

INSPERITY, INC.
Form 10-Q
November 03, 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

For the transition period from _____ to _____

Commission File No. 1-13998

Insperty, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

76-0479645
(I.R.S. Employer Identification No.)

19001 Crescent Springs Drive
Kingwood, Texas
(Address of principal executive offices)

77339
(Zip Code)

(Registrant's Telephone Number, Including Area Code): (281) 358-8986

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 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.

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 ☒

As of October 27, 2014, 25,332,418 shares of the registrant's common stock, par value \$0.01 per share, were outstanding.

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PART I

ITEM 1. FINANCIAL STATEMENTS

INSPERITY, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)

ASSETS

| | September 30, 2014 (Unaudited) | December 31, 2013 |
|---|--------------------------------------|----------------------|
| Current assets: | | |
| Cash and cash equivalents | \$179,458 | \$225,755 |
| Restricted cash | 57,222 | 51,928 |
| Marketable securities | 45,953 | 46,340 |
| Accounts receivable, net: | | |
| Trade | 3,730 | 7,453 |
| Unbilled | 237,748 | 199,628 |
| Other | 3,336 | 2,928 |
| Prepaid insurance | 30,613 | 10,638 |
| Other current assets | 12,851 | 12,053 |
| Income taxes receivable | 2,740 | 409 |
| Deferred income taxes | — | 8,185 |
| Total current assets | 573,651 | 565,317 |
| Property and equipment: | | |
| Land | 5,214 | 4,115 |
| Buildings and improvements | 68,471 | 67,939 |
| Computer hardware and software | 87,631 | 85,241 |
| Software development costs | 40,628 | 38,522 |
| Furniture and fixtures | 36,855 | 36,479 |
| Aircraft | 35,879 | 35,879 |
| | 274,678 | 268,175 |
| Accumulated depreciation and amortization | (191,913) | (181,760) |
| Total property and equipment, net | 82,765 | 86,415 |
| Other assets: | | |
| Prepaid health insurance | 9,000 | 9,000 |
| Deposits – health insurance | 3,700 | 3,700 |
| Deposits – workers’ compensation | 93,686 | 81,878 |
| Goodwill and other intangible assets, net | 14,808 | 18,434 |
| Other assets | 1,748 | 1,816 |
| Total other assets | 122,942 | 114,828 |
| Total assets | \$779,358 | \$766,560 |

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INSPERITY, INC.
CONSOLIDATED BALANCE SHEETS (Continued)
(in thousands)

LIABILITIES AND STOCKHOLDERS' EQUITY

| | September 30, 2014 (Unaudited) | December 31, 2013 |
|--|--------------------------------------|----------------------|
| Current liabilities: | | |
| Accounts payable | \$3,255 | \$2,678 |
| Payroll taxes and other payroll deductions payable | 105,026 | 165,604 |
| Accrued worksite employee payroll cost | 211,028 | 173,801 |
| Accrued health insurance costs | 26,351 | 5,103 |
| Accrued workers' compensation costs | 59,393 | 52,930 |
| Accrued corporate payroll and commissions | 26,474 | 21,611 |
| Other accrued liabilities | 23,008 | 14,960 |
| Total current liabilities | 454,535 | 436,687 |
| Noncurrent liabilities: | | |
| Accrued workers' compensation costs | 73,009 | 68,905 |
| Deferred income taxes | 3,806 | 7,696 |
| Total noncurrent liabilities | 76,815 | 76,601 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Common stock | 308 | 308 |
| Additional paid-in capital | 136,972 | 135,653 |
| Treasury stock, at cost | (151,091) | (138,688) |
| Accumulated other comprehensive income, net of tax | 24 | 29 |
| Retained earnings | 261,795 | 255,970 |
| Total stockholders' equity | 248,008 | 253,272 |
| Total liabilities and stockholders' equity | | |