PIPER JAFFRAY COMPANIES
Form 8-K
May 06, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of Earliest Event Reported): May 4, 2011

Piper Jaffray Companies

(Exact name of registrant as specified in its charter)

Delaware	1-31720	30-0168701
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)
800 Nicollet Mall, Suite 800, Minneapolis, Minnesota		55402
(Address of principal executive offices)		(Zip Code)

Registrant s telephone number, including area code: (612) 303-6000

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 5.07. Submission of Matters to a Vote of Security Holders.

(a) The Company s 2011 annual meeting of shareholders was held on May 4, 2011. The holders of 17,351,109 shares of common stock, 89 percent of the outstanding shares entitled to vote as of the record date, were represented at the meeting in person or by proxy.

(b) At the annual meeting, Andrew S. Duff, Michael R. Francis, B. Kristine Johnson, Addison L. Piper, Lisa K. Polsky, Frank L. Sims, Jean M. Taylor and Michele Volpi were elected as directors to serve a one-year term expiring at the annual meeting of shareholders in 2012. The following table shows the vote totals for each of these individuals:

Name	Votes For	Authority Withheld
Andrew S. Duff	14,992,639	861,857
Michael R. Francis	14,817,514	1,036,982
B. Kristine Johnson	14,834,504	1,019,992
Addison L. Piper	15,108,388	746,108
Lisa K. Polsky	14,709,131	1,145,365
Frank L. Sims	15,053,663	800,833
Jean M. Taylor	14,656,028	1,198,468
Michele Volpi	14,731,302	1,123,194

Broker non-votes for each director totaled 1,496,613.

At the annual meeting, our shareholders also approved the proposal to ratify the selection of Ernst & Young LLP as the independent auditor for 2011. The following table indicates the specific voting results for this proposal:

Proposal	Votes For	Votes Against	Abstentions
Ratify the selection of Ernst & Young LLP as the independent auditor for 2011.	17,214,840	102,659	33,610

At the annual meeting, our shareholders also cast an advisory vote to approve the compensation of officers disclosed in the proxy statement, or a say-on-pay vote. The following table indicates the specific voting results for this proposal:

Proposal	Votes For	Votes Against	Abstentions
Advisory resolution approving the compensation of the officers disclosed in the proxy statement, or a say-on-pay vote.	13,050,175	2,262,779	541,542

Broker non-votes for this proposal totaled 1,496,613.

At the annual meeting, our shareholders also cast an advisory vote recommending the frequency of future say-on-pay votes. The following table indicates the specific voting results for this proposal:

Proposal	1 Year	2 Years	3 Years	Abstentions

Advisory vote recommending frequency of future say-on-pay votes.	8,001,901	151,951	7,106,437	594,207

Broker non-votes for this proposal totaled 1,496,613.

(d) Based on the results of the advisory vote recommending the frequency of future say-on-pay votes, the Board of Directors has determined to include a shareholder vote on executive compensation in its proxy materials on an annual basis.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

	Piper Jaffray Companies	
May 6, 2011	*By:*	*James L. Chosy*
		Name: James L. Chosy
		Title: General Counsel and Secretary

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335

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1,712

Construction in progress primarily included building improvements and machinery and equipment as of December 31, 2018 and 2017. Depreciation expense was $0.9 million and $1.7 million for the years ended December 31, 2018 and 2017, respectively. No impairment charges on property, plant and equipment were recognized for the years ended December 31, 2018 and 2017.

NOTE 6—GOODWILL AND OTHER INTANGIBLE ASSETS

The Company determines the fair value of its reporting unit using the income approach. For purposes of the income approach, fair value is determined based on the present value of estimated future cash flows, discounted at an appropriate risk-adjusted rate. The Company uses its internal forecasts to estimate future cash flows and includes an estimate of long-term future growth rates based on its most recent views of the long-term outlook for the reporting unit, which falls within Level 3 of the fair value hierarchy.

As of both December 31, 2018 and 2017, the Company had $12.5 million of unamortizable indefinite-lived intangible assets related to its Williams Industrial Services Group trade name. The Company did not incur any amortization expense for each of the years ended December 31, 2018 and 2017, respectively. The Company determines the fair value of its trade name using the relief from royalty method. Under that method, the fair value of the trade name is determined by calculating the present value of the after tax cost savings associated with owning the asset and therefore not having to pay royalties for its use for the remainder of its estimated useful life. As a result of the Company’s annual indefinite-lived intangible asset impairment analysis as of October 1, 2018 and 2017, it determined the fair value of its trade name exceeded its book value; therefore, no impairment charge was recorded for the years ended December 31, 2018 and 2017.

As a result of the Company's annual goodwill impairment analysis as of October 1, 2018 and 2017, it determined that the fair value of its reporting unit exceeded its book value, and accordingly, no impairment charge was necessary for the years ended December 31, 2018 and 2017.

As of December 31, 2018, the Company's accumulated impairment charges on its goodwill and indefinite-lived intangible assets were $4.2 million, all of which were recognized in the statement of operations for the year ended December 31, 2015. The Company did not incur any impairment charges related to its goodwill and indefinite-lived intangible assets prior to 2015.

Estimating the fair value of reporting units and trade names requires the use of estimates and significant judgments that are based on a number of factors including current and historical actual operating results, balance sheet carrying values, the Company's most recent forecasts, and other relevant quantitative and qualitative information. If current or expected conditions deteriorate, it is reasonably possible that the judgments and estimates described above could change in future periods and result in impairment charges.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 7—FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments: ASC 820–Fair Value Measurement defines fair value as the exit price, which is the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a three-tier fair value hierarchy, which categorizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in the active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The Company's financial instruments as of December 31, 2018 and 2017 consisted primarily of cash and cash equivalents, restricted cash, receivables, payables and debt instruments. The carrying values of these financial instruments approximate their respective fair values, as they are either short-term in nature or carry interest rates that are periodically adjusted to market rates.

NOTE 8—INCOME TAXES

Loss before income taxes was as follows:

	Year Ended December 31,	
(in thousands)	2018	2017
Domestic	$ (18,190)	$ (35,993)
Foreign	—	(393)
Loss from continuing operations	(18,190)	(36,386)
Loss from discontinued operations	(15,002)	(25,318)
Loss before income tax expense (benefit)	$ (33,192)	$ (61,704)

The following table summarizes the income tax expense (benefit) by jurisdiction:

	Year Ended December 31,	
(in thousands)	2018	2017
Current:		
State	$ (3)	$ (1)
Foreign	(522)	404
Total current	(525)	403
Deferred:		
Federal	(7,044)	(7,369)
State	(194)	110
Foreign	6	1,675
Total deferred	(7,232)	(5,584)

Income tax expense (benefit)	$ (7,757)	$ (5,181)

Income tax expense (benefit) was allocated between continuing operations and discontinued operations as follows:

	Year Ended December 31,	
(in thousands)	2018	2017
Continuing operations	$ (4,400)	$ (6,367)
Discontinued operations	(3,357)	1,186
Income tax expense (benefit)	$ (7,757)	$ (5,181)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Effective Tax Rate Reconciliation

The amount of the income tax provision for continuing operations during the years ended December 31, 2018 and 2017 differs from the statutory federal income tax rate of 21% and 35%, respectively, as follows:

	Year Ended December 31,			
	2018		2017	
(in thousands)	Amount	Percent	Amount	Percent
Tax expense (benefit) computed at the maximum U.S. statutory rate	$ (3,820)	21.0 %	$ (12,735)	35.0 %
Difference resulting from state income taxes, net of federal income tax benefits	(483)	2.7 %	(772)	2.1 %
Foreign tax rate differences	—	— %	138	(0.4) %
Deferred tax impacts of the Tax Act	—	— %	(5,430)	14.9 %
Non-deductible business disposition costs	—	— %	4,266	(11.7) %
Non-deductible expenses, other	136	(0.7) %	236	(0.6) %
Transition tax from Tax Act inclusion	—	— %	2,587	(7.1) %
Change in net operating loss carryforward	(581)	3.2 %	889	(2.4) %
Change in valuation allowance	(2,136)	11.7 %	7,165	(19.7) %
Change in accrual for uncertain tax positions	—	— %	(31)	0.1 %
Change in foreign tax credits	1,811	(10.0) %	(74)	0.2 %
Stock-based compensation (ASU 2016-09)	—	— %	(2,588)	7.1 %
Other, net	673	(3.7) %	(18)	— %
Total tax expense (benefit)	$ (4,400)	24.2 %	$ (6,367)	17.5 %

Deferred Taxes

The significant components of deferred income tax assets and liabilities for continuing operations consisted of the following:

	December 31,	
(in thousands)	2018	2017
Assets:		
Cost in excess of identifiable net assets of business acquired	$ 6,633	$ 7,534
Reserves and other accruals	4,328	5,555
Tax credit carryforwards	7,819	12,564
Accrued compensation and benefits	1,946	2,509
State net operating loss carryforwards	10,843	8,937
Federal net operating loss carryforwards	47,382	38,990
Gain/loss on assets held for sale	1,393	1,393
Other	782	—
	81,126	77,482

Liabilities:		
Indefinite life intangibles	(10,876)	(10,075)
Property and equipment	(248)	(262)
Other	—	(720)
Net deferred tax assets	70,002	66,425
Valuation allowance for net deferred tax assets	(72,684)	(76,346)
Net deferred tax liability after valuation allowance	$ (2,682)	$ (9,921)

Tax Cuts and Jobs Acts of 2017

On December 22, 2017, the Tax Act was signed into law, making significant changes to the Internal Revenue Code. Changes include, but are not limited to, a U.S. federal corporate tax rate decrease from 35% to 21% effective for tax years beginning after December 31, 2017, the transition of U.S. international taxation from a worldwide tax system to a territorial system, and a one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings as of December 31, 2017. For the year ended December 31, 2018, the Company recognized a $5.3 million tax benefit for the offset of the indefinite-

WILLIAMS INDUSTRIAL SERVICES GROUP INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

lived deferred tax assets created by the 2017 Tax Act that may be utilized against indefinite-lived intangible deferred tax liabilities. The Company was able to recognize a tax benefit for $3.2 million of tax losses generated during 2018 and $2.1 million for disallowed interest expense incurred in 2018 that can be indefinitely carried forward.

The Tax Act reduced the federal statutory corporate tax rate from 35% to 21% for the Company’s tax years beginning in 2018, which resulted in the re-measurement of the federal portion of the Company’s deferred tax assets and liabilities and related valuation allowances as of December 31, 2017 from 35% to the new 21% tax rate. As of December 31, 2018 and 2017, the Company has a net deferred tax liability related to its continuing operations of $2.7 million and $9.9 million, respectively. The net deferred tax liabilities for the years ended December 31, 2018 and 2017 predominantly related to indefinite-lived intangibles deferred tax liabilities that cannot be used to offset deferred tax assets subject to valuation allowances. A net reduction in valuation allowances related to continuing operations of $3.7 million as of December 31, 2018 was recorded against the gross deferred tax asset balances as of December 31, 2018.

The Company recorded a provisional liability of the transition tax of $2.6 million based on analysis of the amount of post-1986 earnings and profits of its foreign subsidiaries.

As of December 31, 2018, the Company would need to generate $281.9 million of future U.S. pre-tax income to realize its deferred tax assets.

Net Operating Losses and Tax Credit Carryforwards

As of December 31, 2018, the Company has state operating loss carryforwards of $282.3 million expiring between 2019 and 2038. The Company has $5.3 million of foreign operating loss carryforwards that will expire in 2028. The Company has $5.6 million in foreign tax credit carryforwards expiring between 2019 and 2026.

Under the Internal Revenue Code, the amount of and the benefits from NOL and tax credit carryforwards may be limited or permanently impaired in certain circumstances. In addition, under the Tax Act, the amount of post 2017 NOLs that the Company is permitted to deduct in any taxable year is limited to 80% of its taxable income in such year, where taxable income is determined without regard to the NOL deduction itself. The Tax Act also generally eliminates the ability to carry back any NOL to prior taxable years, while allowing post 2017 unused NOLs to be carried forward indefinitely.

Valuation Allowances

The Company reviews, at least annually, the components of its deferred tax assets. This review is to ascertain that, based upon all of the information available at the time of the preparation of the financial statements, it is more likely than not, that the Company expects to utilize these deferred tax assets in the future. If the Company determines that it is more likely than not that these deferred tax assets will not be utilized, a valuation allowance is recorded, reducing the deferred tax asset to the amount expected to be realized. Many factors are considered in the determination that the deferred tax assets are more likely than not will be realized, including recent cumulative earnings, expectations regarding future taxable income, length of carryforward periods, and other relevant quantitative and qualitative factors. The recoverability of the deferred tax assets is determined by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings, and tax planning strategies.

As of December 31, 2018, the Company carries $10.9 million of deferred income tax liabilities related to indefinite-lived intangibles. Because NOLs generated in taxable years beginning after December 31, 2017 can be carried forward indefinitely under the Tax Act, based upon all of the information available at the time of the preparation of the financial statements, the Company concluded that it is more likely than not that the reversal of taxable temporary differences related to indefinite-lived intangible assets can be used as a source of future taxable income when assessing the realizability of these loss carryforwards that do not expire when they are in the same jurisdiction and of the same character. The Company also determined that it is more likely than not that the reversal of taxable temporary differences related to indefinite-lived intangible assets can be used as a source of future taxable income when assessing the realizability of deferred tax assets that upon reversal would give rise to NOLs that do not expire. As a result, the Company booked a $4.4 million income tax benefit from continuing operations for the period ended December 31, 2018, mainly attributable to the $5.3 million net reduction in the deferred tax liabilities related to the indefinite-lived intangibles that can now be partially offset against the indefinite-lived deferred tax assets created by the Tax Act. Among the $5.3 million, $3.2 million was related to the pre-tax losses generated by its U.S.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

business operations, specifically the indefinite-lived pre-tax losses generated in 2018, and $2.1 million was related to the interest expense disallowed in 2018 that can be carried forward indefinitely. The Company continues to have a full valuation allowance against its foreign deferred tax assets.

As of December 31, 2018 and 2017, the Company had valuation allowances for deferred tax assets related to its continuing operations in the amount of $72.7 million and $76.3 million, respectively.

Unremitted Earnings

The Company's foreign subsidiaries may generate earnings that are not subject to U.S. income taxes so long as they are permanently reinvested in its operations outside of the U.S. Pursuant to ASC Topic No. 740-30, undistributed earnings of foreign subsidiaries that are no longer permanently reinvested would become subject to deferred income taxes.

Uncertain Tax Positions

A reconciliation of the beginning and ending amount of total unrecognized tax benefits is as follows (in thousands):

	Year Ended December 31,	
(in thousands)	2018	2017
Unrecognized tax benefits at January 1	$ 3,328	$ 4,150
Change in unrecognized tax benefits taken during a prior period	—	(687)
Reductions to unrecognized tax benefits from lapse of statutes of limitations	(233)	(135)
Unrecognized tax benefits at December 31	$ 3,095	$ 3,328
Unrecognized tax benefits from discontinued operations at December 31	$ 1,194	$ 1,427
Unrecognized tax benefits from continuing operations at December 31	1,901	1,901
	$ 3,095	$ 3,328

As of December 31, 2018, the Company provided for a liability of $3.1 million for unrecognized tax benefits related to various federal, foreign and state income tax matters compared with a liability of $3.3 million for unrecognized tax benefits as of December 31, 2017. The Company has elected to classify interest and penalties related to uncertain income tax positions in income tax expense. As of December 31, 2018, the Company accrued $1.7 million for potential payment of interest and penalties, compared with $2.0 million accrued as of December 31, 2017.

As of December 31, 2018, the total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was $0.4 million, compared with $0.5 million as of December 31, 2017. In 2019, the Company anticipates it will release less than $0.7 million of accruals of uncertain tax positions as the statute of limitations related to these liabilities will lapse in 2019.

The Company files a consolidated U.S. federal income tax return. Currently, the Company is not under examination for income tax purposes by any taxing jurisdiction. A presentation of open tax years by jurisdiction is as follows:

Tax Jurisdiction	Examination in Progress	Open Tax Years for Examination
United States	None	2006 to Present
Mexico	None	2013 to Present
China	None	2010 to Present
The Netherlands	None	2015 to Present

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 9—REVENUE

Disaggregation of Revenue

Disaggregated revenue by type of contract was as follows.

(in thousands)	Year Ended December 31, 2018	Year Ended December 31, 2017
Cost-plus reimbursement contracts	$ 158,278	$ 136,541
Fixed-price contracts	30,639	50,441
Total	$ 188,918	$ 186,982

Contract Balances

The Company enters into contracts that allow for periodic billings over the contract term that are dependent upon specific advance billing terms, as services are provided, or as milestone billings based on completion of certain phases of work. Projects with performance obligations recognized over time that have costs and estimated earnings recognized to date in excess of cumulative billings are reported in the Company's consolidated balance sheet as contract assets. Projects with performance obligations recognized over time that have cumulative billings in excess of costs and estimated earnings recognized to date are reported in the Company's consolidated balance sheet as contract liabilities. At any point in time, each project in process could have either contract assets or contract liabilities.

The following table provides information about contract assets and contract liabilities from contracts with customers.

	December 31,	
(in thousands)	2018	2017 (1)
Costs incurred on uncompleted contracts	$ 160,368	$ 164,076
Earnings recognized on uncompleted contracts	28,581	17,304
Total	188,949	181,380
Less—billings to date	(184,009)	(176,942)
Net	$ 4,940	$ 4,438
Contract assets	$ 8,218	$ 11,487
Contract liabilities	(3,278)	(7,049)
Net	$ 4,940	$ 4,438

(1) Prior period amounts have not been adjusted for the adoption of ASC Topic 606 under the modified retrospective method.

For the year ended December 31, 2018, the Company recognized revenue of approximately $5.3 million that was included in the corresponding contract liability balance at December 31, 2017.

Remaining Performance Obligations

The following table includes estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2018.

(in thousands)	2019	2020	Thereafter	Total
Remaining performance obligations	$ 173,346	$ 124,425	$ 203,833	$ 501,604

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 10—DEBT

Revolving Credit Facility

In February 2012, the Company entered into a $100.0 million Revolving Credit Facility with Wells Fargo Bank, National Association, as Administrative Agent, U.S. Bank National Association, as Syndication Agent, and the various lending institutions party thereto (as amended from time to time, the "Revolving Credit Facility"). In December 2013, the Revolving Credit Facility was increased from $100.0 million to $150.0 million. The Company gave a first priority lien on substantially all of its assets as security for the Revolving Credit Facility, which was in place until the Company refinanced its debt with an affiliate of Centre Lane Partners, LLC ("Centre Lane") in June 2017.

MidCap Facility

On October 11, 2018, the Company entered into a three-year, $15.0 million Credit and Security Agreement with MidCap Financial Trust ("MidCap"), as agent and as a lender, and other lenders that may be added as a party thereto (the "MidCap Facility"). The MidCap Facility is a secured asset-based revolving credit facility that provides borrowing availability against 85% of eligible accounts receivable and the lesser of 80% of eligible contract assets and $1.0 million, after certain customary exclusions and reserves, and allows for up to $6.0 million of non-cash collateralized letters of credit. The Company can, if necessary, make daily borrowings under the MidCap Facility with same day funding. The outstanding loan balance under the MidCap Facility is reduced through the daily automated sweeping of the Company's depository accounts to the lender's account under the terms of deposit account control agreements. As of December 31, 2018, the Company had $3.3 million outstanding under the MidCap Facility, which is included in short-term borrowings on the consolidated balance sheet. At December 31, 2018, the Company had $4.7 million in available borrowing under the MidCap facility.

Borrowings under the MidCap Facility bear interest at the London Interbank Offered Rate ("LIBOR") plus 6.0% per year, subject to a minimum LIBOR rate of 1.0%, and are payable in cash on a monthly basis.

The Company must pay a customary unused line fee equal to 0.5% per annum of the average unused portion of the commitments under the MidCap Facility, certain other customary administration fees and a minimum balance fee. In addition, while any letters of credit are outstanding under the MidCap Facility, the Company must pay a letter of credit fee equal to 6.0% per annum, in addition to any other customary fees required by the issuer of the letter of credit.

The Company's obligations under the MidCap Facility are secured by first priority liens on substantially all of its assets, other than the Excluded Collateral (as defined in the MidCap Facility), subject to the terms of an intercreditor agreement, dated as of October 11, 2018 (the "Intercreditor Agreement"), entered into by an affiliate of Centre Lane, as a lender under the New Centre Lane Facility (as defined below), and MidCap, as agent, and to which the Company consented. The Intercreditor Agreement was entered into as required by the MidCap Facility and the New Centre Lane Facility. The first priority liens previously granted by the Company and certain of its wholly owned subsidiaries in favor of the Centre Lane affiliate in connection with the New Centre Lane Facility are also subject to the Intercreditor Agreement, which, among other things, specifies the relative lien priorities of the secured parties under each of the MidCap Facility and the New Centre Lane Facility in the relevant collateral. It contains customary provisions regarding, among other things, the rights of the respective secured parties to take enforcement actions against the collateral and certain limitations on amending the documentation governing each of the MidCap Facility and the New

Centre Lane Facility. It additionally provides secured parties under each of the MidCap Facility and the New Centre Lane Facility the option, in certain instances, to purchase all outstanding obligations of the Company under the other respective loan.

The Company may from time to time voluntarily prepay outstanding amounts under the MidCap Facility, in whole or in part, in a minimum amount of $0.1 million. If at any time the amount outstanding under the MidCap Facility exceeds the borrowing base in effect at such time, the Company must repay the excess amount in cash, cash collateralize liabilities under letters of credit, or cause the cancellation of outstanding letters of credit (or any combination of the foregoing), in an aggregate amount equal to such excess. The Company is also required to repay certain amounts outstanding under the MidCap Facility upon the occurrence of certain events involving the assets upon which the borrowing base is calculated, including receipt of payments or proceeds from the Company’s accounts receivable, certain casualty proceeds in excess of $25,000, and receipt of proceeds following certain asset dispositions. The Company also has certain reimbursement obligations in the event of payments by the agent or a lender against draws under outstanding letters of credit.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In the event the MidCap Facility is terminated (by reason of an event of default or otherwise) 90 days or more prior to the maturity date, the Company will be required to pay a prepayment fee in an amount equal to the aggregate commitment under the MidCap Facility at the time of termination, multiplied by 2.0% in the first year following the Closing Date, 1.5% in the second year, and 1.0% in the first nine months of the third year.

The MidCap Facility requires the Company to regularly provide financial information to the lenders, and, beginning on December 31, 2018, to maintain certain total leverage and fixed charge coverage ratios and meet minimum consolidated adjusted EBITDA and minimum liquidity requirements (each of which as defined in the MidCap Facility).

The MidCap Facility also contains customary representations and warranties, as well as customary affirmative and negative covenants. The MidCap Facility contains covenants that may, among other things, limit the Company’s ability to incur additional debt, incur liens, make investments, engage in mergers, dispositions or sale-leasebacks, engage in new lines of business or certain transactions with affiliates and change accounting policies or fiscal year.

Events of default under the MidCap Facility include, but are not limited to, failure to timely pay any amounts due and owing, a breach of certain covenants or any representations or warranties, the commencement of any bankruptcy or other insolvency proceeding, judgments in excess of certain acceptable amounts, certain events related to ERISA matters, impairment of security interests in collateral or invalidity of guarantees or security documents, and a default or event of default under the New Centre Lane Facility or the Intercreditor Agreement.

Upon default, MidCap would have the right to declare all borrowings under the MidCap Facility to be immediately due and payable, together with accrued interest and fees, and exercise remedies under the other Financing Documents (as defined in the MidCap Facility).

New Centre Lane Facility

On September 18, 2018, the Company refinanced and replaced its Initial Centre Lane Facility with a four-year $35.0 million senior secured credit agreement with an affiliate of Centre Lane as Administrative Agent and Collateral Agent, and the other lenders from time to time party thereto (the “New Centre Lane Facility”). The Company recorded a loss on extinguishment of debt of $1.1 million, which is included in interest expense on the consolidated statement of operations for the year ended December 31, 2018. After payment of the amounts outstanding under the Initial Centre Lane Facility and fees associated with the New Centre Lane Facility, net cash proceeds were $1.0 million.

The New Centre Lane Facility requires payment of an annual administration fee of $25,000. Borrowings under the New Centre Lane Facility bear interest at LIBOR (with a minimum rate of 2.5%) plus 10% per year, payable monthly in cash. The Company must repay an amount equal to 0.25% of the original aggregate principal amount of the New Centre Lane Facility in consecutive quarterly installments, beginning on December 31, 2018 through June 30, 2019. The Company must repay an amount equal to 0.50% of the original aggregate principal amount of the New Centre Lane Facility in consecutive quarterly installments, beginning on September 30, 2019.

The Company’s obligations under the New Centre Lane Facility are guaranteed by all of its wholly owned domestic subsidiaries, subject to customary exceptions. The Company’s obligations are secured by first priority security interests on substantially all of its assets and those of its wholly owned domestic subsidiaries. This includes 100% of the voting equity interests of the Company’s domestic subsidiaries and 65% of the voting equity interests of other directly owned foreign subsidiaries, subject to customary exceptions.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Beginning on September 19, 2019, the Company may voluntarily prepay the New Centre Lane Facility at any time or from time to time, in whole or in part, in a minimum amount of $1.0 million of the outstanding principal amount, plus any accrued but unpaid interest on the aggregate principal amount being prepaid, plus a prepayment premium, to be calculated as follows (the “Prepayment Premium”):

Period	Prepayment Premium as a Percentage of Aggregate Outstanding Principal Prepaid
September 19, 2019 to September 18, 2021	1%
After September 18, 2021	0%

Subject to certain exceptions, the Company must prepay an aggregate principal amount equal to 75% of its Excess Cash Flow (as defined in the New Centre Lane Facility), minus the sum of all voluntary prepayments, within five business days after the date that is 90 days following the end of each fiscal year. The New Centre Lane Facility also requires mandatory prepayment of certain amounts in the event the Company or its subsidiaries receive proceeds from certain events and activities, including, among others, asset sales, casualty events, the issuance of indebtedness and equity interests not otherwise permitted under the New Centre Lane Facility and the receipt of tax refunds or extraordinary receipts in excess of $500,000, plus, in certain instances, the applicable Prepayment Premium, calculated as set forth above.

The New Centre Lane Facility contains customary representations and warranties, as well as customary affirmative and negative covenants. The New Centre Lane Facility contains covenants that may, among other things, limit the Company’s ability to incur additional debt, incur liens, make investments or capital expenditures, declare or pay dividends, engage in mergers, acquisitions and dispositions, engage in new lines of business or certain transactions with affiliates and change accounting policies or fiscal year.

Events of default under the New Centre Lane Facility include, but are not limited to, a breach of any of the financial covenants or any representations or warranties, failure to timely pay any amounts due and owing, the commencement of any bankruptcy or other insolvency proceeding, judgments in excess of certain acceptable amounts, the occurrence of a change in control, certain events related to ERISA matters and impairment of security interests in collateral or invalidity of guarantees or security documents.

Upon a default under the New Centre Lane Facility, the Company’s senior secured lenders would have the right to accelerate the then-outstanding amounts under such facility and to exercise their rights and remedies to collect such amounts, which would include foreclosing on collateral constituting substantially all of the Company’s assets and those of its subsidiaries. However, in October 2018, the Company entered into the three-year, $15.0 million MidCap Facility, which provides for a secured asset-based revolving credit facility that provides borrowing availability against 85% of eligible accounts receivable and the lesser of 80% of eligible contract assets and $1.0 million; as such, the lenders under the MidCap Facility hold a first priority lien on the Company’s accounts receivable and contract assets.

The scheduled maturities of the New Centre Lane Facility are as follows:

December 31,	(in thousands)
2019	$ 525
2020	700
2021	700
2022	32,987
Thereafter	—
Total	$ 34,912

The Company’s borrowing rate under the New Centre Lane Facility at December 31, 2018 was 12.5%.

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The following table summarizes the Company's debt under the MidCap Facility and the New Centre Lane Facility:

(in thousands)	As of December 31, 2018
MidCap Facility	$ 3,274
Current portion of term loan	525
Current debt	$ 3,799
Term loan, due 2022	34,387
Unamortized deferred financing costs	(1,409)
Long-term debt, net	$ 32,978
Total debt, net	$ 36,777

Initial Centre Lane Term Facility

In June 2017, funds affiliated with Centre Lane purchased and assumed the outstanding debt from the Company's then-existing lenders under the Revolving Credit Facility. The Company replaced the Revolving Credit Facility with a 4.5-year senior secured term loan facility with an affiliate of Centre Lane as Administrative Agent and Collateral Agent, and the other lenders from time to time party thereto (as amended, the "Initial Centre Lane Facility"). The Initial Centre Lane Facility was governed by the terms of the Senior Secured Credit Agreement, dated June 16, 2017, as amended by the First Amendment, dated August 17, 2017 (the "First Centre Lane Amendment"), the Limited Waiver and Second Amendment, dated October 11, 2017, the Second Limited Waiver and Third Amendment, dated January 9, 2018, the Third Limited Waiver, dated March 30, 2018, the Fourth Amendment, dated April 13, 2018 and the Consent and Fifth Amendment, dated July 11, 2018. While not a party to the Initial Centre Lane Facility, entities associated with Wynnefield Capital, Inc., the Company's largest equity investor, funded $6.0 million of the Initial Centre Lane Facility. After payment of the Revolving Credit Facility and fees associated with both the Initial Centre Lane Facility and the First Centre Lane Amendment, net cash proceeds were $15.3 million.

The Initial Centre Lane Facility provided for an initial loan in an aggregate principal amount of $45.0 million, and the First Centre Lane Amendment provided for a first-out loan for an additional aggregate principal amount of $10.0 million (the "First-Out Loan"). The Initial Centre Lane Facility had a maturity date of December 16, 2021. However, the fourth amendment to the Initial Centre Lane Facility imposed a mandatory prepayment of all obligations then outstanding under the Initial Centre Lane Facility on May 31, 2019, which date was then extended by the fifth amendment to such facility to April 1, 2020. Had the First-Out Loan not been paid in full as a result of the sale of Mechanical Solutions in October 2017, described below, it would have matured on September 30, 2018.

The Initial Centre Lane Facility required payment of an annual administration fee of $25,000 and an upfront fee equal to 7% of the aggregate commitments provided under the Initial Centre Lane Facility. The upfront fee bore interest at a rate of LIBOR plus 19% annual payable-in kind ("PIK") interest. The upfront fee was payable upon the earlier of maturity or the occurrence of certain events, including significant debt prepayments or asset sales that may have occurred prior to maturity. In addition to those fees, the First Centre Lane Amendment also required the Company to pay an upfront fee equal to 7% of the First-Out Loan commitments, which bore interest at the same rate as the initial upfront fee, and an exit fee equal to 7% of the aggregate outstanding principal amount of the First-Out Loan commitments, which was payable upon the maturity date of the First-Out Loan.

Borrowings under the Centre Lane Facility bore interest at LIBOR plus the sum of 9% per year, payable in cash, plus 10% PIK interest. Cash interest was payable monthly, and the PIK interest accrued to and increased the principal balance on a monthly basis.

On October 11, 2017, the Company sold substantially all of the operating assets and liabilities of its Mechanical Solutions segment and used a portion of the proceeds to pay down $34.0 million of the Company's outstanding debt, including full repayment of the First-Out Loan and its related fees as well as the upfront fee on the Initial Centre Lane Facility. This payment satisfied the $25.0 million prepayment criteria necessary to avoid a PIK rate increase to 15% on January 1, 2018. Additionally, on October 31, 2017, the Company completed the sale of its manufacturing facility in Mexico and auctioned the

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remaining production equipment and other assets for net proceeds of $3.6 million, of which $1.9 million was used to reduce the principal amount of the Initial Centre Lane Facility. The remainder was used to fund working capital requirements.

The Company's obligations under the Initial Centre Lane Facility were guaranteed by all of its wholly owned domestic subsidiaries, subject to customary exceptions. The Company's obligations were secured by first priority security interests on substantially all of its assets and those of its wholly owned domestic subsidiaries. This included 100% of the voting equity interests of the Company's domestic subsidiaries and certain specified foreign subsidiaries and 65% of the voting equity interests of other directly owned foreign subsidiaries, subject to customary exceptions.

The Company was permitted to voluntarily prepay the Initial Centre Lane Facility at any time or from time to time, in whole or in part, in a minimum amount of $1.0 million of the outstanding principal amount, plus any accrued but unpaid interest on the aggregate amount of the term loans being prepaid, plus a prepayment premium, which was to be calculated as follows (the "Prior Prepayment Premium"):

Period	Prepayment Premium as a Percentage of Aggregate Outstanding Principal Prepaid
June 16, 2017 to June 16, 2018	3%
June 17, 2018 to June 16, 2019	2%
June 17, 2019 to June 16, 2020	1%
After June 16, 2020	0%

Subject to certain exceptions, the Company was required to prepay an aggregate principal amount equal to 100% of its Excess Cash Flow (as defined in the Initial Centre Lane Facility), minus the sum of all voluntary prepayments, within five business days after the date that is 90 days following the end of each fiscal year. The Initial Centre Lane Facility also required mandatory prepayment of certain amounts in the event the Company or its subsidiaries received proceeds from certain events and activities, including, among others, asset sales, casualty events, the issuance of indebtedness and equity interests not otherwise permitted under the Initial Centre Lane Facility and the receipt of tax refunds or extraordinary receipts in excess of $500,000, plus, in certain instances, the applicable Prior Prepayment Premium, calculated as set forth above.

The Initial Centre Lane Facility contained customary representations and warranties, as well as customary affirmative and negative covenants. The Initial Centre Lane Facility contained covenants that may have, among other things, limited the Company's ability to incur additional debt, incur liens, make investments or capital expenditures, declare or pay dividends, engage in mergers, acquisitions and dispositions, engage in new lines of business or certain transactions with affiliates and change accounting policies or fiscal year.

The Initial Centre Lane Facility also required the Company to regularly provide financial information to the lenders, and, beginning on September 30, 2019, to maintain certain total leverage and fixed charge coverage ratios. The Company's capital expenditures were also limited.

Events of default under the Initial Centre Lane Facility included, but were not limited to, a breach of any of the financial covenants or any representations or warranties, failure to timely pay any amounts due and owing, the commencement of any bankruptcy or other insolvency proceeding, judgments in excess of certain acceptable amounts, the occurrence of a change in control, certain events related to ERISA matters and impairment of security interests in collateral or invalidity of guarantees or security documents.

Upon a default under the Initial Centre Lane Facility, the Company's senior secured lenders would have had the right to accelerate the then-outstanding amounts under such facility and to exercise their rights and remedies to collect such amounts, which would include foreclosing on collateral constituting substantially all of the Company's assets and those of its subsidiaries. During the third quarter of 2017, the Company made the decision to exit and sell substantially all of the operating assets and liabilities of its Mechanical Solutions segment in an effort to reduce the Company's outstanding term debt. As an initial step in this plan, the Company filed a certificate of dissolution and dissolved its wholly owned inactive subsidiary, Braden Construction Services, Inc., on September 5, 2017. As a result of this dissolution, the Company was in violation of one of its covenants under the Initial Centre Lane Facility as of December 31, 2017. On January 9, 2018, the Company entered into a second limited waiver and third amendment to the Initial Centre Lane Facility, which waived the event of default caused by

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the dissolution and extended the first required date for the Company to satisfy the total leverage and fixed charge coverage ratios to March 31, 2019.

On March 30, 2018, the Company entered into a third limited waiver to the Initial Centre Lane Facility, which extended the delivery date of the Annual Report on Form 10-K for the year ended December 31, 2017, and the time period for the required payment of the $0.3 million net cash proceeds from the sale of the office building in Heerlen, Netherlands, which was sold in March 2018, until May 31, 2018.

On April 13, 2018, the Company entered into a fourth amendment to the Initial Centre Lane Facility, which:

- Extended the first required date for the Company to satisfy the total leverage and fixed charge coverage ratios to September 30, 2019.
- Waived the requirement under the Initial Centre Lane Facility to prepay $3.7 million of certain future cash receipts and any event of default that would otherwise result from failure to pay such amounts (including the $0.3 million net cash proceeds from the sale of the Heerlen office building and $2.1 million cash proceeds from the sale of pre-petition receivables due from Westinghouse Electric Company LLC, which filed for bankruptcy in March 2017).
- Provided a $3.0 million incremental loan commitment that could have been drawn upon in minimum increments of $1.0 million, and, if utilized, bore interest at the greater of LIBOR plus 19% or 50%.
- Assessed a 1% unused line fee on the incremental loan commitment.
- Required a payment of a $0.5 million exit fee, due and payable on May 31, 2019.
- Required a mandatory prepayment of all the obligations due and payable under the Initial Centre Lane Facility on the earlier of (i) May 31, 2019, (ii) the date Williams Industrial Services Group, LLC and its subsidiaries are sold or (iii) the date of acceleration of the loans pursuant to an additional event of default.

On July 11, 2018, the Company entered into the fifth amendment to the Initial Centre Lane Facility, which:

- Waived the event of default and other bankruptcy events of default (as defined in the Initial Centre Lane Facility) that would otherwise have resulted from Koontz-Wagner filing for bankruptcy protection under Chapter 7 of the Bankruptcy Code.
- Extended the required prepayment of all outstanding amounts due and payable to the earlier of April 1, 2020 or the date of acceleration of loans pursuant to an additional event of default.
- Extended the first required date for the Company to satisfy the total leverage and fixed charge coverage ratios to June 30, 2020.
- Assessed a $4.0 million amendment fee, which was capitalized and added to the outstanding principal balance of the term loan and was to be due and payable on April 1, 2020.

Letters of Credit and Bonds

In line with industry practice, the Company is often required to provide letters of credit and payment and performance surety bonds to customers. These letters of credit and bonds provide credit support and security for the customer if the Company fails to perform its obligations under the applicable contract with such customer.

The MidCap Facility allows for up to $6.0 million of non-cash collateralized letters of credit at 6.0% interest, of which the Company had $2.7 million outstanding as of December 31, 2018. There were no amounts drawn upon these letters of credit.

The interest rate on letters of credit issued under the Revolving Credit Facility letter of credit sublimit was 8.5% per annum at the time the Company refinanced its debt in mid-June 2017. To the extent that a letter of credit had an expiration date

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beyond the original Revolving Credit Facility maturity date of February 21, 2017, cash collateral of an amount equal to 105% of the face amount of such letter of credit was provided as security for all reimbursement and other letter of credit obligations.

As of December 31, 2017, the Company's outstanding standby letters of credit issued under the Revolving Credit Facility were $9.0 million. As of December 31, 2017, the Company provided cash collateral of $9.5 million for letters of credit with expiry dates beyond the Revolving Credit Facility's original maturity date.

In addition, as of December 31, 2018 and 2017, the Company had outstanding payment and performance surety bonds of $51.1 million and $32.5 million, respectively.

Deferred Financing Costs

Deferred financing costs are amortized over the terms of the related debt facilities using the effective yield method. The following table summarizes the amortization of deferred financing costs related to the Company's debt facilities and recognized in interest expense on the consolidated statements of operations:

	December 31,	
(in thousands)	2018	2017
Initial Centre Lane Facility*	$ 1,460	$ 5,589
New Centre Lane Facility	111	—
MidCap Facility	52	—
Revolving Credit Facility	—	35
Total	$ 1,623	$ 5,624

* 2018 includes accelerated amortization of deferred financing costs of $0.6 million associated with the fourth amendment to the Initial Centre Lane Facility entered into in April 2018.

The following table summarizes unamortized deferred financing costs on the Company's consolidated balance sheets:

		December 31,	
(in thousands)	Location	2018	2017
Initial Centre Lane Facility	Long-term debt, net	$ —	$ 885
New Centre Lane Facility	Long-term debt, net	1,409	—
MidCap Facility	Other long-term assets	654	—
Total		$ 2,063	$ 885

NOTE 11—EARNINGS PER SHARE

As of December 31, 2018, the Company's 18,660,218 shares outstanding included 193,589 shares of contingently issued but unvested restricted stock. As of December 31, 2017, the Company's 17,946,386 shares outstanding included 15,279 shares of contingently issued but unvested restricted stock. Restricted stock is excluded from the calculation of basic weighted average shares outstanding, but its impact, if dilutive, is included in the calculation of diluted weighted average shares outstanding.

Basic earnings per common share are calculated by dividing net income by the weighted average common shares outstanding during the period. Diluted earnings per common share are based on the weighted average common shares outstanding during the period, adjusted for the potential dilutive effect of common shares that would be issued upon the vesting and release of restricted stock awards and units.

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Basic and diluted loss per common share from continuing operations were calculated as follows:

	Year Ended December 31,	
(in thousands, except per share data)	2018	2017
Loss from continuing operations	$ (13,790)	$ (30,019)
Basic loss per common share:		
Weighted average common shares outstanding	18,207,661	17,657,372
Basic loss per common share	$ (0.76)	$ (1.70)
Diluted loss per common share:		
Weighted average common shares outstanding	18,207,661	17,657,372
Diluted effect:		
Unvested portion of restricted stock units and awards	—	—
Weighted average diluted common shares outstanding	18,207,661	17,657,372
Diluted loss per common share	$ (0.76)	$ (1.70)

The weighted-average number of shares outstanding used in the computation of basic and diluted earnings per share does not include the effect of the following potential outstanding common stock. The effects of these potentially outstanding shares were not included in the calculation of diluted earnings per share because the effect would have been anti-dilutive:

	Year Ended December 31,	
	2018	2017
Unvested service-based restricted stock awards	1,515	35,403
Unvested performance- and market-based restricted stock awards	620,457	404,515
Stock options	122,000	122,000

NOTE 12—STOCK BASED COMPENSATION

Description of the Plans

The Company has two equity incentive plans: the 2011 Equity Incentive Plan (the “2011 Plan”) and the 2015 Equity Incentive Plan (the “2015 Plan”). In May 2015, the 2011 Plan terminated upon receiving shareholder approval for the 2015 Plan. The remaining authorized but unissued shares from the 2011 Plan will be available to service the outstanding awards from the 2011 Plan. The 2015 Plan allows for the issuance of up to 1,000,000 shares of stock awards to the Company’s employees and directors in the form of a variety of instruments, including stock options, restricted stock, restricted share units, stock appreciation rights and other share-based awards. The 2015 Plan also allows for cash-based awards. Generally, all participants who voluntarily terminate their employment with the Company forfeit 100% of all unvested equity awards. Persons whom are terminated without cause, or in some cases leave for good reason, are entitled to proportionate vesting. Time-based proportionate vested shares are accelerated and distributed upon their termination date. Proportionate market-based and performance-based restricted shares remain categorized as unvested pending final conclusion on the achievement of the related awards. As of December 31, 2018, the Company did not have any shares available for grant under the 2015 Plan.

During 2018 and 2017, the Company granted 967,029 and 73,600 restricted stock units, respectively, to certain employees outside of the 2015 Plan. During 2017, modification of 2016 cash-based awards resulted in 67,853 units of restricted shares converting from liability to equity based awards and will be settled with treasury stock. The terms and conditions of these grants are similar in terms and conditions of those under the equity incentive plans described above. All amounts and units described below include these awards.

Total stock based compensation expense during the years ended December 31, 2018 and 2017 was $1.2 million and $2.6 million, respectively, with no related excess tax benefit recognized. As of December 31, 2018, total unrecognized compensation expense related to all unvested restricted stock and unit awards for which terms and conditions are known totaled $1.7 million, which is expected to be recognized over a weighted average period of 2.2 years. The fair value of shares that vested during 2018 and 2017 based on the stock price at the applicable vesting date was $1.7 million and $2.2 million, respectively. The weighted average grant date fair value of the Company’s restricted stock units was $2.07 and $4.37 for the years ended December 31, 2018 and 2017, respectively.

Service-Based Restricted Stock and Unit Awards: During 2018, service-based restricted stock units of 488,521 were granted to certain employees outside of the 2015 Plan. These restricted stock units generally vest over a period of three years and will be settled with treasury stock. The fair value of the restricted stock units represents the closing price of the Company’s common stock on the date of grant. These restricted stock units are accounted for as equity awards and are included in the table below.

During 2018, the Company granted 238,602 service-based restricted stock awards out of treasury stock to its four non-employee directors with a vesting period of four years. Because the Company had not granted restricted stock awards to its directors since 2015, a portion of the total awards vested on the grant date. In addition, due to the resignation of six non-employee members of the Company’s Board of Directors, on April 11, 2018, a total of 4,545 shares of previously granted restricted stock awards vested.

During 2017, service-based restricted stock units totaling 295,376 were granted to employees at a grant date fair value of $4.30 per share and have the potential to be settled in cash or other assets if the Company’s shareholders do not approve additional shares under the 2015 Plan. These awards have the same terms and conditions as the service-based restricted stock units discussed above. During 2016, the Company granted service-based restricted unit awards which had an initial cash value of $1.7 million, until they were converted into a right to receive shares as a result of filing the Annual Report on Form 10-K for the year ended December 31, 2015. In the second quarter of 2017, the initial cash value of these awards was converted into 372,182 restricted stock units at a fair value of $4.40 per share. A majority of these service-based awards, 304,329 units, also have the potential to be settled in cash or other assets, if the Company’s shareholders do not approve additional shares under its 2015 Plan. Therefore, both of these grants are accounted for as liability awards and the fair value is re-measured each reporting period. As of December 31, 2017, the Company had a $0.7 million liability related to these units, which was included in other long-term liabilities on the consolidated balance sheet. The remaining 67,853 units were granted to certain employees outside of the 2015 Plan and were considered to be modified on the date of conversion, which resulted in accounting for these awards under the equity method. The modification of these awards had an immaterial impact on the Company’s stock compensation expense for the year ended December 31, 2017.

During 2018 and 2017, certain service-based restricted stock units (the “modified service awards”) that were previously accounted for as liabilities totaling 210,668 and 120,655, respectively, vested. These awards were modified and settled, partially, with shares from the 2015 Plan and the remaining out of the Company’s treasury stock, which resulted in accounting for these awards under the equity method. The fair value of the modified service awards was based on the closing price of the Company’s stock on the modification date. The modification of these awards resulted in a $0.3 million reduction in stock compensation expense for the year ended December 31, 2018. The modification of these awards had an immaterial impact on the Company’s stock compensation expense for the year ended December 31, 2017.

Information for service-based restricted stock and units, excluding those accounted for as liability awards, is as follows:

	Shares	Weighted-Average Grant Date Fair Value per Share
Unvested restricted stock at December 31, 2017	91,971	$ 6.89
Granted	757,123	2.61
Vested	(411,567)	4.37
Modified	210,668	4.30
Forfeited	(13,441)	2.85
Unvested restricted stock at December 31, 2018	634,754	$ 2.65

Market-Based Restricted Stock Unit Awards: During 2018, market-based restricted stock units of 478,508 were granted to certain employees outside of the 2015 Plan and will be settled with treasury stock. The 2018 units contain a market condition based on a stock price goal. The stock price goal will be met if the Company's common stock price per share equals

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or exceeds $5.00 for any period of 30 consecutive trading days during a three-year period ending on March 31, 2021. These restricted stock units will vest ratably over a period of three years if the stock price goal is met on or before March 31, 2019. However, if the stock price goal is achieved after March 31, 2019 and on or prior to March 31, 2020, the restricted stock units will vest in three installments, with one-third vesting on the date the stock price goal is met, one-third vesting on March 31, 2020 and one-third vesting on March 31, 2021. Further, if the stock price goal is achieved after March 31, 2020 and on or prior to March 31, 2021, the restricted stock units will vest in two installments, with two-thirds vesting on the date the stock price goal is met and one-third vesting on March 31, 2021. If the stock price goal is met after March 31, 2021 and during the three-year implied service period, the restricted stock units will vest in full on the date that the stock price goal is met. The fair value of the market-based restricted stock units is estimated using the Monte Carlo simulation model.

During 2017, market-based restricted stock units of 27,000 were granted to certain employees outside of the 2015 Plan and will be settled in common stock. Therefore, these restricted stock units are accounted for as equity awards. The 2017 market-based restricted stock units contain market conditions based on either a two-year relative total shareholder return goal or a stock price goal. These restricted stock units will vest at the end of the two-year relative total shareholder return derived service period. However, if the relative total shareholder return goal is not met, then the restricted stock units will vest on the later of the last day of the implied service period or the date that the stock price is achieved. The share price goal will be met if the Company’s common stock price per share equals or exceeds $6.00 for any period of 30 consecutive trading days during the three-year period ending on March 31, 2020. The fair value of the market-based restricted stock units is estimated using the Monte Carlo simulation model.

In addition, during 2017, market-based restricted stock units totaling 332,469 were awarded to employees at a grant date fair value of $4.67 per share and have the same terms and conditions as the market-based restricted stock units discussed above. These awards have the potential to be settled in cash or other assets if the Company’s shareholders do not approve additional shares under the 2015 Plan. Therefore, these grants are accounted for as liability awards and the fair value is re-measured each reporting period using a Monte Carlo simulation valuation model. As of December 31, 2017, the Company had a $0.2 million liability related to these units which was included in other long-term liabilities on the consolidated balance sheet.

During 2018 and 2017, certain market-based restricted stock units (the “modified market awards”) that were previously accounted for as liabilities totaling 66,335 and 11,502, respectively, vested. These awards were modified and settled, partially, with shares from the 2015 Plan and the remaining out of the Company’s treasury stock, which resulted in accounting for these awards under the equity method. The fair value of the modified service awards was based on the closing price of the Company’s stock on the modification date. The modification of these awards resulted in a $0.1 million reduction in stock compensation expense for the year ended December 31, 2018. The modification of these awards had an immaterial impact on the Company’s stock compensation expense for the year ended December 31, 2017.

Information for market-based restricted stock units, excluding those accounted for as liability awards, is as follows:

	Shares	Weighted-Average Grant Date Fair Value per Share

Unvested restricted stock at December 31, 2017	404,304	$	3.34
Granted	478,508		1.21
Vested	(322,751)		4.67
Modified	66,335		4.67
Forfeited	(5,939)		2.91
Unvested restricted stock at December 31, 2018	620,457	$	1.72

The Company estimates the fair value of its market based restricted stock unit awards on the date of grant using a Monte Carlo simulation valuation model. This pricing model uses multiple simulations to evaluate the likelihood of achieving the market conditions set forth in the award agreements. Expense is only recorded for the number of market based restricted

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stock unit awards granted. The assumptions used to estimate the fair value of market based restricted stock unit awards granted during 2018 and accounted for under the equity method were as follows:

Expected term (years)	3.03	
Expected volatility	35.1	%
Expected dividend yield	0.00	%
Risk-free interest rate	2.67	%
Weighted-average grant date fair value	$ 1.27	

Performance-based awards: The Company had 211 unvested performance-based restricted stock units, with a weighted average grant date fair value of $13.20, outstanding as of December 31, 2017. During 2018, these awards were forfeited. No performance-based restricted stock units were granted in 2018 and 2017.

Cash-based awards: During 2017, cash-based awards totaling $0.9 million were awarded to employees. The cash-based awards granted to employees generally vest over a period of two years and are accounted for as liability awards. As of December 31, 2018, the Company had a $0.2 liability related to this award which was included in other current liabilities on the consolidated balance sheet. No cash-based awards were granted in 2018.

Stock Options: During 2015, the Company granted a stock option to purchase 122,000 shares of its common stock to its former chief executive officer at an exercise price of $13.85 per share. The option provides for immediate vesting of 32,000 shares, with the remaining 90,000 vesting ratable over a ten month period beginning in June 2015 and has a five year term. This is the only stock option grant the Company has made to date.

The following table summarizes stock option activity for the year ended December 31, 2018:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contract Term
Outstanding at December 31, 2017	122,000	$ 13.85	
Outstanding at December 31, 2018	122,000	$ 13.85	2.625 years
Exercisable at December 31, 2018	122,000	$ 13.85	2.625 years

The weighted average fair value of the stock option on the date of the grant was $2.58. The fair value of each stock option is estimated on the date of grant using the Black-Scholes option pricing model. The exercise price of the options is based on the fair market value of the common shares on the date of grant.

Cash flows resulting from excess tax benefits are classified as part of cash flows from financing activities. Excess tax benefits are realized tax benefits from tax deductions for vested restricted stock and unit awards, and exercised options in excess of the deferred tax asset attributable to stock compensation costs for such equity awards. The company realized no excess tax benefits for the years ended December 31, 2018 and 2017 due to the use of NOL carryforwards.

NOTE 13—EMPLOYEE BENEFIT PLANS

Defined Contribution Plan: The Company maintains a 401(k) plan covering substantially all of its U.S. employees. Expense for the Company's 401(k) plan during the years ended December 31, 2018 and 2017 was $0.6 million and $0.7 million, respectively.

Multiemployer Pension Plans: During 2018, the Company contributed to approximately 55 multiemployer pension plans throughout the U.S. and, historically, it has contributed to over 150 union sponsored multiemployer pension plans throughout the U.S. under the terms of collective bargaining agreements that cover the Company's union represented employees. The risks of participating in these multiemployer pension plans are different from single employer pension plans primarily in the following aspects:

1. Assets contributed to the multiemployer pension plan by one employer may be used to provide benefits to employees of other participating employers.

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2. If a participating employer stops contributing to the multiemployer pension plan, the unfunded obligations of the multiemployer pension plan may be borne by the remaining participating employers.
3. If the Company chooses to stop participating in some of its multiemployer pension plans, it may be required to pay those plans an amount based on the underfunded status of the multiemployer pension plan, referred to as a withdrawal liability.

The Company’s participation in these multiemployer pension plans during the year ended December 31, 2018 is outlined in the following table. All information in the tables is as of December 31, of the relevant year, or 2018, unless otherwise stated. The “EIN/Pension Plan Number” column provides the Employer Identification Number (“EIN”) and the three digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act zone status available during 2018 and 2017 is for the plans’ fiscal year end as of 2018 and 2017, respectively. The zone status is based on information that the Company received from the plan and is certified by the plan’s actuary. Among other factors, plans in the green zone are at least 80 percent funded. If a plan is critical and declining, the plan sponsor may file an application with the Secretary of the Treasury requesting a temporary or permanent reduction of benefits to keep the plan from running out of money. If a fund is in critical status, adjustable benefits may be reduced and no lump sum distributions in excess of $5,000 can be made. Plans that are in critical and endangered status are required to adopt a plan aimed at restoring the financial health of the benefit plan. The “Rehab Plan Pending/Implemented” column indicates plans for which a financial improvement plan (“FIP”) or a rehabilitation plan (“RP”) is either pending or has been implemented. The last column lists the expiration date of the collective bargaining agreement to which the plans are subject.

Certain plans have been aggregated in the “All Others” line in the following table, as the contributions to each of these individual plans are not material.

Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status 2018	2017	Rehab Plan status Pending/ Implemented	($ in thousands) Contributions by the Company 2018	2017	Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
aker-Blacksmith Pension Trust	48-6168020 001	Critical	Endangered	FIP 09/16/2010	2,117	1,681		Multiple Agreements
Pension Fund of the d Participating rs	36-6052390 001	Green	Green		105	99		Multiple Agreements
States, Southeast, hwest Pension	36-6044243 001	Critical & Declining	Critical & Declining	Rehab Plan 03/25/08	65	44		Multiple Agreements
State Carpenters Plan	11-1991772 001	Green	Green		15	3		08/17/17 - Automatic Renewal
rs Union Local sion Fund	13-1809825 001	Green	Green		385	321		04/30/22
			Green		123	326		

ocal 1579 Pension	58-1254974 001	Seriously Endangered					Varies through 07/31/20
s Local No. 96 Plan	58-6110889 002	Endangered	Endangered	FIP 01/01/11	44	64	Varies through 07/31/20
rkers District of Tennessee t Vicinity Pension	62-6098036 001	Green	Green		128	150	11/30/17 - Automatic Renewal
ndustry Pension	52-6073909 001	Seriously Endangered	Endangered	FIP 04/02/09	2,061	1,772	Multiple Agreements
National Pension	75-1280827 001	Critical	Green		111	285	Multiple Agreements
Asbestos Workers Plan	52-6038497 001	Critical	Critical	Rehab Plan 09/30/10	1,315	1,167	Multiple Agreements
Electrical Benefits	53-0181657 001	Green	Green		203	308	Multiple Agreements
st Sheet Metal Pension Trust	91-6061344 001	Green	Green		21	74	11/01/17 - Automatic Renewal
s & Pipefitters Pension Fund	52-6152779 001	Endangered	Endangered	FIP 04/2010	244	637	Multiple Agreements
s & Steamfitters o. 150 Pension	58-6116699 001	Green	Green		11	122	Varies through 07/31/20
s & Steamfitters nion No. 43 Fund	62-6101288 001	Green	Green		117	6	11/30/17 - Automatic Renewal
etal Workers Local Pension Fund	62-6093256 001	Green	Green		62	43	11/30/17 - Automatic Renewal
etal Workers' Pension Fund	52-6112463 001	Endangered	Endangered	FIP 03/01/14	354	400	Multiple Agreements
Ironworkers Plan	59-6227091 001	Green	Green		111	36	Varies through 07/31/20
Carpenters & Pension Trust Fund	62-0976048 001	Endangered	Endangered	Rehab Plan 2011	238	228	11/30/17 - Automatic Renewal
des Services of MN Plan	41-6131800 001	Green	Green		25	4	08/01/17 - Automatic Renewal
ton State Plumbing tting Industry Plan	91-6029141 001	Green	Green		69	187	11/01/17 - Automatic Renewal
ton-Idaho -Employers Trust	91-6123988 001	Green	Green		74	177	11/01/17 - Automatic Renewal
ton-Idaho-Montana rs-Employers	91-6123987 001	Endangered	Endangered	FIP 03/05/12	77	316	11/01/17 - Automatic

ent Fund						Renewal
States Insulators ed Workers Pension	51-0155190 001	Green	Green	24	109	11/01/17 - Automatic Renewal
rs				1,134	862	
				9,233	9,414	

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WILLIAMS INDUSTRIAL SERVICES GROUP INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(1) Defined Benefit Plans for Unions employed through the GPPMA agreement for Fitzpatrick Nuclear Plant. The GPPMA Agreements are annual agreements that automatically renew each year.
(2) Defined Benefit Plans for Unions employed through the Southern Company Power House Maintenance Agreement. The Southern Company PHMA expires July 31, 2020. The individual Union CBA range from 1 to 3 years in duration.
(3) Defined Benefit Plans for Unions employed through the TVA PMMA and Other Agreements. The TVA Labor Agreements are annual agreements that automatically renew each year.
(4) Defined Benefit Plans for Unions employed through the GPPMA agreement for Columbia Generating Station. The GPPMA Agreements are annual agreements that automatically renew each year.
(5) Regional and National Defined Benefit Funds for multiple unions employed under different labor agreements.
(6) Defined Benefit Plan for Union employed at Con Ed sites.
(7) Defined Benefit Plan for Individual working outside of plan jurisdiction.
(8) The Company did not pay a surcharge for any fund last year that was in Critical Status and had not negotiated a preferred schedule. The Company does pay a surcharge/assessment on some funds under the CBA preferred schedule.

Employees covered by multiemployer pension plans are hired for project based building and construction purposes. The Company’s participation level in these plans varies as a result.

The Company believes that its responsibility for potential withdrawal liabilities associated with participating in multiemployer plans is limited because the building and construction trades exemption should apply to the substantial majority of the Company’s plan contributions. However, pursuant to the Pension Protection Act of 2006 and other applicable laws, the Company is also exposed to other potential liabilities associated with plans that are underfunded. As of December 31, 2018, the Company had been notified that certain pension plans were in critical funding status. Currently, certain plans are developing, or have developed, a rehabilitation plan that may call for a reduction in participant benefits or an increase in future employer contributions. Therefore, in the future, the Company could be responsible for potential surcharges, excise taxes and/or additional contributions related to these plans. Additionally, market conditions and the number of participating employers remaining in each plan may result in a reorganization, insolvency or mass withdrawal that could materially affect the funded status of multiemployer plans and the Company’s potential withdrawal liability, if applicable. The Company continues to actively monitor, assess and take steps to limit its potential exposure to any surcharges, excise taxes, additional contributions and/or withdrawal liabilities. However, the Company cannot, at this time, estimate the full amount, or even the range, of this potential exposure.

NOTE 14—COMMITMENTS AND CONTINGENCIES

Litigation and Claims: The Company is from time to time party to various lawsuits, claims and other proceedings that arise in the ordinary course of its business. With respect to all such lawsuits, claims and proceedings, the Company records a reserve when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The Company does not believe that the resolution of any currently pending lawsuits, claims and proceedings, either individually or in the aggregate, will have a material adverse effect on its financial position, results of operations or liquidity. However, the outcomes of any currently pending lawsuits, claims and proceedings cannot be predicted, and therefore, there can be no assurance that this will be the case.

A putative shareholder class action, captioned Budde v. Global Power Equipment Group Inc., was filed in the U.S. District Court for the Northern District of Texas naming the Company and certain former officers as defendants. This action and another action were filed on May 13, 2015 and June 23, 2015, respectively, and on July 29, 2015, the court consolidated the two actions and appointed a lead plaintiff. On May 1, 2017, the lead plaintiff filed a second consolidated amended complaint that named the Company and three of its former officers as defendants. It alleged violations of the federal securities laws arising out of matters related to the Company's restatement of certain financial periods and claims that the defendants made material misrepresentations and omissions of material fact in certain public disclosures during the putative class period in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5, as promulgated thereunder. The claims were filed on behalf of a putative class of persons who acquired the Company's stock between September 7, 2011 and May 6, 2015, and sought monetary damages of "more than $200 million" on behalf of the putative class and an award of costs and expenses, including attorneys' fees and experts' fees. On June 26, 2017, the Company and the individual defendants filed a motion to dismiss the complaint. After full briefing, on December 27, 2017, the court issued a memorandum opinion and order granting the motion to dismiss and allowing the plaintiffs until January 15, 2018 to file an amended complaint. The court found that, with respect to each of the defendants, plaintiffs failed to plead facts supporting a strong inference of scienter, or the required intent to deceive, manipulate or defraud, or act with severe recklessness. On January 15, 2018, the plaintiffs filed their third amended complaint, and in response the Company filed a renewed motion to dismiss. After full briefing and oral argument, on September 11, 2018, the court dismissed with prejudice the third amended complaint. The court found that, even with plaintiffs' amended allegations, plaintiffs failed to plead facts supporting a strong inference of scienter. Also on September 11, 2018, plaintiffs filed a notice of appeal to the United States Court of Appeals for the Fifth Circuit. Plaintiffs' appeal is briefed and currently pending before that court. Litigation is subject to many uncertainties, and the outcome of this action is not predictable with assurance. At this time, the Company is unable to predict the possible loss or range of loss, if any, associated with the resolution of this litigation, or any potential effect such may have on the Company or its business or operations.

The Division of Enforcement of the SEC conducted a formal investigation into possible securities law violations by the Company relating to disclosures it made concerning certain financial information, including its cost of sales and revenue recognition, as well as related accounting issues. The Company cooperated with the SEC in its investigation, including through the production of documents to, and the sharing of information with, the SEC Enforcement Staff. On March 8, 2018, the SEC Enforcement Staff informed the Company's outside counsel, Cahill Gordon & Reindel LLP, that the SEC Enforcement Staff had concluded their investigation and, based on the information available to them as of the date of their letter, the SEC Enforcement Staff do not intend to recommend an enforcement action by the Securities and Exchange Commission against the Company.

A former operating unit of the Company has been named as a defendant in a limited number of asbestos personal injury lawsuits. Neither the Company nor its predecessors ever mined, manufactured, produced or distributed asbestos fiber, the material that allegedly caused the injury underlying these actions. In 2006, the Company filed a petition for bankruptcy under Chapter 11 of the Bankruptcy Code. The bankruptcy court's discharge order issued upon the Company's emergence from bankruptcy in January 2008 extinguished the claims made by all plaintiffs who had filed asbestos claims against it before that time. The Company believes the bankruptcy court's discharge order should serve as a bar against any later claim filed against it, including any of its subsidiaries, based on alleged injury from asbestos at any time before emergence from bankruptcy. In any event, in all of the asbestos cases finalized post-bankruptcy, the Company has been successful in having such cases dismissed without liability. Moreover, during 2012, the Company secured insurance coverage that will help to reimburse the defense costs and potential indemnity obligations of its former operating unit relating to these claims. The Company intends to vigorously defend all currently active actions, all without liability, and it does not anticipate that any of these actions will have a material adverse effect on its financial position, results of operations or liquidity. However, the outcomes of any legal action cannot be predicted and, therefore, there can be no assurance that this will be the case.

Contingency: During 2014, the Company entered into an agreement with a partner in connection with a power plant equipment installation project. The agreement contained certain performance liquidated damage clauses in favor of the customer. While the Company believed its performance in the project met its direct contractual obligations, it nonetheless had joint and several liability for other aspects of the overall project performance. As of March 15, 2017, the date the Company filed the Annual Report on Form 10-K for the year ended December 31, 2015, the required performance tests had not been performed and the Company's assessment at that time was that it was probable that the product (which was supplied by the partner) would fail those tests. As such, the Company estimated the potential liability arising from the contractual performance provisions would be in the range of $4.9 to $31.3 million. The maximum liability under the terms of the agreement was $33.0 million, less $1.7 million in liquidated damages already incurred. The minimum liability per the agreement was 20 percent of the total contract value, less $1.7 million in liquidated damages already incurred. Due to the joint and several liability provisions of the agreement and significant concerns about the partner's ability and willingness to pay the performance liquidated damages, if any, to the customer, the Company accrued $4.4 million as of December 31, 2015, which represented the minimum of the range, less $0.5 million for which the customer had withheld payment to the Company's partner. The Company's estimate regarding this matter remained unchanged until October 16, 2017, when the Company received a Notice of Substantial Completion, which stated that the joint venture met the contractual performance criteria. Therefore, as of December 31, 2017, the Company concluded that no performance liquidated damages would be incurred and, accordingly, $4.4 million was recognized and included in revenue in the 2017 consolidated statement of operations.

In an effort to provide uninterrupted customer service, the Company has from time to time performed additional work under contracts without first obtaining the requisite customer approvals for change orders per the contract terms. In the event the customer subsequently disputes the change orders, they become claims under GAAP with strict criteria which must be met prior to recognizing revenue. Therefore, the Company defers recognizing revenue related to unsigned disputed change orders until the dispute is resolved. Since GAAP requires the Company to recognize the cost of performing the work covered by the change orders at the time of incurrence, to the extent the Company is able to resolve the disputes and recognize revenue in a

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WILLIAMS INDUSTRIAL SERVICES GROUP INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

future period, that revenue will have a 100% gross margin associated with it in that future period. As of December 31, 2017, the Company had deferred recognizing revenue on $22.9 million of unsigned, disputed change orders. Subsequent to year end, the Company completed its negotiations related to the unsigned change orders and $2.8 million was recognized and included in revenue in the 2017 consolidated statement of operations.

Leases: The Company leases equipment and facilities, which are non-cancellable and expire at various dates. Total rental expense for all operating leases during the years ended December 31, 2018 and 2017 was $5.6 million and $6.8 million, respectively.

Future minimum annual lease payments under these non-cancellable operating leases as of December 31, 2018 are as follows:

December 31,	(in thousands)
2019	$ 1,060
2020	653
2021	631
2022	581
2023	130
Thereafter	—
Total	$ 3,055

None of the leases include contingent rental provisions.

The Company’s annual lease expense differs from its future minimum rental payments as a result of month to month equipment leases to support the Company’s operations.

Insurance: Certain of the Company’s subsidiaries are self insured for health, general liability and workers’ compensation up to certain policy limits. Insurance expense was $2.1 million and $1.9 million for the years ended December 31, 2018 and 2017, respectively, and includes insurance premiums related to the excess claim coverage and claims incurred for continuing operations. The reserves as of December 31, 2018 and 2017 consist of estimated amounts unpaid for reported and unreported claims incurred. The accrual for the Company’s self-insured health risk retention as of December 31, 2018 and 2017 was $0.4 million and $0.6 million, respectively. The Company provided $1.1 million in letters of credit for each of the years ended December 31, 2018 and 2017, respectively, as security for possible workers’ compensation claims.

Executive Severance: At December 31, 2018, the Company had outstanding severance arrangements with officers and senior management. The Company’s maximum commitment under all such arrangements, which would apply if the employees covered by these arrangements were each terminated without cause, was $2.5 million at December 31, 2018.

NOTE 15—MAJOR CUSTOMERS AND CONCENTRATION OF CREDIT RISK

The Company has certain customers that represent more than 10 percent of its consolidated accounts receivable. The balance for these customers as a percentage of the consolidated accounts receivable is as follows:

	December 31,	
Customer	2018	2017
Southern Nuclear Operating Company	34%	11%
Tennessee Valley Authority	11%	*
Energy Northwest	10%	*
WECTEC Global Project Services	*	26%

*Less than 10%

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WILLIAMS INDUSTRIAL SERVICES GROUP INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company has certain customers that represent more than 10 percent of consolidated revenue. The revenue for these customers as a percentage of the consolidated revenue is as follows:

	Year Ended December 31,	
Customer	2018	2017
Southern Nuclear Operating Company	25%	22%
Tennessee Valley Authority	26%	22%
Richmond County Constructors	18%	*
Energy Northwest	*	15%
All others	31%	41%
Total	100%	100%

*Less than 10%

NOTE 16—OTHER SUPPLEMENTAL INFORMATION

Other current liabilities consist of the following:

	December 31,	
(in thousands)	2018	2017
Accrued workers compensation	$ 699	$ 878
Accrued job cost	1,385	1,221
Accrued legal and professional fees	691	893
Accrued commercial insurance	—	1,240
Restructuring reserve	367	—
Other accrued expenses	2,376	1,320
Total	$ 5,518	$ 5,552

NOTE 17—SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

A summary of the quarterly operating results during 2018 and 2017 follows:

(in thousands, except per share data)	First	Second	Third	Fourth	2018
Year Ended December 31, 2018	Quarter	Quarter	Quarter	Quarter	Total
Revenue	$ 43,121	$ 47,975	$ 53,467	$ 44,355	$ 188,918
Gross profit	6,450	6,747	10,212	5,332	28,741
Loss from continuing operations	(2,238)	(6,024)	(2,840)	(2,688)	(13,790)

Loss per common share from continuing operations:					
Basic	$ (0.12)	$ (0.33)	$ (0.16)	$ (0.15)	$ (0.76)
Diluted	$ (0.12)	$ (0.33)	$ (0.16)	$ (0.15)	$ (0.76)

(in thousands, except per share data) Year Ended December 31, 2017	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2017 Total
Revenue	$ 45,632	$ 57,981	$ 39,040	$ 44,329	$ 186,982
Gross profit	(1,555)	6,754	4,760	7,967	17,926
Loss from continuing operations	(11,625)	(5,430)	(9,786)	(3,178)	(30,019)
Loss per common share from continuing operations:					
Basic	$ (0.67)	$ (0.31)	$ (0.55)	$ (0.18)	$ (1.70)
Diluted	$ (0.67)	$ (0.31)	$ (0.55)	$ (0.18)	$ (1.70)

During the preparation of the Annual Report on Form 10-K for the year ended December 31, 2017, the Company discovered that it had received during the fourth quarter of 2017 the requisite documentation to justify the reversal of the $4.4 million liquidated damages reserve discussed in “Note 14—Commitments and Contingencies”. Although the documentation was received during the fourth quarter, the Form 10-Q for the quarter ended March 31, 2017 had not been completed and filed with the SEC as of the date the documentation was received. Therefore, the release of the reserve to revenue should have been reflected in the Form 10-Q for the first quarter of 2017, but was not. The Company has evaluated the quantitative and qualitative impact of that error and concluded the amount is immaterial. The first quarter results presented above reflect the correction of the error.

NOTE 18—SUBSEQUENT EVENTS

On January 22, 2019, the Company granted 32,653 service-based restricted stock awards out of treasury stock to each of its four non-employee directors, which vest in four equal annual installments on January 22 of each of 2020, 2021, 2022 and 2023.