

MAXIMUS INC
Form 10-Q
May 09, 2014
[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2014

Commission File Number: 1-12997

MAXIMUS, INC.

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction of
incorporation or organization)

1891 Metro Center Drive
Reston, Virginia
(Address of principal executive offices)

54-1000588
(I.R.S. Employer
Identification No.)

20190
(Zip Code)

(703) 251-8500

Edgar Filing: MAXIMUS INC - Form 10-Q

(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 definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if smaller reporting company)

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

As of April 30, 2014, there were 67,697,400 shares of the registrant's common stock (no par value) outstanding.

Table of Contents

MAXIMUS, Inc.

Quarterly Report on Form 10-Q

For the Quarter Ended March 31, 2014

INDEX

PART I. FINANCIAL INFORMATION

<u>Item 1.</u>	<u>Consolidated Financial Statements</u>	3
	<u>Consolidated Statements of Operations for the Three Months and Six Months Ended March 31, 2014 and 2013 (unaudited)</u>	3
	<u>Consolidated Statements of Comprehensive Income for the Three Months and Six Months Ended March 31, 2014 and 2013 (unaudited)</u>	4
	<u>Consolidated Balance Sheets as of March 31, 2014 (unaudited) and September 30, 2013</u>	5
	<u>Consolidated Statements of Cash Flows for the Six Months Ended March 31, 2014 and 2013 (unaudited)</u>	6
	<u>Notes to Unaudited Consolidated Financial Statements</u>	7
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	13
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	20
<u>Item 4.</u>	<u>Controls and Procedures</u>	20

PART II. OTHER INFORMATION

<u>Item 1.</u>	<u>Legal Proceedings</u>	21
<u>Item 1A.</u>	<u>Risk Factors</u>	22
<u>Item 2</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	22
<u>Item 6.</u>	<u>Exhibits</u>	22
<u>Signatures</u>		23
<u>Exhibit Index</u>		24

Throughout this Quarterly Report on Form 10-Q, the terms "Company", "we", "us", "our" and "MAXIMUS" refer to MAXIMUS, Inc. and its subsidiaries unless this report otherwise indicates or the context otherwise requires.

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

Included in this Quarterly Report on Form 10-Q are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on current expectations, estimates, forecasts and projections about our company, the industry in which we operate and other matters, as well as management's beliefs and assumptions and other statements that are not historical facts. Words such as anticipate, believe, could, expect, estimate, intend, may, opportunity, plan, potential, project, should, and similar expressions are intended to identify forward-looking statements and convey uncertainty of future events or outcomes. These statements are not guarantees and involve risks, uncertainties and assumptions that are difficult to predict. Actual outcomes and results may differ materially from such forward-looking statements due to a number of factors, including without limitation,

- a failure on our part to comply with federal, state or local laws governing our business, which might result in us being subject to fines, penalties and other sanctions;
- a failure to meet performance requirements in our contracts, which might lead to contract termination and liquidated damages;
- the outcome of reviews or audits by federal, state and local governments, which might result in financial penalties and reduce our ability to respond to invitations for new work;
- the effects of future legislative or government budgetary and spending changes;
- other factors set forth in Exhibit 99.1 of our Annual Report on Form 10-K for the year ended September 30, 2013, filed with the Securities and Exchange Commission on November 19, 2013.

As a result of these and other factors, our past financial performance should not be relied on as an indication of future performance. Additionally, we caution investors not to place undue reliance on any forward-looking statements as these statements speak only as of the date when made. Except as otherwise required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether resulting from new information, future events or otherwise.

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Consolidated Financial Statements.****MAXIMUS, Inc.****CONSOLIDATED STATEMENTS OF OPERATIONS**

(Amounts in thousands, except per share data)

(Unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2014	2013	2014	2013
Revenue	\$ 439,015	\$ 326,351	\$ 845,607	\$ 612,617
Cost of revenue	318,343	228,907	619,019	438,643
Gross profit	120,672	97,444	226,588	173,974
Selling, general and administrative expenses	55,129	46,693	107,732	88,915
Acquisition-related expenses		16		164
Legal and settlement expenses	600		600	142
Operating income from continuing operations	64,943	50,735	118,256	84,753
Interest and other income, net	183	637	904	1,743
Income from continuing operations before income taxes	65,126	51,372	119,160	86,496
Provision for income taxes	23,964	19,658	44,198	32,999
Income from continuing operations	41,162	31,714	74,962	53,497
Discontinued operations, net of income taxes:				
Income/(loss) from discontinued operations	22	(91)	12	(594)
Gain on disposal	23	66	92	102
Income (loss) from discontinued operations	45	(25)	104	(492)
Net income	\$ 41,207	\$ 31,689	\$ 75,066	\$ 53,005
Basic earnings/(loss) per share:				
Income from continuing operations	\$ 0.61	\$ 0.47	\$ 1.10	\$ 0.78
Income/(loss) from discontinued operations		(0.01)		
Basic earnings per share	\$ 0.61	\$ 0.46	\$ 1.10	\$ 0.78
Diluted earnings/(loss) per share:				
Income from continuing operations	\$ 0.59	\$ 0.45	\$ 1.08	\$ 0.77
Income/(loss) from discontinued operations				(0.01)
Diluted earnings per share	\$ 0.59	\$		