

CROSS COUNTRY HEALTHCARE INC
Form 10-Q
November 04, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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 September 30, 2011

Or

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

For the Transition Period From _____ to _____

CROSS COUNTRY HEALTHCARE, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
Incorporation or organization)

0-33169
Commission
file number

13-4066229
(I.R.S. Employer
Identification Number)

6551 Park of Commerce Blvd, N.W.
Boca Raton, Florida 33487
(Address of principal executive offices)(Zip Code)

(561) 998-2232
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 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

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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, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act:

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller Reporting Company

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

The registrant had outstanding 31,239,066 shares of Common Stock, par value \$0.0001 per share, as of October 31, 2011.

INFORMATION RELATING TO FORWARD-LOOKING STATEMENTS

In addition to historical information, this Form 10-Q contains statements relating to our future results (including certain projections and business trends) that are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), and are subject to the “safe harbor” created by those sections. Words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates”, “suggests”, “seeks”, “will” and variations of such words and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results and performance to be materially different from any future results or performance expressed or implied by these forward-looking statements. These factors include, but are not limited to, the following: our ability to attract and retain qualified nurses, physicians and other healthcare personnel, costs and availability of short-term housing for our travel healthcare professionals, demand for the healthcare services we provide, both nationally and in the regions in which we operate, the functioning of our information systems, the effect of existing or future government regulation and federal and state legislative and enforcement initiatives on our business, our clients’ ability to pay us for our services, our ability to successfully implement our acquisition and development strategies, the effect of liabilities and other claims asserted against us, the effect of competition in the markets we serve, our ability to successfully defend the Company, its subsidiaries, and its officers and directors on the merits of any lawsuit or determine its potential liability, if any, and other factors set forth in Item 1.A. “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2010, as filed and updated in our Quarterly Reports on Form 10-Q and other filings with the Securities and Exchange Commission.

Although we believe that these statements are based upon reasonable assumptions, we cannot guarantee future results and readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management’s opinions only as of the date of this filing. There can be no assurance that (i) we have correctly measured or identified all of the factors affecting our business or the extent of these factors’ likely impact, (ii) the available information with respect to these factors on which such analysis is based is complete or accurate, (iii) such analysis is correct or (iv) our strategy, which is based in part on this analysis, will be successful. The Company undertakes no obligation to update or revise forward-looking statements.

All references to “we”, “us”, “our”, or “Cross Country” in this Quarterly Report on Form 10-Q mean Cross Country Healthcare, Inc., its subsidiaries and affiliates.

CROSS COUNTRY HEALTHCARE, INC.

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PART I. – FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Cross Country Healthcare, Inc.
Condensed Consolidated Balance Sheets
(Unaudited, amounts in thousands)

	September 30, 2011	December 31, 2010
Current assets:		
Cash and cash equivalents	\$ 14,305	\$ 10,957
Short-term cash investments	1,807	1,870
Accounts receivable, less allowance for doubtful accounts of \$2,104 in 2011 and \$3,501 in 2010	74,286	64,395
Deferred tax assets	12,188	11,801
Income taxes receivable	-	6,563
Prepaid expenses	7,340	6,530
Other current assets	553	649
Total current assets	110,479	102,765
Property and equipment, net of accumulated depreciation of \$48,338 in 2011 and \$43,412 in 2010	12,635	14,536
Trademarks, net	52,068	52,055
Goodwill, net	143,410	143,349
Other identifiable intangible assets, net	22,023	24,681
Debt issuance costs, net	1,419	2,112
Non-current deferred tax assets	2,508	2,484
Other long-term assets	1,402	1,676
Total assets	\$ 345,944	\$ 343,658
Current liabilities:		
Accounts payable and accrued expenses	\$ 10,728	\$ 7,944
Accrued employee compensation and benefits	17,345	14,641
Current portion of long-term debt	11,893	7,957
Income taxes payable	604	-
Other current liabilities	4,163	4,712
Total current liabilities	44,733	35,254
Long-term debt	34,060	45,556
Other long-term liabilities	16,051	16,839
Total liabilities	94,844	97,649
Commitments and contingencies		
Stockholders' equity:		
Common stock	3	3
Additional paid-in capital	244,925	243,005
Accumulated other comprehensive loss	(2,796)	(2,401)
Retained earnings	8,968	5,402
Total stockholders' equity	251,100	246,009
Total liabilities and stockholders' equity	\$ 345,944	\$ 343,658

See accompanying notes to the condensed consolidated financial statements

Cross Country Healthcare, Inc.
 Condensed Consolidated Statements of Income
 (Unaudited, amounts in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Revenue from services	\$131,169	\$115,687	\$379,257	\$354,885
Operating expenses:				
Direct operating expenses	95,426	83,258	275,929	255,171
Selling, general and administrative expenses	29,061	26,630	87,407	81,837
Bad debt expense	146	115	235	115
Depreciation	1,548	1,782		