

CRAWFORD & CO
Form 10-Q
August 03, 2015
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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 June 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 1-10356

CRAWFORD & COMPANY

(Exact name of Registrant as specified in its charter)

Georgia 58-0506554
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

1001 Summit Boulevard
Atlanta, Georgia 30319
(Address of principal executive offices) (Zip Code)

(404) 300-1000
(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 website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 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 company" in Rule 12b-2 of the Exchange Act. (Check one):

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

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The number of shares outstanding of each of the Registrant's classes of common stock as of July 24, 2015 was as follows:

Class A Common Stock, \$1.00 par value: 30,822,826

Class B Common Stock, \$1.00 par value: 24,690,172

CRAWFORD & COMPANY
 Quarterly Report on Form 10-Q
 Quarter Ended June 30, 2015

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Part I — Financial Information

Item 1. Financial Statements
 CRAWFORD & COMPANY
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 Unaudited

(In thousands, except per share amounts)	Three Months Ended June 30,		
	2015	2014	
Revenues:			
Revenues before reimbursements	\$304,398	\$	288,216
Reimbursements	20,018	18,837	
Total Revenues	324,416	307,053	
Costs and Expenses:			
Costs of services provided, before reimbursements	232,108	208,249	
Reimbursements	20,018	18,837	
Total costs of services	252,126	227,086	
Selling, general, and administrative expenses	57,221	60,902	
Corporate interest expense, net of interest income of \$195 and \$158, respectively	2,042	1,551	
Special charges	4,242	—	
Total Costs and Expenses	315,631	289,539	
Other Income	102	42	
Income Before Income Taxes	8,887	17,556	
Provision for Income Taxes	4,709	6,962	
Net Income	4,178	10,594	
Net Income Attributable to Noncontrolling Interests	(124) (130)
Net Income Attributable to Shareholders of Crawford & Company	\$4,054	\$	10,464

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Earnings Per Share - Basic:

Class A Common Stock	\$0.08	\$			0.19	
			as of September 30, 2015	Level 1	Level 2	Total
			Mutual funds			
			Money market	\$58,540,149	\$—	\$58,540,149
			Equity - global/international	293,177,487	—	293,177,487
			Equity - United States	364,692,089	—	364,692,089
			Hybrid	143,771,572	—	143,771,572
Class B Common Stock	\$0.06		Fixed income - global/international	33,203,532	—	33,203,532
			Fixed income - United States	52,683,524	—	52,683,524
			Collective trusts	—	50,939,306	50,939,306
			Franklin Resources, Inc. common stock	81,938,034	—	81,938,034
			Total Assets Measured at Fair Value	\$1,028,006,387	\$50,939,306	\$1,078,945,693

			as of September 30, 2014	Level 1	Level 2	Total
			Mutual funds			
			Money market	\$55,890,582	\$—	\$55,890,582
			Equity - global/international	340,200,678	—	340,200,678
			Equity - United States	373,983,059	—	373,983,059
			Hybrid	144,407,323	—	144,407,323
			Fixed income - global/international	38,204,980	—	38,204,980
			Fixed income - United States	49,238,915	—	49,238,915
			Collective trust	—	34,571,348	34,571,348
			Franklin Resources, Inc. common stock	125,608,468	—	125,608,468
			Total Assets Measured at Fair Value	\$1,127,534,005	\$34,571,348	\$1,162,105,353

There were no investments utilizing Level 3 inputs as of September 30, 2015 and 2014, and there were no transfers between levels of the fair value hierarchy during fiscal year 2015 and the fiscal year ended September 30, 2014.

5. Federal Income Tax Status

The Internal Revenue Service has determined and informed the Company by a letter dated September 23, 2013 that the Plan was designed in accordance with applicable regulations of the Internal Revenue Code (“IRC”). The Plan has been amended since receiving the determination letter. However, the Plan Administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC and the Plan continues to be tax exempt. Therefore, no provision for income taxes has been included in the Plan’s financial statements. The Plan has not taken, nor expects to take, any uncertain income tax positions that would require recognition of a liability or disclosure in the Plan’s financial statements. The Plan may be subject to routine audits by tax authorities but is not currently under audit.

6. Management and Trustee’s Fees

The Company or the Plan, as provided in the Plan documents, pays all administrative and operating expenses of the Plan.

7. Plan Termination

The Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts. Any unallocated assets of the Plan will be allocated to participant accounts and distributed in accordance

with the provisions of the Plan documents.

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8. Party-in-Interest Transactions

The Plan's investments are invested in the common stock of the Company, the Plan's sponsor, and certain mutual funds, which are managed and provided with various services by wholly-owned subsidiaries of the Company. Therefore, these investments qualify as party-in-interest transactions. As investment manager, certain subsidiaries of the Company earn annual management fees ranging from 0.15% to 1.44% of the amounts invested in the mutual funds. Fees paid by the Plan for investment management services are included as a reduction of the return earned on each mutual fund. Notes receivable from participants also qualify as party-in-interest transactions.

9. Reconciliation of Financial Statements to Form 5500

There were no reconciling items between the financial statements and the Form 5500 as of September 30, 2015 and 2014.

10. Plan Amendments

The Plan was amended effective October 1, 2014 to eliminate the one-year service requirement for participation in the matching portion of the Plan and to make certain administrative changes.

A Plan amendment effective January 1, 2017 will change the fiscal year of the Plan to begin on January 1 and end on December 31.

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SUPPLEMENTAL SCHEDULE

Franklin Templeton 401(k) Retirement Plan

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

Employer Identification Number 13-2670991

Plan Number 003

September 30, 2015

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
*	Franklin Money Fund R6	Money market mutual fund	**	\$58,540,149
*	Franklin Balance Sheet Investment Fund R6	Mutual fund	**	6,805,384
*	Franklin Flex Cap Growth Fund R6	Mutual fund	**	13,992,198
*	Franklin Growth Fund R6	Mutual fund	**	88,101,620
*	Franklin Growth Opportunities Fund R6	Mutual fund	**	58,733,070
*	Franklin High Income Fund R6	Mutual fund	**	9,586,381
*	Franklin Income Fund R6	Mutual fund	**	68,455,889
*	Franklin International Growth Fund R6	Mutual fund	**	4,522,803
*	Franklin Large Cap Value Fund R6	Mutual fund	**	7,278,752
*	Franklin LifeSmart 2015 Retirement Target Fund R6	Mutual fund	**	4,495,349
*	Franklin LifeSmart 2020 Retirement Target Fund R6	Mutual fund	**	6,959,783
*	Franklin LifeSmart 2025 Retirement Target Fund R6	Mutual fund	**	10,116,232
*	Franklin LifeSmart 2030 Retirement Target Fund R6	Mutual fund	**	12,049,629
*	Franklin LifeSmart 2035 Retirement Target Fund R6	Mutual fund	**	15,289,182
*	Franklin LifeSmart 2040 Retirement Target Fund R6	Mutual fund	**	11,135,599
*	Franklin LifeSmart 2045 Retirement Target Fund R6	Mutual fund	**	7,889,868
*	Franklin LifeSmart 2050 Retirement Target Fund R6	Mutual fund	**	7,380,041
*	Franklin Low Duration Total Return Fund R6	Mutual fund	**	2,315,673
*	Franklin MicroCap Value Fund R6	Mutual fund	**	17,185,099
*	Franklin Mutual Beacon Fund R6	Mutual fund	**	45,950,950
*	Franklin Mutual European Fund R6	Mutual fund	**	42,039,380
*	Franklin Mutual Global Discovery Fund R6	Mutual fund	**	82,750,965
*	Franklin Real Return Fund R6	Mutual fund	**	1,721,202
*	Franklin Rising Dividends Fund R6	Mutual fund	**	53,761,122
*	Franklin Small Cap Growth Fund R6	Mutual fund	**	14,271,142
*	Franklin Small Cap Value Fund R6	Mutual fund	**	19,883,597
*	Franklin Small-Mid Cap Growth Fund R6	Mutual fund	**	38,729,155
*	Franklin Strategic Income Fund R6	Mutual fund	**	6,083,888
*	Franklin Total Return Fund R6	Mutual fund	**	14,198,894
*	Franklin U.S. Government Securities Fund R6	Mutual fund	**	18,777,486
*	Templeton Developing Markets Trust R6	Mutual fund	**	38,658,858
*	Templeton Foreign Fund R6	Mutual fund	**	25,462,150
*	Templeton Frontier Markets Fund R6	Mutual fund	**	4,049,464
*	Templeton Global Bond Fund R6	Mutual fund	**	33,203,532
*	Templeton Global Smaller Companies Fund R6	Mutual fund	**	21,081,177
*	Templeton Growth Fund R6	Mutual fund	**	52,664,652
*	Templeton World Fund R6	Mutual fund	**	21,948,038
		Collective trust	**	3,944,418

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State Street International Index Non-Lending Series
Fund Class C

State Street Russell Small/Mid Cap[®] Index
Non-Lending Series Fund Class C

Collective trust

**

3,644,982

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SUPPLEMENTAL SCHEDULE

Franklin Templeton 401(k) Retirement Plan

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

Employer Identification Number 13-2670991

Plan Number 003

September 30, 2015

[Table continued from previous page]

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
	State Street S&P 500 Index Fund N	Collective trust	**	\$41,784,455
	State Street U.S. Bond Index Non-Lending Series Fund Class C	Collective trust	**	1,565,451
*	Franklin Resources, Inc. common stock	Common stock	**	81,938,034
*	Notes receivable from participants	Participant loans - various rates ranging from 4.25% to 11.00% and various maturities ranging from October 2015 to July 2030	**	16,792,185
		Total		\$1,095,737,878

* Represents a party-in-interest to the Plan.

** Cost information is not required for participant-directed investments.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 25, 2016

FRANKLIN TEMPLETON
401(k) RETIREMENT PLAN

/s/ Sharon Anderson

Sharon Anderson
Vice-President HR Benefits
Authorized Representative of the Plan

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EXHIBIT INDEX

Exhibit No.	Description
23	Consent of Moss Adams LLP, Independent Registered Public Accounting Firm

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