except per share data)*

	<b>Three Months Ended September 30, 2015      2014</b>		<b>Nine Months Ended September 30, 2015      2014</b>	
Net revenues	<b>\$28,269</b>	\$31,009	<b>\$87,002</b>	\$89,969
Cost of revenues	<b>21,555</b>	23,703	<b>66,206</b>	68,733
Gross profit	<b>6,714</b>	7,306	<b>20,796</b>	21,236
Selling, general and administrative expense	<b>6,014</b>	6,329	<b>18,289</b>	18,522
Depreciation and amortization	<b>471</b>	430	<b>1,414</b>	1,260
Operating income	<b>229</b>	547	<b>1,093</b>	1,454
Interest expense	<b>47</b>	44	<b>187</b>	128
Other (income) expense, net	<b>(8)</b>	(89)	<b>(68)</b>	(202)
Income before income tax expense	<b>190</b>	592	<b>974</b>	1,528
Income tax expense	<b>83</b>	21	<b>435</b>	373
Net income	<b>107</b>	571	<b>539</b>	1,155
Net income attributable to non-controlling interest	<b>(199)</b>	(188)	<b>(676)</b>	(565)
Net (loss) income attributable to SPAR Group, Inc.	<b>\$(92)</b>	\$383	<b>\$(137)</b>	\$590
Basic and diluted (loss) income per common share:	<b>\$—</b>	\$0.02	<b>\$(0.01)</b>	\$0.03
Weighted average common shares – basic	<b>20,556</b>	20,584	<b>20,562</b>	20,585
Weighted average common shares – diluted	<b>20,556</b>	21,525	<b>20,562</b>	21,687
Net income	<b>\$107</b>	\$571	<b>\$539</b>	\$1,155
Other comprehensive (loss) income:				
Foreign currency translation adjustments	<b>(663)</b>	(423)	<b>(1,413)</b>	(378)
Comprehensive (loss) income	<b>(556)</b>	148	<b>(874)</b>	777
Comprehensive (loss) attributable to non-controlling interest	<b>(199)</b>	(188)	<b>(676)</b>	(565)
Comprehensive (loss) income attributable to SPAR Group, Inc.	<b>\$(755)</b>	\$(40)	<b>\$(1,550)</b>	\$212

*See accompanying notes.*

**SPAR Group, Inc. and Subsidiaries**
**Consolidated Statement of Equity**
**(unaudited)**
*(In thousands)*

	<b>Common Stock</b>		<b>Treasury Stock</b>		<b>Additional Paid-In</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Retained Earnings</b>	<b>Non-Controlling Interest</b>	<b>Total Equity</b>
	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>	<b>Capital</b>				
Balance at January 1, 2015	20,681	\$ 207	122	\$ (183 )	\$ 15,519	\$ (1,556 )	\$ 4,770	\$ 4,454	\$ 23,211
Share-based compensation	—	—	—	—	306	—	—	—	306
Exercise of stock options	—	—	(44 )	69	(45 )	—	—	—	24