FTI CONSULTING INC
Form 10-Q
July 26, 2018

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2018
OR
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission file number 001-14875

FTI CONSULTING, INC.
(Exact Name of Registrant as Specified in its Charter)

Maryland	52-1261113
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
555 12th Street NW Washington, D.C.	20004
(Address of Principal Executive Offices)	(Zip Code)

(202) 312-9100
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" 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

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 19, 2018
Common stock, par value $0.01 per share	38,207,093

FTI CONSULTING, INC. AND SUBSIDIARIES
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PART I—FINANCIAL INFORMATION
FTI Consulting, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(in thousands, except per share data)
Item 1. Financial Statements

	June 30, 2018 (Unaudited)	December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	$116,556	$189,961
Accounts receivable:		
Billed receivables	455,707	390,996
Unbilled receivables	368,360	312,569
Allowance for doubtful accounts and unbilled services	(216,612)	(180,687)
Accounts receivable, net	607,455	522,878
Current portion of notes receivable	28,619	25,691
Prepaid expenses and other current assets	54,806	55,649
Total current assets	807,436	794,179
Property and equipment, net	75,046	75,075
Goodwill	1,198,732	1,204,803
Other intangible assets, net	39,379	44,150
Notes receivable, net	90,904	98,105
Other assets	45,915	40,929
Total assets	$2,257,412	$2,257,241
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable, accrued expenses and other	$93,988	$94,873
Accrued compensation	224,663	268,513
Billings in excess of services provided	33,653	46,942
Total current liabilities	352,304	410,328
Long-term debt, net	371,662	396,284
Deferred income taxes	134,081	124,471
Other liabilities	123,564	134,187
Total liabilities	981,611	1,065,270
Commitments and contingent liabilities (Note 11)		
Stockholders' equity		
Preferred stock, $0.01 par value; shares authorized — 5,000; none outstanding	—	—
Common stock, $0.01 par value; shares authorized — 75,000; shares issued and outstanding — 38,179 (2018) and 37,729 (2017)	382	377
Additional paid-in capital	280,201	266,035
Retained earnings	1,128,670	1,045,774
Accumulated other comprehensive loss	(133,452)	(120,215)
Total stockholders' equity	1,275,801	1,191,971
Total liabilities and stockholders' equity	$2,257,412	$2,257,241

See accompanying notes to condensed consolidated financial statements

FTI Consulting, Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income
(in thousands, except per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues	$512,098	$444,715	$1,009,872	$891,059
Operating expenses				
Direct cost of revenues	330,318	304,071	651,435	613,143
Selling, general and administrative expenses	117,897	108,119	230,025	215,809
Special charges	—	30,074	—	30,074
Amortization of other intangible assets	2,052	2,422	4,322	4,915
	450,267	444,686	885,782	863,941
Operating income	61,831	29	124,090	27,118
Other income (expense)				
Interest income and other	2,474	1,592	674	2,197
Interest expense	(6,583)	(6,250)	(12,827)	(12,051)
	(4,109)	(4,658)	(12,153)	(9,854)
Income (loss) before income tax provision	57,722	(4,629)	111,937	17,264
Income tax provision	14,113	527	29,383	8,404
Net income (loss)	$43,609	$(5,156)	$82,554	$8,860
Earnings (loss) per common share — basic	$1.18	$(0.13)	$2.24	$0.22
Earnings (loss) per common share — diluted	$1.14	$(0.13)	$2.18	$0.22
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustments, net of tax expense of $0	$(23,683)	$10,174	$(13,237)	$17,544
Total other comprehensive income (loss), net of tax	(23,683)	10,174	(13,237)	17,544
Comprehensive income	$19,926	$5,018	$69,317	$26,404

See accompanying notes to condensed consolidated financial statements

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FTI Consulting, Inc. and Subsidiaries
Condensed Consolidated Statement of Stockholders’ Equity
(in thousands)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
	Shares	Amount				
Balance at December 31, 2017	37,729	$ 377	$266,035	$1,045,774	$ (120,215)	$1,191,971
Net income	—	$ —	$—	$82,554	$ —	$82,554
Other comprehensive income:						
Cumulative translation adjustment	—	—	—	—	(13,237)	(13,237)
Issuance of common stock in connection with:						
Exercise of options	513	5	20,595	—	—	20,600
Restricted share grants, less net settled shares of 39	274	3	(1,834)	—	—	(1,831)
Stock units issued under incentive compensation plan	—	—	1,059	—	—	1,059
Purchase and retirement of common stock	(337)	(3)	(14,217)	—	—	(14,220)
Cumulative effect due to adoption of new accounting standard	—	—	—	342	—	342
Share-based compensation	—	—	8,563	—	—	8,563
Balance at June 30, 2018	38,179	$ 382	$280,201	$1,128,670	$ (133,452)	$1,275,801

See accompanying notes to condensed consolidated financial statements

FTI Consulting, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

	Six Months Ended June 30,	
Operating activities	2018	2017
Net income	$82,554	$8,860
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	16,253	16,298
Amortization and impairment of other intangible assets	4,322	4,915
Acquisition-related contingent consideration	232	1,172
Provision for doubtful accounts	8,710	5,971
Non-cash share-based compensation	8,563	9,959
Non-cash interest expense and other	993	992
Other	798	242
Changes in operating assets and liabilities, net of effects from acquisitions:		
Accounts receivable, billed and unbilled	(99,299)	(78,100)
Notes receivable	4,214	2,241
Prepaid expenses and other assets	(4,151)	947
Accounts payable, accrued expenses and other	352	(1,887)
Income taxes	13,143	3,087
Accrued compensation	(58,547)	(64,531)
Billings in excess of services provided	(12,722)	7,634
Net cash used in operating activities	(34,585)	(82,200)
Investing activities		
Purchases of property and equipment	(16,220)	(13,127)
Other	689	72
Net cash used in investing activities	(15,531)	(13,055)
Financing activities		
Borrowings (repayments) under revolving line of credit, net	(25,000)	115,000
Deposits	2,602	3,262
Purchase and retirement of common stock	(14,220)	(102,513)
Net issuance of common stock under equity compensation plans	18,740	(500)
Payments for acquisition-related contingent consideration	(3,029)	(79)
Net cash provided by (used in) financing activities	(20,907)	15,170
Effect of exchange rate changes on cash and cash equivalents	(2,382)	2,438
Net decrease in cash and cash equivalents	(73,405)	(77,647)
Cash and cash equivalents, beginning of period	189,961	216,158
Cash and cash equivalents, end of period	$116,556	$138,511
Supplemental cash flow disclosures		
Cash paid for interest	$13,020	$14,903
Cash paid for income taxes, net of refunds	$16,137	$5,336
Non-cash investing and financing activities:		
Issuance of stock units under incentive compensation plans	$1,059	$1,547

See accompanying notes to condensed consolidated financial statements

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FTI Consulting, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(dollar and share amounts in tables in thousands, except per share data)
(Unaudited)

1. Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The unaudited condensed consolidated financial statements of FTI Consulting, Inc., including its consolidated subsidiaries (collectively, the “Company,” “we,” “our” or “FTI Consulting”), presented herein, have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) and under the rules and regulations of the Securities and Exchange Commission (“SEC”) for interim financial information. Some of the information and footnote disclosures normally included in annual financial statements have been condensed or omitted pursuant to those rules and regulations. Certain prior period amounts have been reclassified to conform to the current period presentation. In management’s opinion, the interim financial statements reflect all adjustments that are necessary for a fair presentation of the results for the interim periods presented. All adjustments made were normal recurring accruals. Results of operations for the interim periods presented herein are not necessarily indicative of results of operations for a full year. These financial statements should be read in conjunction with the consolidated financial statements and the notes thereto contained in our Annual Report on Form 10-K for the year ended December 31, 2017 filed with the SEC.

Revenue Recognition

As of January 1, 2018, the Company adopted Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers ("ASC 606"), which impacts the timing of when certain types of revenue will be recognized. Revenues are recognized when we satisfy a performance obligation by transferring goods or services promised in a contract to a customer, in an amount that reflects the consideration that we expect to receive in exchange for those goods and services. Performance obligations in our contracts represent distinct or separate service streams that we provide to our customers.

We evaluate our revenue contracts with customers based on the five-step model under ASC 606: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to separate performance obligations; and (5) recognize revenues when (or as) each performance obligation is satisfied. If, at the outset of an arrangement, we determine that a contract with enforceable rights and obligations does not exist, revenues are deferred until all criteria for an enforceable contract are met.

We generate the majority of our revenues by providing consulting services to our clients. Most of our consulting service contracts are based on one of the following types of arrangements:

- Time and expense arrangements require the client to pay us based on the number of hours worked at contractually agreed-upon rates. We recognize revenues for these arrangements based on hours incurred and contracted rates utilizing a right-to-invoice practical expedient, because we have a right to consideration for services completed to date. When a time and expense arrangement has a not-to-exceed or "cap" amount and we expect to perform work in excess of the cap, we recognize up to the cap amount specified by the client, based on the efforts or hours incurred as a percentage of total efforts or hours expected to be incurred (e.g. proportional performance method). Certain time and materials arrangements may be subject to third party approval, e.g. a court or other regulatory institution, with interim billing and payments made and received based upon preliminarily agreed upon rates. We record revenues for the portion of our services based on our assessment of the expected probability of amounts ultimately to be agreed upon by the court or regulator. These assessments are made on a case-by-case basis depending on the nature of the engagement, client economics, historical experience and other appropriate factors.
- Fixed fee arrangements require the client to pay a pre-established fee in exchange for a predetermined set of professional services. We recognize revenues for these arrangements based on the proportional performance related to individual performance obligations within each arrangement, however, these arrangements generally have one performance obligation.
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Performance based or contingent arrangements represent forms of variable consideration. In these arrangements, our fees are based on the attainment of contractually defined objectives with our client, such as completing a business transaction or assisting the client in achieving a specific business objective. When our performance obligation(s) are satisfied over time, we determine the transaction price based on the expected probability of achieving the agreed-upon outcome and recognize revenues earned to date by applying the proportional performance method. These arrangements include conditional payments, commonly referred to as success fees, which were previously recognized when the cash was collected.

In addition, we generate certain revenues from our Technology segment that are based on units of data stored or processed. Unit based revenues are recognized as services are provided, based on either the amount of data stored or processed, the number of concurrent users accessing the information, or the number of pages or images processed for a client, and agreed-upon per unit rates. We also generate revenues from our on-premise software licenses. Software license revenues are generally recognized at a point in time when the customer acceptance occurs, in accordance with the provision of the arrangements.

Certain of our time and expense and fixed fee billing arrangements may include client incentives in the form of volume-based discounts, where if certain fee levels are reached, the client can receive future services at a discounted hourly rate. Contracts with customers that have a prospective discounted pricing option based on predetermined volume thresholds are evaluated to determine whether they include a material right, which is an option that provides a customer the right to acquire free or discounted goods or services in the future. If the option provides a material right to the customer, we allocate a portion of the transaction price to the material right and defer revenues during the pre-discount period, compared to our previous practice of recognizing the reduction in revenues when customers became eligible to receive the volume discount.

Reimbursable expenses, including those relating to travel, out-of-pocket expenses, outside consultants and other outside service costs, are generally included in revenues, and an equivalent amount of reimbursable expenses is included in costs of services in the period in which the expense is incurred.

2. Earnings (Loss) Per Common Share

Basic earnings (loss) per common share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per common share adjusts basic earnings (loss) per common share for the effects of potentially dilutive common shares. Potentially dilutive common shares include the dilutive effects of shares issuable under our equity compensation plans, including stock options and restricted shares, each using the treasury stock method.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Numerator — basic and diluted				
Net income (loss)	$43,609	$(5,156)	$82,554	$8,860
Denominator				
Weighted average number of common shares outstanding — basic	37,001	39,555	36,851	40,039
Effect of dilutive stock options	558	—	430	129
Effect of dilutive restricted shares	712	—	661	334
Weighted average number of common shares outstanding — diluted[(1)]	38,271	39,555	37,942	40,502
Earnings (loss) per common share — basic	$1.18	$(0.13)	$2.24	$0.22
Earnings (loss) per common share — diluted	$1.14	$(0.13)	$2.18	$0.22
Antidilutive stock options and restricted shares	44	1,947	330	1,469

(1) For the three months ended June 30, 2017, we excluded 377,389 potentially dilutive securities from the computation as their effect would be anti-dilutive due to a net loss applicable to common stockholders.

3. New Accounting Standards

Adopted Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, Revenue from Contracts with Customers. On January 1, 2018, we adopted ASC 606 using the modified retrospective method and recorded an immaterial cumulative effect adjustment to the beginning balance of retained earnings for revenue contracts that existed at the adoption date. Under the modified retrospective method, prior year information has not been adjusted and continues to be reported under the accounting standards in effect for periods prior to the adoption date. We have not retroactively restated the existing contracts for modifications that occurred before January 1, 2018.

See Note 1, "Basis of Presentation and Significant Accounting Policies" in Part I, Item 1, of this Quarterly Report on Form 10-Q for a description of the significant accounting policies and methods used in preparation of the Condensed Consolidated Financial Statements. See Note 4, “Revenues” in Part I, Item 1, of this Quarterly Report on Form 10-Q for the disclosures required under ASC 606. The adoption of ASC 606 had an immaterial impact on our Condensed Consolidated Statements of Comprehensive Income and Condensed Consolidated Balance Sheets and had no impact on our Condensed Consolidated Statements of Cash Flows.

In March 2018, the FASB issued ASU 2018-05, Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118 (SEC Update), Income Taxes (Topic 740). ASU 2018-05 provides guidance regarding the recording of tax impacts where uncertainty exists, in the period of adoption of the 2017 U.S. Tax Cuts and Jobs Act (the “2017 Tax Act”), which allowed companies to reflect provisional amounts for those specific income tax effects of the 2017 Tax Act for which the accounting under ASC Topic 740 is incomplete but for which a reasonable estimate could be determined. During the six months ended June 30, 2018, the Company has not recognized any material changes to the provisional amounts recorded in our 2017 Annual Report on Form 10-K in connection with the 2017 Tax Act. The accounting for the tax effects of the 2017 Tax Act will be finalized in the second half of 2018 as we complete our federal and state tax returns and incorporate any additional guidance that may be issued by the U.S. tax authorities.

Accounting Standards Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, Leases ("ASC 842"), which supersedes existing lease guidance. Under ASC 842, we will be required to record right-of-use assets and corresponding lease liabilities on the balance sheet. Previously, there was no requirement to recognize an asset or liability on the balance sheet for an operating lease. ASC 842 also requires disclosure of key information about leasing arrangements. This guidance is effective beginning January 1, 2019 using a modified retrospective approach for each prior reporting period presented. In January 2018, the FASB issued an exposure draft of the proposed ASU, Leases (Topic 842): Targeted Improvements. The proposed ASU provides an alternative transition method of adoption, permitting the recognition of a cumulative-effect adjustment to retained earnings on the date of adoption.

The Company's implementation plan is under way and includes an information system and business process change to accumulate the appropriate data in order to calculate and record the recognition of right-of-use assets, lease liabilities and the related expense recognition. We are creating an inventory of our existing portfolio of leases and continue to review other contracts to determine if they contain leases as defined by ASC 842. Our existing portfolio of leases is primarily composed of operating leases related to our offices. While this assessment continues, we have not yet determined the effect of ASC 842 on our Condensed Consolidated Balance Sheets. We do not expect that the adoption of ASC 842 will have a material impact on our results of operations or cash flow presentation.

4. Revenues

Revenues recognized during the current period may include revenues recognized from performance obligations satisfied or partially satisfied in previous periods. This primarily occurs when the estimated transaction price has changed based on a re-assessment of the expected probability of achieving the agreed-upon outcome for our performance based and contingent arrangements, resulting in a catch-up adjustment for service provided in previous periods. The aggregate amount of revenues recognized related to the catch-up adjustment due to a change in the transaction price during the three and six months ended June 30, 2018 was $4.5 million and $6.5 million, respectively.

Unfulfilled performance obligations represent the remaining contract transaction prices allocated to the performance obligations that are unsatisfied, or partially unsatisfied, and therefore revenues have not yet been recorded. Unfulfilled performance obligations primarily consist of the remaining fees not yet recognized under our proportional performance method for both our fixed fee arrangements, and the portion of performance-based and contingent arrangements that we have deemed probable. As of June 30, 2018, the aggregate amount of the transaction price allocated to unfulfilled performance obligations was $3.8 million, and we expect to recognize the majority of the related revenues over the next 18 months. We elected to utilize the optional exemption to exclude from this disclosure fixed fee and performance-based and contingent arrangements with an original expected duration of one year or less, and to exclude our time and expense arrangements for which revenues are recognized using the right to invoice practical expedient.

Contract assets are defined as assets for which we have recorded revenue because we determined that it is probable that we will earn a performance based or contingent fee, but we are not yet entitled to receive our fees because certain events, such as completion of the measurement period or client approval, must occur. The contract asset balance was immaterial as of June 30, 2018 and December 31, 2017.

Contract liabilities are defined as liabilities incurred when we have received consideration from a client but have not yet performed the agreed upon services. This may occur when we receive advance billings before delivery and acceptance of software licenses in our Technology segment and when clients pay us upfront fees before we begin work for them. The contract liability balance was immaterial as of June 30, 2018 and December 31, 2017.

5. Accounts Receivable and Allowance for Doubtful Accounts

Timing of revenue recognition often differs from the timing of billing to our customers. Generally, we transfer goods or services to a customer before the customer pays consideration or payment is due. If we have an unconditional right to invoice and receive payment for goods or services already provided, we record billed and unbilled receivables on our Condensed Consolidated Balance Sheets. Payment terms and conditions vary depending on the jurisdiction, market and type of service and whether regulatory or other third-party approvals are required. In addition, contracts may be negotiated per the client's request, or at times we are asked to execute contracts in a form provided by customers that might include different terms. Our standard contract terms generally include a requirement of payment within 30 days where no contingencies exist.

We record adjustments to the allowance for doubtful accounts and unbilled services as a reduction in revenues when there are changes in estimates of fee reductions, such as those fee reductions imposed by bankruptcy courts and other regulatory institutions for both billed and unbilled receivables. The allowance for doubtful accounts and unbilled services is also adjusted after the related work has been billed to the client and we discover that collectability is not reasonably assured. These adjustments are recorded to "Selling, general and administrative expenses" on the Condensed Consolidated Statements of Comprehensive Income. Our bad debt expense totaled $3.0 million and $8.7 million for the three and six months ended June 30, 2018, respectively, and $2.4 million and $6.0 million for the three and six months ended June 30, 2017, respectively.

6. Special Charges

There was no special charge recorded during the three and six months ended June 30, 2018.

During the three and six months ended June 30, 2017, we recorded a special charge of $30.1 million. The charge includes the impact of certain targeted reductions in areas of each segment where we needed to realign our workforce with then-current business demand and in certain corporate departments where we were able to streamline support activities. In addition, certain strategic actions were taken to reduce our future real estate costs. The special charge included the following components:

- $16.1 million of employee severance and other employee-related costs.
- $12.4 million of exit costs associated with the curtailment of our lease on our executive office in Washington, D.C.
- $1.6 million of other expenses, including costs related to disposing or closing several small international offices.

The following table details the special charges by segment for the three and six months ended June 30, 2018 and 2017:

Special Charges by Segment	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Corporate Finance & Restructuring	$—	$3,049	$—	$3,049
Forensic and Litigation Consulting	—	10,445	—	10,445
Economic Consulting	—	5,910	—	5,910
Technology	—	3,827	—	3,827
Strategic Communications	—	3,599	—	3,599
	—	26,830	—	26,830
Unallocated Corporate	—	3,244	—	3,244
Total	$—	$30,074	$—	$30,074

7. Research and Development Costs

Research and development costs related to software development in our Technology segment totaled $2.9 million and $5.8 million for the three and six months ended June 30, 2018, respectively, and $4.3 million and $8.5 million for the three and six months ended June 30, 2017, respectively. Research and development costs are included in "Selling, general and administrative expenses" on the Condensed Consolidated Statements of Comprehensive Income.

8. Financial Instruments

The following table presents the carrying amounts and estimated fair values of our financial instruments by hierarchy level as of June 30, 2018 and December 31, 2017.

	June 30, 2018			
		Hierarchy Level		
	Carrying Amount	Level 1	Level 2	Level 3
Liabilities				
Acquisition-related contingent consideration, including current portion [(1)]	$2,960	$—	$—	$2,960
Long-term debt	375,000	—	381,750	—
Total	$377,960	$—	$381,750	$2,960

	December 31, 2017			
		Hierarchy Level		
	Carrying Amount	Level 1	Level 2	Level 3
Liabilities				
Acquisition-related contingent consideration, including current portion [(1)]	$3,750	$—	$—	$3,750
Long-term debt	400,000	—	409,000	—
Total	$403,750	$—	$409,000	$3,750

(1) The short-term portion is included in “Accounts payable, accrued expenses and other,” and the long-term portion is included in “Other liabilities” on the Condensed Consolidated Balance Sheets.

The fair values of financial instruments not included in this table are estimated to be equal to their carrying values as of June 30, 2018 and December 31, 2017.

We determine the fair value of our long-term debt primarily based on quoted market prices for our 6% senior notes due 2022 (the “2022 Notes”) as of June 30, 2018 and December 31, 2017. The fair value of our borrowings on our senior secured bank revolving credit facility (“Credit Facility”) approximates the carrying amount. The fair value of our long-term debt is classified within Level 2 of the fair value hierarchy because it is traded in less active markets.

We estimate the fair value of acquisition-related contingent consideration using a probability-weighted discounted cash flow model. This fair value estimate represents a Level 3 measurement as it is based on significant inputs not observed in the market and reflect our own assumptions. The significant unobservable inputs used in the fair value measurements of our acquisition-related contingent consideration are our measures of the future profitability and related cash flows and discount rates. The fair value of the contingent consideration is reassessed at each reporting period by the Company based on additional information as it becomes available.

Any change in the fair value of an acquisition’s contingent consideration liability results in a remeasurement gain or loss that is recorded in “Selling, general and administrative expenses” on the Condensed Consolidated Statements of Comprehensive Income. During the six months ended June 30, 2018 there was no change in the estimated fair value of future expected contingent consideration payments. During the six months ended June 30, 2017, we recorded a remeasurement loss of $0.7 million.

9. Goodwill and Other Intangible Assets

Goodwill

The table below summarizes the changes in the carrying amount of goodwill by reportable segment:

	Corporate Finance & Restructuring	Forensic and Litigation Consulting	Economic Consulting	Technology	Strategic Communications	Total
Balance at December 31, 2017						
Goodwill	$ 454,816	$ 233,719	$ 268,995	$ 117,740	$ 323,672	$ 1,398,942
Accumulated goodwill impairment	—	—	—	—	(194,139)	(194,139)
Goodwill, net at December 31, 2017	454,816	233,719	268,995	117,740	129,533	1,204,803
Foreign currency translation adjustment and other	(2,454)	(1,168)	(213)	(38)	(2,198)	(6,071)
Balance at June 30, 2018						
Goodwill	452,362	232,551	268,782	117,702	321,474	1,392,871
Accumulated goodwill impairment	—	—	—	—	(194,139)	(194,139)
Goodwill, net at June 30, 2018	$ 452,362	$ 232,551	$ 268,782	$ 117,702	$ 127,335	$ 1,198,732

Other Intangible Assets

Other intangible assets with finite lives, comprised primarily of customer relationships, are amortized over their estimated useful lives. We recorded amortization expense of $2.1 million and $4.3 million for the three and six months ended June 30, 2018, respectively, and $2.4 million and $4.9 million for the three and six months ended June 30, 2017, respectively.

We estimate our future amortization expense for our intangible assets with finite lives to be as follows:

Year	As of June 30, 2018 [(1)]
2018 (remaining)	$ 3,884
2019	7,437
2020	7,274
2021	6,731
2022	4,939
Thereafter	3,514
	$ 33,779

(1) Actual amortization expense to be reported in future periods could differ from these estimates because of new intangible asset acquisitions, changes in useful lives or other relevant factors or changes.

10. Long-Term Debt

The table below summarizes the components of the Company’s long-term debt.

	June 30, 2018	December 31, 2017
2022 Notes	$ 300,000	$ 300,000
Credit Facility	75,000	100,000
Total debt	375,000	400,000
Less: deferred debt issue costs	(3,338)	(3,716)
Long-term debt, net [(1)]	$ 371,662	$ 396,284

(1) There were no current portions of long-term debt as of June 30, 2018 and December 31, 2017.

The Company has classified the borrowings under the Company's Credit Facility as long-term debt in the accompanying Condensed Consolidated Balance Sheets, as amounts due under the credit agreement entered into on June 26, 2015, which expires on June 26, 2020, are not contractually required or expected to be liquidated for more than one year from the applicable balance sheet date. Additionally, $1.0 million of the borrowing limit under the Credit Facility was utilized for letters of credit as of June 30, 2018.

11. Commitments and Contingencies

We are subject to legal actions arising in the ordinary course of business. In management's opinion, we believe we have adequate legal defenses and/or insurance coverage with respect to the eventuality of such actions. We do not believe any settlement or judgment relating to any pending legal action would materially affect our financial position or results of operations.

12. Share-Based Compensation

During the six months ended June 30, 2018, we granted 216,761 restricted stock awards, 32,374 restricted stock units and 91,370 performance-based restricted stock units. These awards are recorded as equity on the Condensed Consolidated Balance Sheets. During the six months ended June 30, 2018, stock options exercisable for up to 190,927 shares and 7,907 shares of restricted stock awards were forfeited prior to the completion of the applicable vesting requirements.

Total share-based compensation expense, net of forfeitures, for the three and six months ended June 30, 2018 and 2017 is detailed in the following table:

	Three Months Ended June 30,		Six Months Ended June 30,	
Income Statement Classification	2018	2017	2018	2017
Direct cost of revenues	$2,427	$1,183	$6,206	$7,021
Selling, general and administrative expenses	3,158	1,209	5,347	2,052
Special charges	—	96	—	96
Total share-based compensation expense	$5,585	$2,488	$11,553	$9,169

13. Stockholders' Equity

On June 2, 2016, our Board of Directors authorized a stock repurchase program of up to $100.0 million (the "Repurchase Program"). On each of May 18, 2017 and December 1, 2017, our Board of Directors authorized an additional $100.0 million increasing the Repurchase Program to an aggregate authorization of $300.0 million. No time limit has been established for the completion of the Repurchase Program, and the Repurchase Program may be suspended, discontinued or replaced by the Board of Directors at any time without prior notice. As of June 30, 2018, we have $99.1 million available under the Repurchase Program to repurchase additional shares.

The following table details our stock repurchases under the Repurchase Program:

Three Months Ended June 30,		Six Months Ended June 30,
2018	2017	