NV5 Global, Inc.
Form 10-K
March 14, 2019

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 29, 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 001-35849

NV5 Global, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**45-3458017**
(State or other jurisdiction of incorporation or	(I.R.S. Employer Identification No.)

organization)

200 South Park Road, Suite 350

Hollywood, Florida	**33021**
(Address of principal executive offices)	(Zip Code)

(954) 495-2112
Registrant's telephone number, including

area code

Securities Registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock, $0.01 par value	The NASDAQ Capital Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 every Interactive Data File required to be submitted 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 such files). Yes No

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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. (Check one):

Large accelerated filer	Accelerated filer	Non-accelerated filer	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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the last business day of the registrant's most recently completed second fiscal quarter was approximately $573.6 million. For purposes of this computation, all officers, directors, and 10% beneficial owners of the registrant are deemed to be affiliates. Such determination should not be deemed to be an admission that such officers, directors, or 10% beneficial owners are, in fact, affiliates of the registrant.

As of March 7, 2019, there were 12,585,618 shares outstanding of the registrant's common stock, $0.01 par value.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the 2019 definitive Proxy Statement are incorporated by reference into Part III of this Form 10-K.

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NV5 GLOBAL, INC.

FORM 10-K ANNUAL REPORT

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Cautionary Statement about Forward Looking Statements

Our disclosure and analysis in this Annual Report on Form 10-K and in our 2018 Annual Report to Stockholders, including all documents incorporated by reference, contain "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. From time to time, we also provide forward-looking statements in other materials we release to the public, as well as oral forward-looking statements. Forward-looking statements include, but are not limited to, statements regarding our "expectations," "hopes," "beliefs," "intentions," or "strategies" regarding the future. In addition, any statements that refer to projections, forecasts, or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. We have tried, wherever possible, to identify such statements by using words such as "anticipate," "believe," "expect," "intend," "estimate," "predict," "project," "may," "might," "should," "would," "will likely result," "continue," "could," "future," "plan," "possible," "potential," "target," "forecast," "goal," "observe," "seek other words and terms of similar meaning, but the absence of these words does not mean that a statement is not forward looking. The forward-looking statements in this Annual Report on Form 10-K reflect the Company's current views with respect to future events and financial performance.

Forward-looking statements are not historical factors and should not be read as a guarantee or assurance of future performance or results, and will not necessarily be accurate indications of the times at, or by, or if such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made or management's good faith beliefs, expectations and assumptions as of that time with respect to future events. Because forward-looking statements relate to the future, they are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include:

our ability to retain the continued service of our key professionals and to identify, hire and retain additional qualified professionals;

changes in demand from the local and state government and private clients that we serve;

general economic conditions, nationally and globally, and their effect on the demand and market for our services;

fluctuations in our results of operations;

the government's funding and budgetary approval process;

the possibility that our contracts may be terminated by our clients;

our ability to win new contracts and renew existing contracts;

our dependence on a limited number of clients;

our ability to complete projects timely, in accordance with our customers' expectations, or profitability;

our ability to successfully execute our mergers and acquisitions strategy, including the integration of new companies into our business;

our ability to successfully manage our growth strategy;

our ability to raise capital in the future;

competitive pressures and trends in our industry and our ability to successfully compete with our competitors;

our ability to avoid losses under lump-sum contracts;

the credit and collection risks associated with our clients;

our ability to comply with procurement laws and regulations;

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- changes in laws, regulations, or policies;
- the enactment of legislation that could limit the ability of local, state and federal agencies to contract for our privatized services;
- our ability to complete our backlog of uncompleted projects as currently projected;
- the risk of employee misconduct or our failure to comply with laws and regulations;
- our ability to control, and operational issues pertaining to, business activities that we conduct with business partners and other third parties;
- significant influence by our principal stockholder and the existence of certain anti-takeover measures in our governing documents; and
- other factors identified throughout this Annual Report on Form 10-K, including those discussed under the headings "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Business."

There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties, or assumptions, many of which are beyond our control, that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. In light of these risks and uncertainties, there can be no assurance that the forward-looking information contained in this Annual Report on Form 10-K will in fact transpire or prove to be accurate. Readers are cautioned to consider the specific risk factors described herein and in "Item 1A. Risk Factors" of this Annual Report on Form 10-K, and not to place undue reliance on the forward-looking statements contained herein, which speak only as of the date hereof.

The Company undertakes no obligation to update or publicly revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required under applicable securities laws. All subsequent written or oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this paragraph. You are advised, however, to consider any further disclosures we make on related subjects in our Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and our other filings with the Securities and Exchange Commission (the "SEC"). Also note that we provide a cautionary discussion of risks and uncertainties relevant to our business under "Item 1A. Risk Factors" of this Form 10-K. We note these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. You should understand it is not possible to predict or identify all such factors.

References in this Annual Report on Form 10-K to “NV5 Global”, the “Company,” “we,” “us,” and “our” refer to NV5 Global, Inc., a Delaware corporation, and its consolidated subsidiaries.

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PART I

ITEM 1. BUSINESS

Overview

We are a leading provider of professional and technical engineering and consulting services, offering solutions to public and private sector clients in the energy, transportation, water, government, hospitality, education, healthcare, commercial and residential markets. With offices located throughout the United States and abroad, we help clients plan, design, build, test, certify, and manage a wide variety of projects. Our combined capabilities allow us to deliver cost-effective solutions.

We provide a wide range of services, including, but not limited to, construction quality assurance, surveying and mapping, design, consulting, program and construction management, permitting, planning, forensic engineering, litigation support, condition assessment and compliance certification. Our service capabilities are organized into five verticals:

- Infrastructure, engineering, and support services
- Construction quality assurance, testing, and inspection
- Program management
- Energy services
- Environmental services

As the needs of our clients have evolved and NV5 has grown, we organized into two operating and reportable segments:

1. *Infrastructure (INF)*, which includes our engineering, civil program management, and construction quality assurance, testing, and inspection practices; and
2. *Building, Technology & Sciences (BTS)*, which includes our energy, environmental, and building program management practices.

We are headquartered in Hollywood, Florida, and operate our business from over 100 locations in the U.S. and abroad. All of our offices utilize our shared services platform, which consists of human resources, marketing, finance, information technology, legal, corporate development, and other resources. The platform is scalable and optimizes the performance and efficiency of our business as we grow. Our centralized shared services platform allows us to better

manage our business through the application of universal financial and operational controls and procedures and increased efficiencies, and drives lower-cost solutions.

Our primary clients include United States federal, state, municipal, and local government agencies, and military and defense clients. We also serve quasi-public and private sector clients from the education, healthcare, energy, and public utility industries, including schools, universities, hospitals, health care providers, insurance providers, large utility service providers, and large to small energy producers.

During our 70 years in the engineering and consulting business, we have worked and continue to work with many clients including (in alphabetical order):

Airports	***Federal, State, Municipal and Local Government Agencies***
Boston Logan Airport, MA	Broward County, FL
Chicago O'Hare International Airport, IL	City of Austin, TX
Dallas Fort Worth International Airport, TX	City of Bakersfield, CA
Fort Lauderdale Hollywood International Airport, FL	City of Carlsbad, CA
JFK International Airport, NY	City of Colorado Springs, CO
McCarran International Airport, NV	City of Fresno, CA
Miami International Airport, FL	City of Miami, FL
San Diego International Airport, CA	City of Oceanside, CA
Commercial	City of Philadelphia, PA
Brickell City Center	City of Sacramento, CA
Bronx Zoo Astor Court Reconstruction, NY	Imperial County, CA

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Cleveland Museum of Art, OH
Las Vegas City Hall, NV
Manhattan Waterfront Greenway Improvement, NY
Massachusetts Division of Capital Asset Management, MA
Rose Bowl Stadium, CA
The National World War II Museum, LA

Education and Public Institutions

Harvard University, MA
Michigan State University, MI
Princeton University, NJ
Rutgers University, NJ
Rice University, TX
Stanford University, CA
University of San Diego, CA
University of Illinois, IL
University of Iowa, IA
University of Maryland, MD
University of Massachusetts, MA
University of Miami, FL
University of Minnesota, MN
University of North Carolina, NC
University of Texas, TX
University of Utah, UT

Power and Utilities

Florida Power and Light, FL
Minnesota Power, MN
New York Power Authority, NY
Portland General Electric, OR
Potomac Electric Power Company
San Diego Gas & Electric, CA
Southern California Gas Company, CA
Spectra Energy, TX

Miami-Dade County, FL
New York City Economic Development Corporation, NY
New York Department of Environmental Protection
New York City Housing Authority, NY
San Diego County, CA
Santa Clara County Government, CA
U.S. Environmental Protection Agency

Healthcare

Cleveland Clinic, OH
University of Kansas Medical Center, KS

Hospitality

Wynn Resorts, NV & Macau

Military

Peterson Air Force Base, CO
U.S. Department of Defense (DOD)
U.S. Department of Veteran Affairs

Transportation

California Department of Transportation, or Caltrans, CA
California High Speed Rail, CA
Caldecott Tunnel
Macau Light Rail System
Massachusetts Port Authority
New Jersey Department of Transportation, NJ
New Jersey Turnpike Authority, NJ
New York Department of Transportation, NY
Port Authority of New York and New Jersey
Sabal Trail Transmission Company
Utah Department of Transportation, UT

Water

Poseidon Desalination Plant, CA
Metropolitan Water District of Southern California, CA
South Florida Water Management District, FL

Our History

NV5, Inc. (formerly known as Nolte Associates, Inc.) began operations in California in 1949 and was acquired by current management in 2010. Following several acquisitions and growth in its business, NV5 Global completed its initial public offering in March 2013. In the period from 2014 to 2018, NV5 Global acquired a number of smaller engineering firms to both diversify its service offering and expand its geographic reach.

Competitive Strengths

We believe we have the following competitive strengths:

Organizational structure that enhances client service. We operate our business using a flat vertical structure organized by service offerings rather than a matrix structure organized by geography, which is common among our competitors. Our structure ensures that clients have access to the entire platform of services we offer and the most highly qualified professionals within those service verticals, regardless of the location of the project. Our most skilled engineers and professionals in each service sector work directly with the clients requesting those services, which facilitates relationship-based interactions between our key employees and our clients, and promotes long-term client relationships. In addition, our vertical structure encourages entrepreneurialism among our professionals.

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Expertise in local markets. To support our vertical service model, we maintain over 100 locations in the United States and abroad. Each of our offices is staffed with licensed or certified professionals who understand the local and regional markets in which they serve. Our local professionals focus on client engagement within their local market while benefiting from the back-office support functions of our shared services platform.

Synergy among our service verticals. We create value for our clients and our shareholders by encouraging our professionals in different service verticals to work together to pursue new work, new clients, and to expand the range of services we can provide our existing clients. Our commitment to cross-selling minimizes our use of sub-consultants to meet our clients' needs and helps maximize our organic growth.

Strong, long-term client relationships. By combining local market experience and providing our clients expert services in multiple verticals, we have developed strong relationships with our core clients. Some of our professionals have worked with key clients for decades, including government transportation agencies, public utilities and local or state municipalities. By serving as a long-term partner with our clients, we gain a deeper understanding of their overall business needs as well as the unique technical requirements of their projects.

Experienced, talented, and motivated employees. We employ licensed and experienced professionals with a broad array of specialties and a strong customer service orientation. Our senior staff have an average of more than 20 years of operating and management experience in the engineering and consulting industry. We prioritize the attraction, motivation, and retention of top professionals to serve our clients. Our compensation system includes performance-based incentives, including opportunities for stock ownership.

Industry-recognized quality of service. We have developed a strong reputation for quality service based upon our industry-recognized depth of experience, ability to attract and retain quality professionals, expertise across multiple service sectors, and our commitment to strategic growth. During the past several years, we received many industry awards and national rankings, including:

Engineering News-Record Top 500 Design Firms (#45 in 2018, #54 in 2017, #75 in 2016)	Engineering News-Record Top 150 Global Firms (#87 in 2018, #100 in 2017)
Zweig Group Hot Firm List – (#1 in 2018 and 2017)	Engineering News-Record Top 100 Pure Designers - #25
Environmental Business Journal Gold Achievement Award in Business Achievement (2018, 2017, 2016)	Fortune Magazine's 2018 100 Fastest Growing Firms List
Building Design + Construction Magazine's 2018 Giants 300 Report - #9 Engineering/ Architecture Firm	Environmental Business Journal Achievement Award in Mergers & Acquisitions (2013-2018)

American Consulting Engineers Council- New York Engineering Excellence Awards - 2018 Diamond Award for Freshkills Park Road Project

American Society of Civil Engineers (ASCE) San Diego 2017 Outstanding Civil Engineering Project Award –Mid-Coast Corridor Pipeline Project

American Public Works Association (APWA) San Diego 2017 Project of the Year Award – Mid-Coast Corridor Pipeline Project

Building Design + Construction Magazine's 2018 Top 30 Hotel Engineering Firms - #2

American Consulting Engineers – New York Engineering Excellence Awards – 2018 Platinum Award for Coastal Resiliency in Broad Channel Project

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Growth Strategies

We intend to pursue the following growth strategies as we seek to expand our market share and position ourselves as a preferred, single-source provider of professional, engineering and technical consulting services to our clients:

Seek strategic acquisitions to enhance or expand our services offerings. We seek acquisitions that allow us to expand or enhance our capabilities in our existing service offerings, or to supplement our existing service offerings with new, closely related service offerings. In the analysis of new acquisitions, we pursue opportunities that provide the critical mass necessary to function as a profitable operation, that complement our existing operations, and that have a strong potential for organic growth. We believe that expanding our business through strategic acquisitions will give us economies of scale in the areas of finance, human resources, marketing, administration, information technology, and legal, while also providing cross-selling opportunities among our service offerings. For information on our recent acquisitions, please refer to the "Recent Acquisitions" section included under Item 7.

Continue to focus on public sector clients while building private sector client capabilities. We have historically derived the majority of our revenue from public and quasi-public sector clients. For the fiscal years 2018, 2017, and 2016, approximately 67%, 68%, and 81%, respectively, of our gross revenues was attributable to public and quasi-public sector clients. During unsteady economic periods, we have focused on public sector business opportunities resulting from public agency outsourcing. We are also positioned to address the challenges presented by the aging infrastructure system of the United States, and the need to provide solutions for transportation, energy, water, and wastewater requirements. However, we also seek to obtain additional clients in the private sector, which typically experiences greater growth during times of economic expansion, by networking, participating in certain organizations, and monitoring private project databases. We will continue to pursue private sector clients when such opportunities present themselves. We believe our ability to service the needs of both public and private sector clients gives us the flexibility to seek and obtain engagements regardless of the current economic conditions.

Strengthen and support our human capital. Our experienced employees and management team are our most valuable resources. Attracting, training, and retaining key personnel has been and will remain critical to our success. To achieve our human capital goals, we intend to remain focused on providing our personnel with entrepreneurial opportunities to expand our business within their areas of expertise. We will also continue to provide our personnel with personal and professional growth opportunities, including additional training, performance-based incentives such as opportunities for stock ownership, and other competitive benefits.

Reportable Segments

The Company operations are organized into two reportable segments:

Infrastructure (INF) includes our engineering, civil program management, and construction quality assurance, testing, and inspection practices

Building, Technology & Sciences (BTS) includes our energy, environmental, and building program management practices

For additional information regarding our reportable segments, see Note 16 - "Reportable Segments" of the "Notes to Consolidated Financial Statements" included in Item 8.

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Description of Services

Infrastructure (INF)

Infrastructure, Engineering, and Support Services

We provide our clients with a broad array of services in the areas of infrastructure, engineering, and support. Our integrated approach provides our clients with consistency and accountability for the duration of the project and allows us to create value by maximizing efficiencies of scale. Our services include:

Site selection and planning. The site selection phase includes access assessment, parcel identification, easement descriptions, land use permitting, pipeline routing analysis, site constraints analysis, surveying and mapping, and regulatory compliance.

Design. The design phase includes architecture, engineering, planning, urban design, landscape architecture, road design, grading design, alignment design, laydown design, station pad design, storm drain design, storm water management, water supply engineering, site planning and profile drawings, and construction cost estimating.

Water resources. We assist our clients with a variety of projects related to water supply and distribution (such as hydrogeological investigations and groundwater development), water treatment (including designing and implementing water reclamation, recycling, and reuse projects), and wastewater engineering (including wastewater facility master planning and treatment, designing and implementing collection, treatment and disposal systems, and water quality investigations).

Transportation. We provide our clients with services related to street and roadway construction (including alignment studies, roadway inspections, and traffic control planning), the construction of highways, bridges and tunnels, and the development of rail and light rail systems.

Structural engineering. Our structural team provides design, inspection, rehabilitation, and seismic upgrade services that include structural analysis and design, plans, specifications and estimates, structural construction management, conceptual design studies, cost studies, seismic analysis, design and retrofit, structural evaluations, earthquake damage assessments, structural repair design, and regulatory agency permitting services. Examples of our projects include

office and industrial facilities, major highway and railroad crossings, complex rail and light rail structures, and a wide range of water related facilities.

Land development. We assist our clients with many of the front-end challenges associated with private and public land development, including planning, public outreach, sustainability, flood control, drainage, and landscaping.

Surveying. We are equipped to provide our clients with a full suite of traditional surveying techniques as well as cutting edge technology services, including high-definition surveying services / 3D laser scanning, and unmanned aerial vehicle LiDAR mapping. Our services can be used to determine current site condition, provide real-time infrastructure measuring and mapping, preserve historic sites, aide in forensic and accident investigations, determine volume calculations, and conduct surveys for project progress.

Power delivery. Our power delivery services include both electrical power delivery (such as substation engineering, overhead and underground electrical transmission and distribution design, and site civil engineering) and gas distribution and transmission services (such as pipeline design, pipeline integrity evaluations, and regulator metering station design). These services facilitate the development of comprehensive plans and improvements that lead to lower operational costs and improved efficiency. To take advantage of the growing market for natural gas delivery services in the United States, we recently acquired CHI Engineering who is a national leader in providing engineering and construction management services for the liquefied natural gas, natural gas and liquefied petroleum gas industries.

Building code compliance. We offer a broad array of outsourcing services, including building code plan review, code enforcement, permitting and inspections, and the administration of public works projects and building departments.

Other services. Through our geographic information system services, we can provide clients with ancillary services that include infrastructure management, property management, asset inventory, landscape maintenance, web-based mapping services, land use analysis, terrain analysis and visualization, suitability and constraints analysis, hydrology analysis, biological, agricultural and cultural inventories, population and demographic analysis, shortest path analysis, street grid density, transportation accessibility analysis, watershed analysis, floodplain mapping, groundwater availability modeling, flood insurance study preparation, risk and HAZUS mitigation assessment and analysis, mapping, data tracking, and data hosting.

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Construction Quality Assurance

We provide construction quality assurance services, testing, and inspection with respect to diverse projects including professional sports stadiums, military facilities, cultural and performing arts centers, airports, hotels, hospitals and health care facilities, fire stations, major public and private universities, and K-12 school districts. We offer these services on an "a la carte" or integrated start-to-finish basis that is intended to guide a client through each phase of a construction project. Our construction quality assurance services generally include site inspections, audits, and evaluations of materials and workmanship necessary to determine and document the quality of the constructed facility. Before a project commences, we offer our clients a variety of assessment services, including environmental, geotechnical, and structural suitability. We perform these pre-construction evaluations in order to help detect any potential problems with the proposed site that could prevent or complicate the successful completion of the project. In addition, we evaluate the onsite building conditions and recommend the best methods and materials for site preparation, excavation, and building foundations.

During development, we help our clients design a comprehensive construction plan, including a summary of planned construction activities, sequence, critical path elements, interrelationships, durations, and terminations. Construction planning services may also include developing procedures for project management, the change order process, and technical records handling methodology. We offer inspection services for each phase of a project, including excavation, foundations, structural framing, mechanical heating and air conditioning systems, electrical systems, underground utilities, and building water proofing systems. Where applicable, we employ additional methods to test materials and building quality. We maintain contact with our clients' managers and, as issues are detected or anticipated, help them identify the most appropriate, cost-effective solutions. We periodically provide construction progress inspections and assessment reports. When a project is complete, we prepare an evaluation report of the project and certify the inspections for the client. After construction, we offer periodic building inspection services to ensure that the building is maintained in accordance with applicable building codes and other local ordinances to maximize the life of the project. We also offer indoor environmental quality testing during this period.

Our services include:

Construction materials testing and engineering services. We provide materials testing services related to concrete, steel, and other structural materials used in construction. We are equipped to provide these services in fabrication plants, in our laboratories, and at the project or construction site itself. Our field personnel work directly under the supervision of licensed engineers and maintain individual licenses and certifications in their respective areas of expertise. All of our in-house laboratories are inspected routinely by agencies including or similar to the Cement and Concrete Reference Laboratory ("CCRL") of the National Institute of Standards and Measures. In addition, our laboratories participate in proficiency programs conducted by the CCRL and the American Association of State Highway & Transportation Officials.

Geotechnical engineering and consulting services. We provide a wide variety of geotechnical engineering and consulting services. These services allow our clients to determine whether sites are suitable for proposed projects and to design foundation plans that are compatible with project site and use conditions. We have experienced geotechnical engineers, geologists, and earth scientists who provide these services nationwide.

Forensic consulting. In the event of damage to a structure by natural or man-made causes, our professional staff is qualified to provide forensic consulting and analysis as well as expert witness services. We provide a wide variety of forensic consulting services, including studies related to water intrusion, building code compliance, and claims involving insurance.

Civil Program Management

Civil program management. Civil program management provides for transportation and water construction projects, including construction management. Our services consist of providing a wide variety of governmental outsourcing services and consulting services that assist organizations in the compliance with technical government regulations and industry standards. We offer a broad array of technical outsourcing services, including traffic studies. Our program management services are not at-risk services; they are performed under a unit price fee arrangement, which is not outcome-based.

Program management also includes project administration, including bid and award assessment, monitoring services for active projects, scheduling assistance, drawing review, permit, approval and review processing, contractor, designer and agency coordination, cost control management, progress payment management, change order administration, compliance inspections, constructability review, as needed, and evaluation of cost reduction methods.

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The trend towards increased privatization of U.S. federal, state, and local governmental services presents an opportunity for our program management vertical. Faced with increased budgetary constraints and economic challenges, many governmental agencies now seek to outsource various services, including professional guidance for their building departments. For building departments specifically, we typically provide a turnkey solution in exchange for a percentage of the building permit fees collected or a minimum monthly retainer. The governmental agency retains any overage without any overhead costs associated with the fee charged. Outsourcing provides a positive source of revenue for us, while simultaneously increasing the efficiency and quality of service to the public. The governmental agency also gains flexible control of service levels without the challenges of government bureaucracy. Although we plan to grow our program management services organically through the numerous contacts and client relationships we have with U.S. federal, state and local governments, tribal nations, and educational institutions, we are also actively targeting acquisition opportunities that provide program management services.

Buildings, Technology & Sciences (BTS)

Buildings

Mechanical, Electrical, and Plumbing (MEP) Design. We design integrated facilities that reduce capital, energy, maintenance, and operations costs and use technologies to virtualize the building process and improve collaboration.

- Mechanical – HVAC system design, air quality management, building automation and control, and sustainability consulting
- Electrical – code consulting, infrastructure design, standby power, building automation, intelligent lighting control, and solar power
- Plumbing – needs analysis, system design, construction administration, and evaluation for fresh, waste, and water system design; gas supply systems; drainage systems; and water conservation and recovery

Commissioning. We provide our clients with a collaborative resource, ensuring that building owners and operators benefit from improved systems performance. Our proprietary Lifecycle Commissioning ® is a systematic, engineering-based process that optimizes building efficiency from initial project concept to decommissioning. In addition, we provide retro-commissioning on existing facilities not originally commissioned which can result in energy consumption savings.

Energy Performance, Management, and Optimization. We assist building owners and operations in the reduction of both energy and operational costs. We help our clients to identify and implement energy performance strategies that improve operating efficiency and reduce greenhouse gas emissions, which entails load shaping and efficiency, fuel switching, aggregation, cogeneration and other renewable energy alternatives. Our energy performance services include energy master planning, energy assessments, integrated management of energy supply and demand, renewable

energy, smart grid systems, cogeneration, load response strategies and systems, energy modeling and energy star.

Building Program management. We provide services for vertical construction projects, including project controls and Building Information Modeling (BIM) services. The construction and program management phase includes plan review, bid and award assessment, monitoring services for active construction sites, scheduling assistance, drawing review, permit, approval and review processing, contractor, designer and agency coordination, cost control management, progress payment management, change order administration, compliance inspections, and evaluation of cost reduction methods.

We provide program management services, which primarily consist of pre-construction and construction consulting services that assists in owners representation. Our program management services are not at-risk services; they are performed under a unit price fee arrangement, which is not outcome-based.

Program management also includes project administration, including bid and award assessment, monitoring services for active projects, scheduling assistance, drawing review, permit, approval and review processing, contractor, designer and agency coordination, cost control management, progress payment management, change order administration, compliance inspections, constructability review, as needed, and evaluation of cost reduction methods.

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Technology

Acoustical Design Consulting. We provide sound and noise isolation, vibration mitigation, and acoustical optimization services in sophisticated entertainment and hospitality environments.

Audiovisual – Security and Surveillance – IT – Data Center. We provide needs assessments, infrastructure design, systems design, construction monitoring, and acceptance testing.

Environmental Services

The environmental services we offer include occupational health, safety and environmental consulting and testing as well as environmental transactional services. More specifically, our experts investigate and analyze environmental conditions both outside and inside a building, and recommend corrective measures and procedures needed to comply with work place occupational health and safety programs. Our occupational health and safety services include workplace safety audits, ergonomics studies, emergency preparedness plans and response services, and workplace monitoring in regulated industries. We also specialize in the provision of radiation exposure and protection services, as well as nuclear safety and industrial hygiene analyses.

Additional environmental services include hydrogeological modeling and environmental programs that assist our public agencies and private industry clients in compliance with state, federal, and local requirements for groundwater resource assessments; water resource planning, monitoring and environmental management of wastewater facilities; solid waste landfill investigations; permitting and compliance; storm water pollution; environmental impact statement support; agricultural waste management and permitting; and wetland evaluations.

Strategic Acquisitions

We maintain a full-time merger and acquisitions (“M&A”) initiative with executive personnel specifically dedicated to the identification of acquisition targets, exploration of acquisition opportunities, negotiation of terms, and oversight of the acquisition and post-acquisition integration process. Since 1993, our M&A team has completed over 100 transactions in the engineering and consulting industry. Over the course of these transactions, our M&A team has established extensive relationships throughout the industry and continues to maintain an established pipeline of potential acquisition opportunities.

We primarily seek acquisitions that allow us to expand or enhance our capabilities in our existing service offerings or to supplement our existing service offerings with new, closely related service offerings. We pursue opportunities that provide the platform to function as a profitable stand-alone operation, are geographically situated to complement our existing operations, and are profitable with strong potential for organic growth. Acquisition targets must have an experienced management team that is compatible with our culture and thoroughly committed to our strategic direction. We believe we add value to the operations of our acquisitions by providing superior corporate marketing and sales support, cash management, financial controls, information technology, risk management and human resources support through a performance optimization process. Our performance optimization process, which was developed by our executives through their extensive experience acquiring and integrating companies, entails a review of both back office and operational functions in order to, among other things, identify how to improve:

- Inefficiencies related to the delivery of our services to customers
- Performance of a new acquisition through the integration of personnel into our organization
- Risk management of a new acquisition
- Integration of technology and shared services platforms
- Cross-selling opportunities to create synergies within our service offerings

For more information on our recent acquisitions, please refer to the “Recent Acquisitions” section included under “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Annual Report on Form 10-K.

Key Clients and Projects

We currently serve over approximately 2,200 different clients. Our 10 largest clients accounted for approximately 23% of our gross revenues during the year ended December 29, 2018. No individual client represented more than 10% of our gross revenues during 2018, 2017 or 2016. Although we serve a highly diverse client base, during 2018, 2017 and 2016 approximately 67%, 68% and 81%, respectively, of our gross revenues was attributable to public and quasi-public sector clients.

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Public sector clients include:

- U.S. federal, state, and local government departments, agencies, systems, and authorities
- Transportation agencies
- Educational systems
- Public housing authorities

Quasi-public sector clients include:

- Utility service providers
- Energy producers
- Healthcare providers

Of our private sector clients, our largest clients are construction engineering firms and institutional property owners.

Although we anticipate public and quasi-public sector clients will represent the majority of our revenues for the foreseeable future, we intend to continue expanding our service offerings to private sector clients. Historically, public and quasi-public sector clients have demonstrated greater resilience during periods of economic downturns, while private sector clients have offered higher gross profit margin opportunities during periods of economic expansion.

Marketing and Sales

We strive to position ourselves as a preferred, single-source provider of professional and technical consulting and certification services to our clients. We obtain client engagements primarily through business development efforts, cross-selling our services to existing clients, and maintaining client relationships, as well as referrals from existing and former clients.

Our business development efforts emphasize lead generation, industry group networking, and corporate visibility. Most of our business development efforts are led by members of our engineering and other professional teams who are also responsible for managing projects. Our business development efforts are further supported by our shared services marketing group, which consists of a seasoned marketing team and marketing support personnel located at our corporate headquarters and operating units.

As our service offerings continue expanding, we anticipate increasing our cross-selling opportunities. Currently, we are often able to offer our construction quality assurance services to clients in conjunction with our infrastructure, engineering, and support services. Another significant area of cross-selling has been our ability to leverage our electrical and gas design services throughout our national geographic network of offices by introducing our services to new utility service organizations.

We have observed a trend in the engineering and consulting industry which has shifted client relationships away from project-specific engagements and toward long-term, multi-project relationships. This shift requires that service providers commit considerable resources toward maintaining client relationships, including dedicating both technical and marketing resources tailored to the specific client's needs. We are committed to maintaining our client relationships by remaining responsive to our clients' needs and continuing to offer a broad range of quality service offerings and value added solutions.

Employees

As of December 29, 2018, we had 2,384 employees, including 2,153 full-time employees, which includes 635 licensed engineers and other professionals. We have been able to locate and engage highly qualified employees as needed and do not expect our growth efforts to be constrained by a lack of qualified personnel. We consider our employee relations to be good.

Backlog

As of December 29, 2018, we had approximately $389.9 million of remaining performance obligations, or backlog, expected to be recognized over the next 12 months, compared to backlog of approximately $295.9 million as of December 30, 2017. Only the contracts for which funding has been provided and work authorizations have been received are included in our backlog. We cannot guarantee that the remaining performance obligations projected in our backlog will be realized in their entirety or, if realized, will result in profits. In addition, project cancellations or scope adjustments may occur, from time to time, with respect to contracts reflected in our backlog. For example, certain contracts with the U.S. federal government and other clients are terminable at the discretion of the client, with or without cause. These types of backlog reductions could adversely affect our revenue and margins. Accordingly, our backlog as of any particular date is an uncertain indicator of our future earnings.

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Most of our government contracts are multi-year contracts for which funding is appropriated on an annual basis. With respect to such government contracts, our backlog includes only those amounts that have been funded and authorized and does not reflect the full amounts we may receive over the term of such contracts. In the case of non-government contracts, our backlog includes future revenue at contract rates, excluding contract renewals or extensions that are at the discretion of the client. For contracts with a not-to-exceed maximum amount, we include revenue from such contracts in backlog to the extent of the remaining estimated amount. Our backlog for the period beyond 12 months may be subject to variation from year-to-year as existing contracts are completed, delayed, or renewed or new contracts are awarded, delayed, or cancelled. As a result, we believe that year-to-year comparisons of the portion of backlog expected to be performed more than one year in the future are difficult to assess and not necessarily indicative of future revenues or profitability.

Competition

The engineering and consulting industry is highly fragmented and characterized by many small-scale companies that focus their operations on regional markets or specialized niche activities. As a result, we compete with a large number of regional, national, and global companies. The extent of our competition varies according to the particular markets and geographic area. The level and type of competition we face is also influenced by the nature and scope of a particular project.

Providers of engineering and consulting services primarily compete based on quality of service, relevant experience, staffing capabilities, reputation, geographic presence, stability, and price. Price differentiation remains an important element in competitive tendering and is the most significant factor in bidding for public sector consultancy contracts. The importance of the foregoing factors varies widely based upon the nature, location, and size of the project. We believe that certain economies of scale can be realized by service providers that establish a national reputation for providing engineering and consulting services in all five of the service verticals in which we do business. Since the demand for engineering and consulting services within each service offering is viewed as only moderately correlated with the demand for services within the other service offerings, we perceive that engineering and consulting firms can benefit considerably from diversified service offerings.

The number of competitors for any procurement can vary widely, depending upon technical qualifications, the relative value of the project, geographic location, financial terms, risks associated with the work, and any restrictions placed upon competition by the client. Our ability to compete successfully will depend upon the effectiveness of our marketing efforts, the strength of our client relationships, our ability to accurately estimate costs, the quality of the work we perform, our ability to hire and train qualified personnel, and our ability to obtain insurance.

We believe our principal publicly listed and private company competitors include the following firms (in alphabetical order): AECOM Technology Corporation (NYSE: ACM), AMEC plc (LSE: AMEC), Bureau Veritas (PAR: BVI), Hill International, Inc. (NYSE: HIL), Intertek Group plc (LSE:ITRK), Jacobs Engineering Group Inc. (NYSE: JEC),

Stantec Inc. (TSE: STN), Terracon Consultants, Inc., Tetra Tech, Inc. (NASDAQ: TTEK), TRC Companies, Inc., and Willdan Group (NASDAQ: WLDN).

Seasonality

Historically, our operating results in the months of November through March have generally been weaker compared to our operating results in other months due primarily to adverse weather conditions and the holiday season. As a result, our gross revenues and net income for the first and fourth quarters of our fiscal year may be lower when compared to our results for the second and third quarters of our fiscal year.

Insurance and Risk Management

We maintain insurance covering professional liability and claims involving bodily injury, property and economic loss. We consider our present limits of coverage, deductibles, and reserves to be adequate. Whenever possible, we endeavor to eliminate or reduce the risk of loss on a project through the use of quality assurance and control, risk management, workplace safety, and other similar methods.

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Risk management is an integral part of our project management approach for lump-sum contracts and our project execution process. We have a risk management process group that reviews and oversees the risk profile of our operations. We also evaluate risk through internal risk analyses in which our management reviews higher-risk projects, contracts, or other business decisions that require corporate legal and risk management approval.

Regulation

We are regulated in a number of fields in which we operate. We contract with various U.S. governmental agencies and entities. When working with U.S. governmental agencies and entities, we must comply with laws and regulations relating to the formation, administration, and performance of contracts. These laws and regulations contain terms that, among other things:

- require certification and disclosure of all costs or pricing data in connection with various contract negotiations;

- impose procurement regulations that define allowable and unallowable costs and otherwise govern our right to reimbursement under various cost-based U.S. government contracts; and

- restrict the use and dissemination of information classified for national security purposes and the exportation of certain products and technical data.

Internationally, we are subject to various government laws and regulations (including the Foreign Corrupt Practices Act ("FCPA") and similar non-U.S. laws and regulations), local government regulations, procurement policies and practices, and varying currency, political, and economic risks.

To help ensure compliance with these laws and regulations, our employees are sometimes required to complete tailored ethics and other compliance training relevant to their position and our operations.

Available Information

We use our website www.nv5.com as a channel of distribution of information about NV5 Global, although information contained on our website is not part of, or incorporated into, this Annual Report on Form 10-K. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are made available on our

website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Our corporate governance documents, including our code of conduct and ethics, are also available on our website. In this Annual Report on Form 10-K, we incorporate by reference as identified herein certain information from parts of our proxy statement for our 2019 Annual Meeting of Stockholders, which we will file with the SEC and will be available, free of charge, on our website. Reports of our executive officers, directors and any other persons required to file securities ownership reports under Section 16(a) of the Exchange Act are also available on our website.

ITEM 1A. RISK FACTORS.

We operate in a changing environment that involves numerous known and unknown risks and uncertainties that could materially adversely affect our operations. The risks described below highlight some of the factors that have affected, and in the future could affect our operations and financial condition. Additional risks we do not yet know of or that we currently think are immaterial may also affect our business operations. If any of the events or circumstances described in the following risks actually occur, our business, financial condition or results of operations could be materially adversely affected.

The loss of key personnel or our inability to attract and retain qualified personnel could significantly disrupt our business.

As a professional and technical engineering and consulting solutions provider, our business is labor intensive and, therefore, our ability to attract, retain, and expand our senior management, sales personnel, and professional and technical staff is an important factor in determining our future success. The market for qualified scientists, engineers, and sales personnel is competitive and we may not be able to attract and retain such professionals. It may also be difficult to attract and retain qualified individuals in the timeframe demanded by our clients. Furthermore, some of our government contracts may require us to employ only individuals who have particular government security clearance levels. Our failure to attract and retain key individuals could impair our ability to provide services to our clients and conduct our business effectively. The loss of the services of any key personnel could adversely affect our business. We do not maintain key-man life insurance policies on any of our executive officers.

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We depend on the continued services of Mr. Dickerson Wright, our Chairman and Chief Executive Officer. We cannot assure you that we will be able to retain the services of Mr. Wright.

We are dependent upon the efforts and services of Mr. Dickerson Wright, our Chairman and Chief Executive Officer, because of his knowledge, experience, skills, and relationships with major clients and other members of our management team. While we entered into an amended and restated employment agreement with Mr. Wright in November 2018 providing for a five-year term commencing August 2017, Mr. Wright may terminate the agreement upon sixty days' notice to us. The loss of the services of Mr. Wright for any reason could have an adverse effect on our operations.

Demand from our state and local government and private clients is cyclical and vulnerable to economic downturns. If the economy weakens or client spending declines, our financial results may be impacted.

Demand for services from our state and local government and private clients is cyclical and vulnerable to economic downturns, which may result in clients delaying, curtailing, or canceling proposed and existing projects. Our business traditionally lags the overall recovery in the economy and therefore, our business may not recover immediately when the economy improves. If the economy weakens or client spending declines further, then our revenue, profits, and overall financial condition may deteriorate.

Our state and local government clients may also face budget deficits that prohibit them from funding new or existing projects. In addition, our existing and potential clients may either postpone entering into new contracts or request price concessions. Difficult financing and economic conditions may cause some of our clients to demand better pricing terms or delay payments for services we perform, thereby increasing the average number of days our receivables are outstanding and the potential of increased credit losses on uncollectible invoices. Further, these conditions may result in the inability of some of our clients to pay us for services that we have already performed. If we are not able to reduce our costs quickly enough to respond to the revenue decline from these clients, our operating results may be adversely affected. Accordingly, these factors affect our ability to forecast our future revenue and earnings from business areas that may be adversely impacted by market conditions.

Worldwide economic uncertainties and specific conditions in the markets we address may adversely impact our operating results.

Over the past several years, the general worldwide economy has been affected, at various times, to slower economic activity, concerns about inflation and deflation, increased energy costs, international trade disputes and imbalances, and adverse business conditions. These conditions may make it difficult for our clients and vendors to accurately forecast future business activities, which could cause businesses to slow spending on services. Such conditions may

also make it difficult for us to predict the short-term and long-term impacts of these trends on our business. We cannot predict the timing, strength or duration of any economic slowdown or subsequent economic recovery worldwide or in our industry, and any such economic slowdown could have any adverse effect on our results of operations.

Our revenue, expenses, and operating results may fluctuate significantly.

Our revenue, expenses, and operating results may fluctuate significantly because of numerous factors, some of which may contribute to more pronounced fluctuations in an uncertain global economic environment. In addition to the other risks described in this "Risk Factors" section, the following factors could cause our operating results to fluctuate:

- delays, increased costs, or other unanticipated changes in contract performance that may affect profitability, particularly with lump-sum contracts or contracts that have funding limits;

- seasonality of the spending cycle of our public sector clients, notably the U.S. federal government, the spending patterns of our private sector clients, and weather conditions;

- budget constraints experienced by our federal, state, and local government clients;

- our ability to integrate any companies that we acquire;

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- the number and significance of client contracts commenced and completed during a quarter;

- the continuing creditworthiness and solvency of clients;

- reductions in the prices of services offered by our competitors; and

- legislative and regulatory enforcement policy changes that may affect demand for our services.

As a consequence, operating results for a particular future period are difficult to predict and, therefore, prior results are not necessarily indicative of results to be expected in future periods. Any of the foregoing factors, or any other factors discussed elsewhere herein, could have a material adverse effect on our business, results of operations and financial condition that could adversely affect our stock price.

We derive a majority of our gross revenues from government agencies, and any disruption in government funding or in our relationship with those agencies could adversely affect our business.

During 2018, approximately 67% of our gross revenues was attributable to public and quasi-public sector clients. A significant amount of our revenues are derived under multi-year contracts, many of which are appropriated on an annual basis. As a result, at the beginning of a project, the related contract may be only partially funded, and additional funding is normally committed only as appropriations are made in each subsequent year. These appropriations, and the timing of payment of appropriated amounts, may be influenced by numerous factors as noted below. Our backlog includes only the projects that have had funding appropriated.

The demand for our government-related services is generally driven by the level of government program funding. Accordingly, the success and further development of our business depends, in large part, upon the continued funding of these government programs and upon our ability to obtain contracts and perform well under these programs. There are several factors that could materially affect our government contracting business, including the following:

- changes in and delays or cancellations of government programs, requirements, or appropriations;

- budget constraints or policy changes resulting in delay or curtailment of expenditures related to the services we provide;

- re-competes of government contracts;

the timing and amount of tax revenue received by federal, state, and local governments, and the overall level of government expenditures;

curtailment in the use of government contracting firms;

delays associated with insufficient numbers of government staff to oversee contracts;

the increasing preference by government agencies for contracting with small and disadvantaged businesses, including the imposition of set percentages of prime and subcontracts to be awarded to such businesses for which we would not qualify;

competing political priorities and changes in the political climate with regard to the funding or operation of the services we provide;

the adoption of new laws or regulations affecting our contracting relationships with the federal, state, or local governments;

a dispute with, or improper activity by, any of our subcontractors; and

general economic or political conditions.

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These and other factors could cause government agencies to delay or cancel programs, to reduce their orders under existing contracts, to exercise their rights to terminate contracts, or not to exercise contract options for renewals or extensions. Any of these actions could have a material adverse effect on our revenue or timing of contract payments from these agencies.

A delay in the completion of the budget process of the U.S. government could delay procurement of our services and have an adverse effect on our future revenue.

Although we provide minimal service to the U.S. federal government, if the U.S. government does not complete its budget process before its fiscal year-end on September 30, government operations are typically funded by means of a continuing resolution. Under a continuing resolution, the government essentially authorizes agencies of the U.S. government to continue to operate and fund programs at the prior year end but does not authorize new spending initiatives. When the U.S. government operates under a continuing resolution, or should appropriations legislation not be enacted prior to the expiration of such continuing resolution resulting in a partial shut-down of federal government operations, government agencies may delay the procurement of services, which could reduce our future revenue.

California state budgetary constraints may have a material adverse impact on us.

The state of California has historically been and is considered to be a key geographic region for our business, as approximately 30%, 32%, and 34% of our gross revenues during 2018, 2017 and 2016, respectively, came from California-based projects. Ongoing uncertainty as to the timing and accessibility of budgetary funding, changes in state funding allocations to local agencies and municipalities, or other delays in purchasing for, or commencement of, projects may have a negative impact on our gross revenues and net income.

Public sector agencies may modify, curtail, or terminate our contracts at any time prior to their completion and, if we do not replace them, we may suffer a decline in revenue.

Most public sector contracts may be modified, curtailed, or terminated. If a contract is terminated, we typically are able to recover only costs incurred or committed, settlement expenses, and profit on work completed prior to termination, which could prevent us from recognizing all of our potential revenue and profits from that contract.

Our failure to win new contracts and renew existing contracts with private and public sector clients may adversely affect our business operations and financial results.

Our business depends on our ability to win new contracts and renew existing contracts with private and public sector clients. Contract proposals and negotiations are complex and frequently involve a lengthy bidding and selection process, which is affected by a number of factors. These factors include market conditions, financing arrangements, and required governmental approvals. For example, a client may require us to provide a bond or letter of credit to protect the client should we fail to perform under the terms of the contract. If negative market conditions arise, or if we fail to secure adequate financial arrangements or the required government approvals, we may not be able to pursue particular projects, which could adversely affect our profitability.

Our inability to win or renew government contracts during regulated procurement processes or preferences granted to certain bidders for which we would not qualify could harm our operations and significantly reduce or eliminate our profits.

Government contracts are awarded through a regulated procurement process. The U.S. federal government has increasingly relied upon multi-year contracts with pre-established terms and conditions, such as indefinite delivery/indefinite quantity ("IDIQ") contracts, which generally require those contractors who have previously been awarded the IDIQ to engage in an additional competitive bidding process before a task order is issued. The increased competition may require us to make sustained efforts to reduce costs in order to realize revenue and profits under government contracts. If we are not successful in reducing the amount of costs we incur, our profitability on government contracts will be negatively impacted. The U.S. federal government has also increased its use of IDIQs in which the client qualifies multiple contractors for a specific program and then awards specific task orders or projects among the qualified contractors. As a result, new work awards tend to be smaller and of shorter duration, since the orders represent individual tasks rather than large, programmatic assignments. In addition, the U.S. government has announced its intention to scale back outsourcing of services in favor of "insourcing" jobs to its employees, which could reduce our revenue. Moreover, even if we are qualified to work on a government contract, we may not be awarded certain contracts because of existing government policies designed to protect small businesses and underrepresented minority contractors. The federal government has announced specific statutory goals regarding awarding prime and subcontracts to small businesses, women-owned small businesses, and small disadvantaged businesses, which may obligate us to involve such businesses as subcontractors with respect to these contracts at lower margins than when we use our own professionals. While we are unaware of any reason why our status as a public company would negatively impact our ability to compete for and be awarded government contracts, our inability to win or renew government contracts during regulated procurement processes or as a result of the policies pursuant to which these processes are implemented could harm our operations and significantly reduce or eliminate our profits.

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If we fail to complete a project in a timely manner, miss a required performance standard, or otherwise fail to adequately perform on a project, then we may incur a loss on that project, which may reduce or eliminate our overall profitability.

Our engagements often involve large-scale, complex projects. The quality of our performance on such projects depends in large part upon our ability to manage the relationship with our clients and our ability to effectively manage the project and deploy appropriate resources, including third-party contractors and our own personnel, in a timely manner. If a project is not completed by the scheduled date or fails to meet required performance standards, we may either incur significant additional costs or be held responsible for the costs incurred by the client to rectify damages due to late completion or failure to achieve the required performance standards. The performance of projects can be affected by a number of factors including unavoidable delays from government inaction, public opposition, inability to obtain financing, weather conditions, unavailability of vendor materials, changes in the project scope of services requested by our clients, industrial accidents, environmental hazards and labor disruptions. To the extent these events occur, the total costs of the project could exceed our estimates and we could experience reduced profits or, in some cases, incur a loss on a project, which may reduce or eliminate our overall profitability. Further, any defects or errors, or failures to meet our clients' expectations, could result in claims for damages against us. Our contracts generally limit our liability for damages that arise from negligent acts, errors, mistakes, or omissions in rendering services to our clients. However, we cannot be sure that these contractual provisions will protect us from liability for damages in the event we are sued.

We depend on a limited number of clients for a significant portion of our business.

Our ten largest clients accounted for approximately 23% of our gross revenues during the year ended December 29, 2018. Although no individual client represented more than 10% of our gross revenues during 2018, 2017 or 2016, the loss of, or reduction in orders from, these large clients could have a material adverse effect on our business, financial condition, and results of operations.

We have made and expect to continue to make acquisitions that could disrupt our operations and adversely impact our business and operating results. Our inability to successfully integrate acquisitions could impede us from realizing all of the benefits of the acquisitions, which could weaken our results of operations.

A key part of our growth strategy is to acquire other companies that complement our service offerings or broaden our technical capabilities and geographic presence. Acquisitions involve certain known and unknown risks that could cause our actual growth or operating results to differ from our expectations or the expectations of securities analysts. For example:

- we may not be able to identify suitable acquisition candidates or acquire additional companies on acceptable terms;
- we may pursue international acquisitions, which inherently pose more risk than domestic acquisitions;
- we compete with others to acquire companies, which may result in decreased availability of, or increased price for, suitable acquisition candidates;
- we may not be able to obtain the necessary financing on favorable terms, or at all, to finance any of our potential acquisitions;
- we may ultimately fail to consummate an acquisition even if we announce that we plan to acquire a company; and
- acquired companies may not perform as we expect, and we may fail to realize anticipated revenue and profits.

On December 22, 2017, the U.S. enacted the Tax Cuts and Jobs Act ("2017 Tax Reform"), which significantly revised the U.S. tax code by, among other things, lowering the corporate income tax rate from 35% to 21%; limiting the deductibility of interest expense; implementing a territorial tax system, and imposing a repatriation tax on deemed repatriated earnings of foreign subsidiaries. Future acquisitions could be impacted by this change if we choose to structure future acquisitions by means of incurring indebtedness as opposed to issuing equity.

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In addition, our acquisition strategy may divert management's attention away from our existing businesses, resulting in the loss of key clients or key employees, and expose us to unanticipated problems or legal liabilities, including responsibility as a successor-in-interest for undisclosed or contingent liabilities of acquired businesses or assets.

If we are not able to integrate acquired businesses successfully, our business could be harmed.

Our inability to successfully integrate future acquisitions could impede us from realizing all of the benefits of those acquisitions and could severely weaken our business operations. The integration process may disrupt our business and, if implemented ineffectively, may preclude realization of the full benefits expected by us and could harm our results of operations. In addition, the overall integration of the combining companies may result in unanticipated problems, expenses, liabilities, and competitive responses, and may cause our stock price to decline.

The difficulties of integrating an acquisition include, among others:

- unanticipated issues in integration of information, communications, and other systems;
- unanticipated incompatibility of logistics, marketing, and administration methods;
- maintaining employee morale and retaining key employees;
- integrating the business cultures of both companies;
- preserving important strategic client relationships;
- consolidating corporate and administrative infrastructures and eliminating duplicative operations; and
- coordinating geographically separate organizations.

In addition, even if the operations of an acquisition are integrated successfully, we may not realize the full benefits of the acquisition, including the synergies, cost savings, or growth opportunities that we expect. These benefits may not be achieved within the anticipated time frame, or at all.

Further, acquisitions may also cause us to:

- issue securities that would dilute our current stockholders’ ownership percentage;
- use a substantial portion of our cash resources;
- increase our interest expense, leverage, and debt service requirements if we incur additional debt to pay for an acquisition;
- assume liabilities, including environmental liabilities, for which we do not have indemnification from the former owners or have indemnification that may be subject to dispute or concerns regarding the creditworthiness of the former owners;
- record goodwill and non-amortizable intangible assets that are subject to impairment testing on a regular basis and potential impairment charges;
- experience volatility in earnings due to changes in contingent consideration related to acquisition liability estimates;
- incur amortization expenses related to certain intangible assets;
- lose existing or potential contracts as a result of conflict of interest issues;

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- incur large and immediate write-offs; or
- become subject to litigation.

If we are not able to successfully manage our growth strategy, our business operations and financial results may be adversely affected.

Our expected future growth presents numerous managerial, administrative and operational challenges. Our ability to manage the growth of our operations will require us to continue to improve our management information systems and our other internal systems and controls. In addition, our growth will increase our need to attract, develop, motivate, and retain both our management and professional employees. The inability of our management to effectively manage our growth or the inability of our employees to achieve anticipated performance could have a material adverse effect on our business.

Our credit agreement with Bank of America, N.A. contains a number of restrictive covenants which could limit our ability to finance future operations, acquisitions or capital needs or engage in other business activities that may be in our interest.

Our credit agreement contains a number of significant covenants that impose operating and other restrictions on us and our subsidiaries. Such restrictions affect or could affect, and in many respects limit or prohibit, among other things, our ability and the ability of certain of our subsidiaries to:

- incur additional indebtedness;
- create liens;
- pay dividends and make other distributions in respect of our equity securities;
- redeem our equity securities;
- enter into certain lines of business;
- make certain investments or certain other restricted payments;
- sell certain kinds of assets;
- enter into certain types of transactions with affiliates; and
- undergo a change in control or effect certain mergers or consolidations.

In addition, our credit agreement also requires us to comply with a consolidated fixed charge coverage ratio and consolidated leverage ratio. Our ability to comply with these ratios may be affected by events beyond our control.

These restrictions could limit our ability to plan for or react to market or economic conditions or meet capital needs or otherwise restrict our activities or business plans, and could adversely affect our ability to finance our operations, acquisitions, investments or strategic alliances or other capital needs or to engage in other business activities that would be in our interest.

A breach of any of these covenants or our inability to comply with the required financial ratios could result in a default under the credit agreement. If an event of default occurs, the lenders under the credit agreement could elect to:

- declare all borrowings outstanding, together with accrued and unpaid interest, to be immediately due and payable;
- require us to apply all of our available cash to repay the borrowings; or
- prevent us from making debt service payments on certain of our borrowings.

If we were unable to repay or otherwise refinance these borrowings when due, the lenders under the credit agreement could sell the collateral securing the credit agreement, which constitutes a significant majority of our domestic subsidiaries' assets.

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Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

Borrowings under our credit agreement are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness will increase even though any amount borrowed remains the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. As of December 29, 2018, no indebtedness was outstanding under the credit agreement. We may determine to enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in the future in order to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk and could be subject to credit risk themselves.

Our industry is highly competitive and we may not be able to compete effectively with competitors.

Our industry is highly fragmented and intensely competitive. Our competitors are numerous, ranging from small private firms to multi-billion dollar public companies. Contract awards are based primarily on quality of service, relevant experience, staffing capabilities, reputation, geographic presence, stability, and price. In addition, the technical and professional aspects of our services generally do not require large upfront capital expenditures and provide limited barriers against new competitors. Many of our competitors have achieved greater market penetration in some of the markets in which we compete and have more personnel, technical, marketing, and financial resources or financial flexibility than we do. As a result of the number of competitors in the industry, our clients may select one of our competitors on a project due to competitive pricing or a specific skill set. These competitive forces could force us to make price concessions or otherwise reduce prices for our services. If we are unable to maintain our competitiveness, our market share, revenue, and profits could decline.

Losses under lump-sum contracts may adversely impact our business operations and financial results.

Lump-sum contracts typically require the performance of all of the work under the contract for a specified lump-sum fee, subject to price adjustments if the scope of the project changes or unforeseen conditions arise. For the year ended December 29, 2018, approximately 22% of our revenue was recognized under lump-sum contracts. Lump-sum contracts expose us to a number of risks not inherent in cost-plus and time and material contracts, including underestimation of costs, ambiguities in specifications, unforeseen costs or difficulties, problems with new technologies, delays beyond our control, failures of subcontractors to perform, and economic or other changes that may occur during the contract period. Losses under lump-sum contracts could adversely impact our results of operations.

if our clients delay in paying or fail to pay amounts owed to us, our business operations and financial results may be adversely impacted.

Accounts receivable represent the largest asset on our balance sheet. While we take steps to evaluate and manage the credit risks relating to our clients, economic downturns or other events can adversely affect the markets we serve and our clients ability to pay, which could reduce our ability to collect amounts due from clients. If our clients delay in paying or fail to pay us a significant amount of our outstanding receivables, it could have a material adverse effect on our liquidity, results of operations, and financial condition.

If we extend a significant portion of our credit to clients in a specific geographic area or industry, we may experience disproportionately high levels of collection risk and nonpayment if those clients are adversely affected by factors particular to their geographic area or industry.

Our clients include public and private entities that have been, and may continue to be, negatively impacted by the changing landscape in the global economy. We face collection risk as a normal part of our business where we perform services and subsequently bill our clients for such services. Our ten largest clients accounted for approximately 23% of our gross revenues during 2018, although no individual client represented more than 10% of our gross revenues during 2018, 2017 or 2016. In the event that we have concentrated credit risk from clients in a specific geographic area or industry, continuing negative trends or a worsening in the financial condition of that specific geographic area or industry could make us susceptible to disproportionately high levels of default by those clients. Such defaults could materially adversely impact our ability to collect our receivables and, ultimately, our revenues and results of operations.

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As a government contractor, we must comply with various procurement laws and regulations and are subject to regular government audits. A violation of any of these laws and regulations or the failure to pass a government audit could result in sanctions, contract termination, forfeiture of profit, harm to our reputation or loss of our status as an eligible government contractor and could reduce our profits and revenue.

We must comply with and are affected by U.S. federal, state, local, and foreign laws and regulations relating to the formation, administration, and performance of government contracts. For example, we must comply with defective-pricing clauses found within the Federal Acquisition Regulation ("FAR"), the Truth in Negotiations Act, Cost Accounting Standards ("CAS"), the Services Contract Act, and the U.S. Department of Defense security regulations, as well as many other rules and regulations. In addition, we must also comply with other government regulations related to employment practices, environmental protection, health and safety, tax, accounting, and anti-fraud measures, as well as many others regulations in order to maintain our government contractor status. These laws and regulations affect how we do business with our clients and, in some instances, impose additional costs on our business operations. Although we take precautions to prevent and deter fraud, misconduct, and non-compliance, we face the risk that our employees or outside partners may engage in misconduct, fraud, or other improper activities. Government agencies routinely audit and investigate government contractors. These government agencies review and audit a government contractor's performance under its contracts and cost structure and evaluate compliance with applicable laws, regulations, and standards. In addition, during the course of its audits, such agencies may question our incurred project costs. If such agencies believe we have accounted for such costs in a manner inconsistent with the requirements for FAR or CAS, the agency auditor may recommend to our U.S. government corporate administrative contracting officer that it disallow such costs. Historically, we have not experienced significant disallowed costs as a result of government audits. However, we can provide no assurance that such government audits will not result in a material disallowance for incurred costs in the future. In addition, government contracts are subject to a variety of other requirements relating to the formation, administration, performance and accounting for these contracts. We may also be subject to *qui tam* litigation brought by private individuals on behalf of the government under the Federal Civil False Claims Act, which could include claims for treble damages. Government contract violations could result in the imposition of civil and criminal penalties or sanctions, contract termination, forfeiture of profit, or suspension of payment, any of which could make us lose our status as an eligible government contractor. We could also suffer serious harm to our reputation. Any interruption or termination of our government contractor status could reduce our profits and revenue significantly.

State and other public employee unions may bring litigation that seeks to limit the ability of public agencies to contract with private firms to perform government employee functions in the area of public improvements. Judicial determinations in favor of these unions could affect our ability to compete for contracts and may have an adverse effect on our financial results.

For over 20 years, state and other public employee unions have challenged the validity of propositions, legislation, charters, and other government regulations that allow public agencies to contract with private firms to provide services in the fields of engineering, design, and construction of public improvements that might otherwise be provided by public employees. These challenges could have the effect of eliminating or severely restricting the ability of municipalities to hire private firms and otherwise require them to use union employees to perform the services. If a state or other public employee union is successful in its challenge, this may result in additional litigation which could

affect our ability to compete for contracts.

Our use of the percentage-of-completion method of revenue recognition could result in a reduction or reversal of previously recorded revenue and profits.

We account for some of our contracts on the percentage-of-completion method of revenue recognition. These contracts accounted for approximately 22% of our revenue for the year ended December 29, 2018. Generally, our use of this method results in recognition of revenue and profit ratably over the life of the contract based on the proportion of costs incurred to date to total costs expected to be incurred for the entire project. The effects of revisions to revenue and estimated costs, including the achievement of award fees as well as the impact of change orders and claims, are recorded when the amounts are known and can be reasonably estimated. Such revisions could occur in any period and their effects could be material. Although we have historically made reasonably reliable estimates of the progress towards completion of long-term contracts, the uncertainties inherent in the estimating process make it possible for actual costs to vary materially from estimates, including reductions or reversals of previously recorded revenue and profit.

Our actual business and financial results could differ from the estimates and assumptions that we use to prepare our financial statements, which may significantly reduce or eliminate our profits.

To prepare financial statements in conformity with generally accepted accounting principles in the U.S. (“GAAP”), management is required to make estimates and assumptions as of the date of the financial statements. These estimates and assumptions could affect the reported values of assets, liabilities, revenue, and expenses as well as disclosures of contingent assets and liabilities. For example, we recognize a portion of revenue over the life of a contract based on the proportion of costs incurred to date compared to the total costs estimated to be incurred for the entire project. Areas requiring significant estimates by our management include:

- the application of the percentage-of-completion method of accounting and revenue recognition on contracts, change orders, and contract claims;

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- provisions for uncollectible receivables and client claims and recoveries of costs from subcontractors, vendors, and others;

- value of goodwill and recoverability of other intangible assets; and

- valuations of assets acquired and liabilities assumed in connection with business combinations.

Our actual business and financial results could differ from those estimates, which may significantly reduce or eliminate our profit.

We have identified a material weakness in our internal control over financial reporting which, if not timely remediated, may adversely affect the accuracy and reliability of our future financial statements, and our reputation, business and the price of our common stock, as well as may lead to a loss of investor confidence in us.

As described under Item 9A. “Controls and Procedures” below, management has concluded that a material weakness in our internal control over financial reporting existed as of December 29, 2018. This material weakness related to internal control deficiencies over the initial set up of project contracts in our project management system and adequate documentation to support the analysis of certain percentage of completion projects. Accordingly, internal control over financial reporting and our disclosure controls and procedures were not effective as of such date. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

We will take immediate action to remediate this material weakness. While we believe the steps described under Item 9A below will improve the effectiveness of our internal control over financial reporting and remediate the identified deficiencies, if our remediation efforts are insufficient to address the material weakness or we identify additional material weaknesses in our internal control over financial reporting in the future, our ability to analyze, record and report financial information accurately, to prepare our financial statements within the time periods specified by the rules and forms of the SEC and to otherwise comply with our reporting obligations under the federal securities laws and our long-term debt agreements will likely be adversely affected. The occurrence of, or failure to remediate, this material weakness and any future material weaknesses in our internal control over financial reporting may adversely affect the accuracy and reliability of our financial statements and have other consequences that could materially and adversely affect our business, including an adverse impact on the market price of our common stock, potential actions or investigations by the SEC or other regulatory authorities, possible defaults under our credit agreement, shareholder lawsuits, a loss of investor confidence and damage to our reputation.

Our profitability could suffer if we are not able to maintain adequate utilization of our workforce.

The cost of providing our services, including the extent to which we utilize our workforce, affects our profitability. The rate at which we utilize our workforce is affected by a number of factors, including:

- our ability to transition employees from completed projects to new assignments and to hire and assimilate new employees;
- our ability to forecast demand for our services and thereby maintain an appropriate headcount in each of our geographies and workforces;
- our ability to manage attrition;
- our need to devote time and resources to training, business development, professional development, and other non-chargeable activities; and
- our ability to match the skill sets of our employees to the needs of the marketplace.

If we over-utilize our workforce, our employees may become disengaged, which will impact employee attrition. If we under-utilize our workforce, our profit margin and profitability could suffer.

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Our backlog is subject to cancellation and unexpected adjustments, and is an uncertain indicator of future operating results.

As of December 29, 2018, we had approximately $389.9 million of remaining performance obligation, or backlog, expected to be recognized over the next 12 months. We include in backlog only those contracts for which funding has been provided and work authorizations have been received. We cannot guarantee that the remaining performance obligation projected in our backlog will be realized or, if realized, will result in profits. In addition, project cancellations or scope adjustments may occur, from time to time, with respect to contracts reflected in our backlog. For example, certain of our contracts with the U.S. federal government and other clients are terminable at the discretion of the client, with or without cause. These types of backlog reductions could adversely affect our revenue and margins. Accordingly, our backlog as of any particular date is an uncertain indicator of our future earnings.

Employee, agent or partner misconduct or our overall failure to comply with laws or regulations may adversely impact our reputation and financial results as well as subject us to criminal and civil enforcement actions.

Misconduct, fraud, non-compliance with applicable laws and regulations, or other improper activities by one of our employees, agents, or partners could have a significant negative impact on our business and reputation. Such misconduct could include the failure to comply with regulations regarding government procurements, the protection of classified information, bribery and other foreign corrupt practices, pricing of labor and other costs in government contracts, lobbying or similar activities, internal controls over financial reporting, environmental laws, and any other applicable laws or regulations. For example, the FCPA, and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. Our policies mandate compliance with these regulations and laws, and we take precautions to prevent and detect misconduct. However, since our internal controls are subject to inherent limitations, including human error, it is possible that these controls could be intentionally circumvented or become inadequate because of changed conditions. As a result, we cannot assure that our controls will protect us from reckless or criminal acts committed by our employees and agents. Our failure to comply with applicable laws or regulations or acts of misconduct could subject us to fines and penalties, loss of security clearances, and suspension or debarment from contracting, any or all of which could harm our reputation, reduce our revenue and profits, and subject us to criminal and civil enforcement actions. Historically, we have not had any material cases involving misconduct or fraud.

Failure of our subconsultants to satisfy their obligations to us or other parties, or the inability to maintain these relationships, may adversely impact our business operations and financial results.

We depend on subconsultants in conducting our business. There is a risk that we may have disputes with our subconsultants arising from, among other things, the quality and timeliness of work performed, client concerns, or failure to extend existing task orders or issue new task orders under a subcontract. In addition, if any of our subconsultants fail to deliver on a timely basis the agreed-upon supplies, go out of business, or fail to perform on a

project, our ability to fulfill our obligations may be jeopardized and we may be contractually responsible for the work performed. The absence of qualified subconsultants with which we have a satisfactory relationship could adversely affect the quality of our service and our ability to perform under some of our contracts.

We also rely on relationships with other contractors when we act as their subconsultants or joint venture partner. Our future revenue and growth prospects could be adversely affected if other contractors eliminate or reduce their subcontracts or teaming arrangement relationships with us or if a government agency terminates or reduces these other contractors' programs, does not award them new contracts, or refuses to pay under a contract.

Changes in resource management or infrastructure industry laws, regulations, and programs could directly or indirectly reduce the demand for our services which could in turn negatively impact our revenue.

Some of our services are directly or indirectly impacted by changes in U.S. federal, state, local, or foreign laws and regulations pertaining to resource management, infrastructure, and the environment. In addition, growing concerns about climate change may result in the imposition of additional regulations, international protocols or other restrictions on emissions. Accordingly, such additional laws and regulations or a relaxation or repeal of existing laws and regulations, or changes in governmental policies regarding the funding, implementation, or enforcement of these programs, could result in a decline in demand for our services, which could in turn negatively impact our revenue.

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Legal proceedings, investigations, and disputes, including those assumed in acquisitions of other businesses for which we may not be indemnified, could result in substantial monetary penalties and damages.

We engage in professional and technical consulting and certification services that can result in substantial injury or damages that may expose us to legal proceedings, investigations, and disputes. In addition, in the ordinary course of our business, we frequently make professional judgments and recommendations about environmental and engineering conditions of project sites for our clients. We may be deemed to be responsible for these judgments and recommendations if they are later determined to be inaccurate. As a public company, we also face the risk that one or more securities class action lawsuits will be filed alleging investor losses are attributable to our filings with the SEC or otherwise. Any unfavorable legal ruling against us could result in substantial monetary damages or even criminal violations.

We maintain insurance coverage as part of our overall legal and risk management strategy to minimize our potential liabilities. However, insurance coverage contains exclusions and other limitations that may not cover our potential liabilities and as such, we may incur liabilities that exceed or that are excluded from our insurance coverage or for which we are not insured.

Unavailability or cancellation of third-party insurance coverage would increase our overall risk exposure as well as disrupt the management of our business operations.

We maintain insurance coverage from third-party insurers as part of our overall risk management strategy and some of our contracts require us to maintain specific insurance coverage limits. If any of our third-party insurers fail, suddenly cancel our coverage, or otherwise are unable to provide us with adequate insurance coverage, our overall risk exposure and our operational expenses would increase and the management of our business operations would be disrupted. In addition, there can be no assurance that any of our existing insurance coverage will be renewable upon the expiration of the coverage period or that future coverage will be affordable at the required limits.

Our failure to implement and comply with our safety program may adversely impact our financial results.

Our safety program is a fundamental element of our overall approach to risk management and the implementation of the safety program is significant to our clients. We maintain an enterprise-wide group of health and safety professionals to help ensure that the services we provide are delivered safely and in accordance with standard work processes. Unsafe job sites and office environments have the potential to increase employee turnover, the cost of a project to our clients and our operating costs as well as expose us to types and levels of risk that are fundamentally unacceptable. The implementation of our safety processes and procedures are monitored by various agencies and rating bureaus, and may be evaluated by certain clients in cases in which safety requirements have been established in

our contracts. We may be adversely affected if we fail to meet these requirements or do not properly implement and comply with our safety program.

We may be subject to liabilities under environmental laws and regulations, including liabilities assumed in acquisitions for which we may not be indemnified.

We must comply with a number of laws that strictly regulate the handling, removal, treatment, transportation and disposal of toxic and hazardous substances. Under the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended ("CERCLA"), and comparable state laws, we may be required to investigate and remediate regulated hazardous materials. CERCLA and comparable state laws typically impose strict joint and several liabilities without regard to whether a company knew of or caused the release of hazardous substances. The liability for the entire cost of clean-up could be imposed upon any responsible party. Other principal federal environmental, health, and safety laws affecting us include, among others, the Resource Conversation and Recovery Act, the National Environmental Policy Act, the Clean Air Act, the Occupational Safety and Health Act, the Toxic Substances Control Act, and the Superfund Amendments and Reauthorization Act. Our business operations may also be subject to similar state and international laws relating to environmental protection. Liabilities related to environmental contamination or human exposure to hazardous substances, or a failure to comply with applicable regulations, could result in substantial costs to us, including clean-up costs, fines and civil or criminal sanctions, third-party claims for property damage or personal injury, or cessation of remediation activities. Our continuing work in the areas governed by these laws and regulations exposes us to the risk of substantial liability.

Weather conditions and seasonal revenue fluctuations may adversely impact on our financial results.

Our financial results during the months of November through March may be impacted by adverse weather conditions and the holiday season. As a result, our revenue and net income for the first and fourth quarters of our fiscal year may be lower when compared to our results for the second and third quarters of our fiscal year. If we were to experience lower-than-expected revenue during any such periods, our expenses may not be offset.

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Catastrophic events may adversely impact our business operations.

Our business operations may be adversely impacted by force majeure or extraordinary events beyond the control of the contracting parties, such as natural and man-made disasters as well as terrorist attacks. Such events could result in the closure of offices, interruption of projects, and the relocation of employees. We typically remain obligated to perform our services after a terrorist attack or natural disaster unless the contract contains a force majeure clause that relieves us of our contractual obligations. If we are not able to react quickly to force majeure, our operations may be affected significantly, which would have a negative impact on our business operations.

Further, we rely on our network and third-party infrastructure and enterprise applications, internal technology systems, and our website for our development, marketing, operational, support, hosted services, and sales activities. Despite our implementation of network security measures, we are vulnerable to disruption, infiltration, or failure of these systems or third-party hosted services in the event of a major earthquake, fire, power loss, telecommunications failure, cyber-attack, war, terrorist attack, or other catastrophic event could cause system interruptions, reputational harm, loss of intellectual property, lengthy interruptions in our services, breaches of data security, and loss of critical data and could harm our future operating results.

We are highly dependent on information and communications systems. System failures, security breaches of networks or systems could significantly disrupt our business and operations and negatively affect the market price of our common stock.

Our business is highly dependent on communications and information systems. These systems are primarily operated by third-parties and, as a result, we have limited ability to ensure their continued operation. In the event of systems failure or interruption, we have limited ability to affect the timing and success of systems restoration. Any failure or interruption of our systems could cause delays or other problems in the delivery of our services, which could have a material adverse effect on our operating results and negatively affect the market price of our common stock.

We rely on information technology systems, networks and infrastructure in managing our day-to-day operations. Despite cyber-security measures already in place, our information technology systems, networks and infrastructure may be vulnerable to deliberate attacks or unintentional events that could interrupt or interfere with their functionality or the confidentiality of our information. Our inability to effectively utilize our information technology systems, networks and infrastructure, and protect our information could adversely affect our business.

Cyber security breaches of our systems and information technology could adversely impact our ability to operate.

We need to protect our own internal trade secrets and other business confidential information from disclosure. We face the threat to our computer systems of unauthorized access, computer hackers, computer viruses, malicious code, organized cyber-attacks and other security problems and system disruptions, including possible unauthorized access to our and our clients' proprietary or classified information. We rely on industry-accepted security measures and technology to securely maintain all confidential and proprietary information on our information systems. We have devoted and will continue to devote significant resources to the security of our computer systems, but they may still be vulnerable to these threats. A user who circumvents security measures could misappropriate confidential or proprietary information, including information regarding us, our personnel and/or our clients, or cause interruptions or malfunctions in operations. As a result, we may be required to expend significant resources to protect against the threat of these system disruptions and security breaches or to alleviate problems caused by these disruptions and breaches. Any of these events could damage our reputation and have a material adverse effect on our business, financial condition, results of operations and cash flows.

We have only a limited ability to protect our intellectual property rights, and our failure to protect our intellectual property rights may adversely affect our competitive position.

Our success depends, in part, upon our ability to protect our proprietary information and other intellectual property. We rely principally on trade secrets to protect much of our intellectual property where we do not believe that patent or copyright protection is appropriate or obtainable. Although our employees are subject to confidentiality obligations, this protection may be inadequate to deter or prevent misappropriation of our confidential information. In addition, we may be unable to detect unauthorized use of our intellectual property or otherwise take appropriate steps to enforce our rights. Failure to obtain or maintain trade secret protection would adversely affect our competitive business position. In addition, if we are unable to prevent third parties from infringing or misappropriating our trademarks or other proprietary information, our competitive position could be adversely affected.

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We rely on third-party internal and outsourced software to run our critical accounting, project management, and financial information systems. As a result, any sudden loss, disruption, or unexpected costs to maintain these systems could significantly increase our operational expense and disrupt the management of our business operations.

We rely on third-party software to run our critical accounting, project management, and financial information systems. We also depend on our software vendors to provide long-term software maintenance support for our information systems. Software vendors may decide to discontinue further development, integration, or long-term software maintenance support for our information systems, in which case we may need to abandon one or more of our current information systems and migrate some or all of our accounting, project management, and financial information to other systems, thus increasing our operational expense as well as disrupting the management of our business operations.

Our Chairman and Chief Executive Officer owns a large percentage of our voting stock, which may allow him to have a significant influence on all matters requiring stockholder approval.

Mr. Dickerson Wright, our Chairman and Chief Executive Officer, beneficially owned 1,982,685 shares, or approximately 16% of our common stock on a fully diluted basis as of March 7, 2019. Accordingly, Mr. Wright has the power to significantly influence the outcome of important corporate decisions or matters submitted to a vote of our stockholders, including decisions regarding mergers, going private transactions, and other extraordinary transactions, and to significantly influence the terms of any of these transactions. Although Mr. Wright owes our stockholders certain fiduciary duties as a director and an executive officer, Mr. Wright could take actions to address his own interests, which may be different from those of our other stockholders.

Provisions in our charter documents and the Delaware General Corporation Law could make it more difficult for a third party to acquire us and could discourage a takeover and adversely affect existing stockholders.

Anti-takeover provisions in our certificate of incorporation and bylaws, and in the Delaware General Corporation Law, could diminish the opportunity for stockholders to participate in acquisition proposals at a price above the then-current market price of our common stock. For example, while we have no present plans to issue any preferred stock, our board of directors, without further stockholder approval, will be able to issue shares of undesignated preferred stock and fix the designation, powers, preferences, and rights and any qualifications, limitations, and restrictions of such class or series, which could adversely affect the voting power of your shares. In addition, our bylaws will provide for an advance notice procedure for nomination of candidates to our board of directors that could have the effect of delaying, deterring, or preventing a change in control. Further, as a Delaware corporation, we are subject to provisions of the Delaware General Corporation Law regarding "business combinations," which can deter attempted takeovers in certain situations. We may, in the future, consider adopting additional anti-takeover measures. The authority of our board of directors to issue undesignated preferred or other capital stock and the anti-takeover

provisions of the Delaware General Corporation Law, as well as other current and any future anti-takeover measures adopted by us, may, in certain circumstances, delay, deter, or prevent takeover attempts and other changes in control of our company not approved by our board of directors.

Future issuances of our common stock pursuant to our equity incentive plan may have a dilutive effect on your investment and resales of such shares may adversely impact the market price of our common stock.

As of December 29, 2018, we have registered an aggregate of 1,733,299 shares of common stock reserved under Registration Statements on Form S-8 and we may file additional Registration Statements on Form S-8 to register additional shares reserved under our equity incentive plan or employee stock purchase plan. Issuance of shares of common stock pursuant to our equity incentive plan or employee stock purchase plan may have a dilutive effect on our common stock. Also, all shares issued pursuant to a Registration Statement on Form S-8 can be freely sold in the public market upon issuance, subject to restrictions on our affiliates under Rule 144 promulgated by the SEC under the Securities Act of 1933, as amended. If a large number of these shares are sold in the public market, the sales may be viewed negatively by the market and adversely affect the market price of our common stock.

We currently do not pay dividends and do not intend to pay dividends on our shares of common stock in the foreseeable future and, consequently, your only current opportunity to achieve a return on your investment is if the price of our shares appreciates.

We currently do not pay dividends and our credit agreement contains restrictions regarding the payment of dividends. Accordingly, we do not expect to pay dividends on our shares of common stock in the foreseeable future and intend to use cash to grow our business. Consequently, your only current opportunity to achieve a return on your investment in us will be if the market price of our common stock appreciates.

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ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 2. PROPERTIES.

Our principal executive offices are located in approximately 11,760 square feet of office space that we lease at 200 South Park Road, Suite 350, Hollywood, Florida. We lease office space in 82 locations around the world. In total, our facilities contain approximately 556,460 square feet of office space and are subject to leases that expire through 2031. We do not own any real property. Our lease terms vary from month-to-month to multi-year commitments. We do not consider any of these leased properties to be materially important to us. While we believe it is necessary to maintain offices through which our services are coordinated, we feel there are an ample number of available office rental properties that could adequately serve our needs should we need to relocate or expand our operations.

The following table summarizes our ten most significant leased properties by location based on annual rental expense:

Location	Description	Reportable Segment
Hollywood, FL	Corporate Headquarters	Not Applicable
San Diego, CA	Office Building	INF
Portsmouth, NH	Office Building	INF
Parsippany, NJ	Office Building	INF
Andover, MA	Office Building	BTS
Las Vegas, NV	Office Building	BTS
St. Paul, MN	Office Building	BTS
New York, NY	Office Building	INF
Cary, NC	Office Building	INF
Boston, MA	Office Building	BTS

ITEM 3. LEGAL PROCEEDINGS.

From time to time, we are subject to various legal proceedings that arise in the normal course of our business activities. As of the date of this Annual Report on Form 10-K, we are not a party to any litigation the outcome of

which, if determined adversely to us, would individually or in the aggregate be reasonably expected to have a material adverse effect on our results of operations or financial position.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Holders

Our common stock is listed on the Nasdaq Capital Market under the symbol NVEE. As of March 7, 2019, there were 852 holders of record of our common stock. These numbers do not include beneficial owners whose shares are held in "street name."

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Dividends

We have not paid cash dividends on our common stock and our credit agreement contains restrictions regarding the payment of dividends, Accordingly, we do not expect to pay any dividends on our common stock for the foreseeable future, as we intend to retain all earnings to provide funds for the operation and expansion of our business. The payment of cash dividends in the future, if any, will be at the discretion of our board of directors and will depend upon such factors as the extent to which our financing arrangements permit the payment of dividends, earnings levels, capital requirements, our overall financial condition, and any other factors deemed relevant by our board of directors.

Recent Sales of Unregistered Securities

All sales of unregistered securities during the year ended December 29, 2018 were previously disclosed in a Quarterly Report on Form 10-Q or Current Report on Form 8-K except as follows:

In October 2018, we issued 15,603 shares of our common stock as partial consideration for our previous acquisition of J.B.A. Consulting Engineers, Inc. In November 2018, we issued 44,506 shares of our common stock as partial consideration for our acquisition of CHI Engineering, Inc. and our previous acquisition of Hanna Engineering, Inc. These issuances were made pursuant to the provisions agreed to at the time of the acquisition. We issued these shares in reliance upon Section 4(a)(2) of the Securities Act as a transaction by an issuer not involving a public offering. For a description of our acquisitions, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation – Recent Acquisitions.

Issuer Purchase of Equity Securities

None.

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ITEM 6.SELECTED FINANCIAL DATA.

The following selected financial data was derived from our consolidated financial statements and provides summarized information with respect to our operations and financial position. The data set forth below should be read in conjunction with the information contained in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our consolidated financial statements and the notes thereto contained in Item 8, "Financial Statements and Supplementary Data," of this report.

Statements of Operations Data	Years Ended December 29, 2018	December 30, 2017	December 31, 2016	December 31, 2015	December 31, 2014
	(in thousands, except per share data)				
Gross revenues	**$418,081**	$333,034	$223,910	$154,655	$108,382
Direct costs:					
Salaries and wages	**132,922**	103,011	73,966	53,687	36,976
Sub-consultant services	**62,218**	50,171	31,054	21,394	15,996
Other direct costs	**21,537**	14,598	11,310	10,796	10,229
Total direct costs	**216,677**	167,780	116,330	85,877	63,201
Gross Profit	**201,404**	165,254	107,580	68,778	45,181
Operating Expenses:					
Salaries and wages, payroll taxes and benefits	**102,221**	86,222	55,586	34,731	22,887
General and administrative	**31,713**	26,747	19,351	11,930	8,865
Facilities and facilities related	**14,401**	12,589	8,012	4,950	3,198
Depreciation and amortization	**17,384**	13,128	6,228	3,468	1,988
Total operating expenses	**165,719**	138,686	89,177	55,079	36,938
Income from operations	**35,685**	26,568	18,403	13,699	8,243
Interest expense	**(1,966)**	(1,935)	(257)	(212)	(274)
Income before income tax expense	**33,719**	24,633	18,146	13,487	7,969
Income tax expense	**(6,863)**	(627)	(6,539)	(4,995)	(3,076)
Net income	**$26,856**	$24,006	$11,607	$8,492	$4,893
Basic earnings per share	**$2.44**	$2.36	$1.27	$1.25	$0.96
Diluted earnings per share	**$2.33**	$2.23	$1.22	$1.18	$0.87
Weighted average common shares outstanding:					

Basic	**10,991,124**	10,178,901	9,125,167	6,773,135	5,102,058
Diluted	**11,506,466**	10,777,806	9,540,051	7,215,898	5,592,010

Balance Sheet Data	**December 29, 2018**	**December 30, 2017**	**December 31, 2016**	**December 31, 2015**	**December 31, 2014**
Cash and cash equivalents	**$ 40,739**	$ 18,751	$ 35,666	$ 23,476	$ 6,872
Total assets	**439,421**	305,780	221,486	111,769	55,390
Long-term debt, including current portion	**51,684**	70,447	34,835	11,986	8,132
Total equity	**317,542**	180,097	148,161	80,763	35,605

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion of our financial condition and results of operations should be read together with the consolidated financial statements and the accompanying notes included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in those forward-looking statements as a result of certain factors, including those described under "Item 1A. Risk Factors." Dollar amounts presented are in thousands, except per share data or where the context otherwise requires.

Overview

We are a provider of professional and technical engineering and consulting solutions to public and private sector clients. We focus on the infrastructure, energy, construction, real estate, and environmental markets. We primarily focus on the following business service verticals: construction quality assurance, infrastructure, energy, program management, and environmental solutions. Our primary clients include U.S. federal, state, municipal, and local government agencies, and military and defense clients. We also serve quasi-public and private sector clients from the education, healthcare, energy, and public utilities, including schools, universities, hospitals, health care providers, insurance providers, large utility service providers, and large to small energy producers.

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Although we anticipate public and quasi-public sector clients will represent the majority of our revenues for the foreseeable future, we intend to continue expanding our service offerings to private sector clients. Historically, public and quasi-public sector clients have demonstrated greater resilience during periods of economic downturns, while private sector clients have offered higher gross profit margin opportunities during periods of economic expansion.

Recent Acquisitions

The aggregate value of all consideration for our acquisitions consummated during fiscal years 2018, 2017 and 2016 was approximately $95,450, $73,280 and $59,050, respectively, before any fair value adjustments. The net assets acquired in these periods were $51,705, $31,689 and $39,727, respectively, while the gross revenues associated with these acquisitions (from their respective dates of acquisition) were $33,468, $59,048 and $46,172, respectively.

On November 2, 2018 we acquired CHI Engineering Inc. ("CHI"), an infrastructure engineering firm based in Portsmouth, New Hampshire. CHI is a leading provider of engineering, procurement, and construction management services to the liquefied natural gas (“LNG”), petroleum gas (“LPG”) and Natural Gas industries. CHI’s client base includes the majority of LNG facility owner/operators in the U.S. The aggregate purchase price of this acquisition is up to $53,000, paid with a combination of cash, stock and promissory notes at closing and future cash, stock and note payments.

On August 24, 2018, we acquired all of the outstanding equity interests in CALYX Engineers and Consultants, Inc. ("CALYX"), an infrastructure and transportation firm based in Cary, North Carolina. CALYX provides roadway and structure design, transportation planning, water resources, construction services, utility services, building structure design, land development, traffic services, cultural resources, surveying, and environmental services. CALYX serves both public and private clients, including state departments of transportation, municipalities, developers, higher education, and healthcare systems. The purchase price of this acquisition is $34,000, paid with a combination of cash at closing, stock and future note payments.

On February 2, 2018, we acquired CSA (M&E) Ltd. (“CSA”), a leading provider of Mechanical, Electrical, and Plumbing (MEP) engineering and sustainability consulting services. CSA provides MEP and sustainability services for the retail, education, healthcare, industrial, corporate, hospitality and infrastructure market sectors with offices in Hong Kong, Macau and the UAE. CSA serves private and public sector clients throughout Asia and the Middle East. The purchase price of this acquisition was up to $4,200, paid with a combination of cash at closing, stock and future note payments.

On January 12, 2018, we acquired all of the outstanding equity interest in Butsko Utility Design, Inc. (“Butsko”). Butsko is leading provider of utility planning and design services serving both public and private sector clients through its

offices in Southern California and Washington. The purchase price of this acquisition was up to $4,250, paid with a combination of cash at closing, stock and future note payments.

On December 22, 2017, we acquired certain assets of Skyscene, LLC ("Skyscene"), a California-based a premier aerial survey and mapping company that provides flight services using the latest drone technology. Skyscene operates fixed wing and multirotor UAV's carrying the most advanced remote sensing equipment. The purchase price of this acquisition was $650 including $250 in cash and $400 in the Company's common stock (7,434 shares) as of the closing date of the acquisition.

On September 6, 2017, we acquired all of the outstanding equity interests in Marron and Associates, Inc. ("Marron"), a leading environmental services firm with offices in Albuquerque and Las Cruces, New Mexico. Marron provides environmental planning, natural and cultural resources, environmental site assessment, and GIS services. Marron primarily serves public and private clients throughout the Southwest, including the New Mexico Department of Transportation, Bureau of Land Management, Bureau of Indian Affairs, Federal Highway Administration, U.S. Department of Agriculture, U.S. Fish and Wildlife Service, and U.S. Forest Service. The purchase price of this acquisition is up to $990, paid with a combination of cash at closing, stock and future note payments.

On June 6, 2017, we acquired all of the outstanding equity interests in Richard D. Kimball Co. ("RDK"), an established leader in the provision of energy efficiency and mechanical, electric and pluming (MEP) services based in Boston, Massachusetts. In addition to MEP and fire protection services, RDK offers commissioning services, technology design services, and energy and sustainability services, including Whole Building Energy Modeling and ASHRAE Level Energy Audits, Green Building Certification, Energy Code Consulting, Carbon Emissions Management, and Renewable Energy Management. RDK primarily serves commercial, healthcare, science and technology, education, government, and transportation clients. The aggregate purchase price of this acquisition is up to $22,500, paid with a combination of cash at closing, stock and future note payments.

On May 4, 2017, we acquired all of the outstanding equity interests in Holdrege & Kull, Consulting Engineers and Geologists (“H&K”), a full-service geotechnical engineering firm based in Northern California. H&K provides services to public, municipal and special district, industrial, and private sector clients. The purchase price of this acquisition is up to $2,200, paid with a combination of cash, stock and future note payments.

On May 1, 2017, we acquired all of the outstanding equity interests in Lochrane Engineering Incorporated (“Lochrane”), an Orlando, Florida based civil engineering firm which specializes in the provision of services on major roadway projects and its major clients include the Florida Department of Transportation and Florida’s Turnpike Enterprise. The aggregate purchase price of this acquisition is up to $4,940, paid with a combination of cash at closing and future note payments.

On April 14, 2017, we acquired all of the outstanding equity interests in Bock & Clark Corporation (“B&C”), an Akron, Ohio based surveying, commercial zoning, and environmental services firm. We believe that the acquisition of B&C will expand our cross-selling opportunities within our infrastructure engineering, surveying, and program management groups and with our financial and transactional real estate clients. The aggregate purchase price of this acquisition is up to $42,000, subject to customary closing working capital adjustments, funded entirely in cash.

On December 6, 2016, we acquired CivilSource, Inc. ("CivilSource"), an infrastructure engineering consulting firm based in Irvine, California. CivilSource's team of professionals specializes in the provision of comprehensive design and program management services on roadway, highway, and streets projects, as well as water and wastewater, flood control, and facilities projects. The purchase price of this acquisition was up to $11,050, including $5,050 in cash; $3,500 in promissory notes (bearing interest at 3%), payable in four installments of $875, due on the first, second, third and fourth anniversaries of December 6, 2016, the effective date of the acquisition and $1,500 of the Company’s common stock (43,139 shares) issued as of the closing date. The purchase price also included a non-interest bearing earn-out of up to $1,000 payable in cash, subject to the achievement of certain agreed upon financial metrics for the year ended 2017, which was not achieved.

On November 30, 2016, we acquired Hanna Engineering, Inc ("Hanna"), a leading Northern California-based bridge and transportation program management firm. The purchase price of this acquisition was up to $10,000, including

$4,500 in cash; $2,700 in promissory notes (bearing interest at 3%), payable in four installments of $675, due on the first, second, third and fourth anniversaries of November 30, 2016, the effective date of the acquisition; 18,197 shares of common stock representing $600 and $1,200 of the Company’s common stock payable in two installments of $600, due on the first and second anniversaries of the acquisition. The purchase price also included a non-interest bearing earn-out of up to $1,000 payable in cash, subject to the achievement of certain agreed upon financial metrics for the year ended 2017, which was not achieved.

On October 26, 2016, we acquired J.B.A. Consulting Engineers, Inc. ("JBA"), a Las Vegas, Nevada-based MEP engineering, acoustics, technology, and fire protection consulting firm. The aggregate purchase price for this acquisition was $23,000, including cash in the aggregate amount of $12,000, 44,947 shares of common stock representing $1,400, and promissory notes in the aggregate principal amount of $7,000. The promissory notes are payable in five aggregate annual installments of $1,400 on each of October 26, 2017, 2018, 2019, 2020 and 2021. The promissory notes bear interest at the rate of 3.0% per annum. The purchase price also includes $2,600 of the Company’s common stock payable in two installments of $1,300, due on the first and second anniversaries of the acquisition.

On September 12, 2016, we acquired certain assets of Weir Environmental, L.L.C. (“Weir”), a New Orleans, Louisiana-based emergency remediation and environmental assessment firm. Weir also provides residential and commercial property loss consulting services. The purchase price of this acquisition was $1,000 including $300 in cash, $500 promissory note (bearing interest at 3.0%), payable in four installments of $125, due on the first, second, third and fourth anniversaries of September 12, 2016, the effective date of the acquisition and $200 of the Company’s common stock (6,140 shares) as of the closing date of the acquisition.

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On May 20, 2016, we acquired Dade Moeller & Associates, Inc., a North Carolina corporation ("Dade Moeller"). Dade Moeller provides professional services in radiation protection, health physics, and worker safety to government and commercial facilities. Dade Moeller's technical expertise includes radiation protection, industrial hygiene and safety, environmental services and laboratory consulting. This acquisition expanded the Company's environmental, health and safety services and allows the Company to offer these services on a broader scale within its existing network. The purchase price of this acquisition was $20,000 including $10,000 in cash, $6,000 in promissory notes (bearing interest at 3.0%), payable in four installments of $1,500, due on the first, second, third and fourth anniversaries of May 20, 2016, the effective date of the acquisition, $1,000 of the Company's common stock (36,261 shares) as of the closing date of the acquisition, and $3,000 in stock or a combination of cash and shares of the Company's stock, at our discretion, payable in three installments of $1,000, due on the first, second and third anniversaries of May 20, 2016.

On February 1, 2016, we acquired Sebesta, Inc. ("Sebesta"), a St. Paul, Minnesota-based mechanical, electrical and plumbing ("MEP") engineering and energy management company. Primary clients include federal and state governments, power and utility companies, and major educational, healthcare, industrial and commercial property owners throughout the United States. The purchase price of this acquisition was $14,000 paid from cash on hand. This acquisition expanded the Company's MEP engineering and energy and allows the Company to offer these services on a broader scale within its existing network. In addition, this acquisition strengthens the Company's geographic diversification and allows the Company to continue expanding its national footprint.

Common Stock offering

On August 9, 2018, we priced an underwritten follow-on offering of 1,270,000 shares of the Company's common stock (the "2018 Firm Shares") at an offering price of $79.00 per share. The shares were sold pursuant to an effective registration statement on Form S-3 (Registration No. 333-224392). In addition, a selling stockholder of the Company granted the underwriters of the offering a 30-day option to purchase up to 190,500 shares (the "2018 Option Shares") of our common stock at the public offering price less the underwriting discount. On August 13, 2018, we closed on the 2018 Firm Shares, for which we received net proceeds of approximately $93,500 after deducting the underwriting discount and estimated offering expenses payable by the Company, and the selling stockholder of the Company closed on the sale of all 2018 Option Shares. We did not receive any proceeds associated with the sale of the 2018 Option Shares by the selling stockholder.

Components of Income and Expense

Revenues

We enter into contracts with our clients that contain two principal types of pricing provisions, representing a percentage of total revenue as shown below:

	2018	**2017**	**2016**
Cost Reimbursable	92%	93%	91%
Fixed-unit Price	8%	7%	9%

Cost-reimbursable contracts. Cost-reimbursable contracts consist of the following:

Time and materials contracts are common for smaller scale professional and technical consulting and certification services projects. Under these types of contracts, there is no predetermined fee. Instead, we negotiate hourly billing rates and charge our clients based upon actual hours expended on a project. In addition, any direct project expenditures are passed through to the client and are typically reimbursed. These contracts may have an initial not-to-exceed or guaranteed maximum price provision.

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Cost-plus contracts are the predominant contracting method used by U.S. federal, state, and local governments. Under these type contracts, we charge clients for its costs, including both direct and indirect costs, plus a negotiated fee. The total estimated cost plus the negotiated fee represents the total contract value.

Lump-sum contracts typically require the performance of all of the work under the contract for a specified lump-sum fee, subject to price adjustments if the scope of the project changes or unforeseen conditions arise. Many of our lump-sum contracts are negotiated and arise in the design of projects with a specified scope and project deliverables. In most cases, we can bill additional fees if the construction schedule is modified and lengthened.

Fixed-unit price contracts. Fixed-unit price contracts consist of the following:

Fixed-unit price contracts typically require the performance of an estimated number of units of work at an agreed price per unit, with the total payment under the contract determined by the actual number of units performed.

Revenues from engineering services are recognized in accordance with the accrual basis of accounting. Revenues under cost-reimbursable contracts are recognized when services are performed or on the percentage-of-completion method. Revenues recognized on the percentage-of-completion method are generally measured by the direct costs incurred to date as compared to estimated costs incurred and represents approximately 22%, 14%, and 19% of revenues recognized during fiscal years 2018, 2017 and 2016, respectively. Revenues from fixed-unit price contracts are recognized at a point in time.

Direct Costs of Revenues (excluding depreciation and amortization)

Direct costs of revenues consist of the following in connection with fee generating projects:

Technical and non-technical salaries and wages
Production expenses
Sub-consultant services

Operating Expenses

Operating expenses are expensed as incurred and include the following:

- Marketing expenses
- Management and administrative personnel costs
- Payroll taxes, bonuses and employee benefits
- Portion of salaries and wages not allocated to direct costs of revenues
- Facility costs
- Depreciation and amortization
- Professional services, legal and accounting fees, and administrative operating costs

Critical Accounting Policies and Estimates

Our critical accounting estimates are those we believe require our most significant judgments about the effect of matters that are inherently uncertain. A discussion of our critical accounting estimates, the underlying judgments and uncertainties used to make them and the likelihood that materially different estimates would be reported under different conditions or using different assumptions is as follows:

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Revenue Recognition

On the first day of fiscal year 2018, we adopted ASC Topic 606, *Revenue from Contracts with Customers* ("Topic 606"), using the modified retrospective approach to all contracts that were not completed as of the beginning of fiscal year 2018. Topic 606 is a comprehensive new revenue recognition model that required a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. Topic 606 became effective for us in the first quarter of fiscal year 2018. Results for reporting periods beginning after December 30, 2017 are presented under Topic 606, while prior period amounts and disclosures are not adjusted and continue to be reported under the accounting standards in effect for the prior period. Adoption of Topic 606 did not have an impact on our consolidated net income, financial position, and cash flows; however, it has resulted in expanded disclosures. Revenue from the vast majority of our contracts will continue to be recognized over time because of the continuous transfer of control to the customer. The impact to revenues from adopting Topic 606 for the period ended December 29, 2018 was not material.

To determine the proper revenue recognition method, we evaluate whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as more than one performance obligation. The majority of our contracts have a single performance obligation as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts and therefore, is not distinct. We may also promise to provide distinct goods or services within a contract in which case we separate the contract into multiple performance obligations. For contracts with multiple performance obligations, we allocate the contract transaction price to each performance obligation using the best estimate of the standalone selling price of each distinct good or service in the contract. Typically, we sell a customer a specific service and in these cases, we use the expected cost plus a margin approach to estimate the standalone selling price of each performance obligation.

Our performance obligations are satisfied as work progresses or at a point in time. Gross revenues from services transferred to customers over time accounted for 92% of our revenues for the period ended December 29, 2018. For our cost-reimbursable contracts, revenue is recognized over time using direct costs incurred or direct costs incurred to date as compared to the estimated total direct costs for performance obligations because it best depicts the transfer of control to the customer which occurs as we incur costs on its contracts. Contract costs include labor, subcontractors' costs and other direct costs. Gross revenue from services transferred to customers at a point in time accounted for 8% of our revenues for the period ended December 29, 2018. Revenue from these contracts is recognized when the customer obtains control of the asset, which is generally upon delivery and acceptance by the customer of the reports and/or analysis performed.

Contract modifications are common in the performance of our contracts. Contracts modified typically result from changes in scope, specifications, design, performance, sites, or period of completion. In most cases, contract modifications are for services that are not distinct, and, therefore, are accounted for as part of the existing contract.

Contract estimates are based on various assumptions to project the outcome of future events. These assumptions are dependent upon the accuracy of a variety of estimates, including engineering progress, achievement of milestones, labor productivity and cost estimates. Due to uncertainties inherent in the estimation process, it is possible that actual completion costs may vary from estimates. If estimated total costs on contracts indicate a loss or reduction to the percentage of total contract revenues recognized to date, these losses or reductions are recognized in the period in which the revisions are known. The effect of revisions to revenues, estimated costs to complete contracts, including penalties, incentive awards, change orders, claims, anticipated losses and others are recorded on the cumulative catch-up basis in the period in which the revisions are identified and the loss can be reasonably estimated. Such revisions could occur in any reporting period and the effects on the results of operations for that reporting period may be material depending on the size of the project or the adjustment. During the period ended December 29, 2018, the cumulative catch-up adjustment for contract modifications was not material.

Allowance for Doubtful Accounts

We record billed and unbilled receivables net of an allowance for doubtful accounts. The allowance is estimated based on management's evaluation of the contracts involved and the financial condition of clients. Factors considered include:

- Client type (governmental or private client)
- Historical performance
- Historical collection trends
- General economic conditions

The allowance is increased by our provision for doubtful accounts, which is charged against income. All recoveries on receivables previously charged off are credited to the accounts receivable recovery account and are included in income, while direct charge-offs of receivables are deducted from the allowance. Although we believe the allowance for doubtful accounts is sufficient, a decline in economic conditions could lead to the deterioration in the financial condition of our customers, resulting in an impairment of their ability to make payments, and additional allowances may be required that could materially impact our consolidated results of operations. Trade receivable balances carried by us are comprised of accounts from a diverse client base across a broad range of industries; however, there are concentrations of revenues and accounts receivable from California-based projects, government and government-related contracts, and one customer within the government sector.

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Goodwill and Intangible Assets

Goodwill is the excess of consideration paid for an acquired entity over the amounts assigned to assets acquired, including other identifiable intangible assets and liabilities assumed in a business combination. To determine the amount of goodwill resulting from a business combination, we perform an assessment to determine the acquisition date fair value of the acquired company's tangible and identifiable intangible assets and liabilities.

We evaluate goodwill annually for impairment on August 1, or whenever events or changes in circumstances indicate the asset may be impaired, using the quantitative method. An entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. These qualitative factors include: macroeconomic and industry conditions, cost factors, overall financial performance and other relevant entity-specific events. If the entity determines that this threshold is met, then performing the two-step quantitative impairment test is unnecessary. We may elect to bypass the qualitative assessment and proceed directly to the quantitative test for any reporting unit. The two-step impairment test requires a comparison of the carrying value of the assets and liabilities associated with a reporting unit, including goodwill, with the fair value of the reporting unit. We determine fair value through multiple valuation techniques, and weight the results accordingly. We make certain subjective and complex judgments in assessing whether an event of impairment of goodwill has occurred, including assumptions and estimates used to determine the fair value of our reporting units. If the carrying value of our reporting unit exceeds the fair value of our reporting unit, we would calculate the implied fair value as compared to the carrying value to determine the appropriate impairment charge, if any.

On August 1, 2018, the Company conducted its annual impairment tests using the quantitative method of evaluating goodwill. Based on the quantitative analyses, the Company determined the fair value of each of the reporting units exceeded its carrying value and therefore, there was no goodwill impairment. There were no indicators, events or changes in circumstances that would indicate goodwill impairment for the period from August 1 to December 29, 2018.

Identifiable intangible assets primarily include customer backlog, customer relationships, trade names and non-compete agreements. Amortizable intangible assets are amortized on a straight-line basis over their estimated useful lives and reviewed for impairment whenever events or changes in circumstances indicate that the assets may be impaired. If an indicator of impairment exists we compare the estimated future cash flows of the asset, on an undiscounted basis, to the carrying value of the asset. If the undiscounted cash flows exceed the carrying value, no impairment is indicated. If the undiscounted cash flows do not exceed the carrying value, then impairment, if any, is measured as the difference between fair value and carrying value, with fair value typically based on a discounted cash flow model.

Contingent Consideration

The fair values of earn-out arrangements are included as part of the purchase price of the acquired companies on their respective acquisition dates. We estimate the fair value of contingent earn-out payments as part of the initial purchase price and record the estimated fair value of contingent consideration as a liability on the consolidated balance sheet. Changes in the estimated fair value of contingent earn-out payments are included in General and Administrative expenses on the Consolidated Statements of Net Income and Comprehensive Income.

Several factors are considered when determining contingent consideration liabilities as part of the purchase price, including whether (i) the valuation of the acquisitions is not supported solely by the initial consideration paid and the contingent earn-out formula is a critical and material component of the valuation approach to determining the purchase price; and (ii) the former owners of the acquired companies that remain as key employees receive compensation other than contingent earn-out payments at a reasonable level compared with the compensation of other key employees. The contingent earn-out payments are not affected by employment termination.

We review and re-assess the estimated fair value of contingent consideration liabilities on a quarterly basis, and the updated fair value could differ materially from the initial estimates. We measure contingent consideration recognized in connection with business combinations at fair value on a recurring basis using Level 3 inputs. We use a probability-weighted discounted cash flow approach as a valuation technique to determine the fair value of the contingent consideration liabilities on the acquisition date and at each reporting period. The Level 3 inputs used in the fair value measurements are projections over the earn-out period, and the probability outcome percentages that are assigned to each scenario. Significant increases or decreases to either of these inputs in isolation could result in a significantly higher or lower liability with a higher liability capped by the contractual maximum of the contingent consideration liabilities. Ultimately, the liability will be equivalent to the amount paid, and the difference between the fair value estimate on the acquisition date and amount paid will be recorded in earnings. Adjustments to the estimated fair value related to changes in all other unobservable inputs are reported in income from operations.

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RESULTS OF OPERATIONS

Consolidated Results of Operations

The following table represents our condensed results of operations for the periods indicated (dollars in thousands):

	Years Ended		
	December 29, 2018	December 30, 2017	December 31, 2016
Gross revenues	$418,081	$333,034	$223,910
Less sub-consultant services and other direct costs	(83,755)	(64,769)	(42,364)
Net revenues [1]	334,326	268,265	181,546
Direct salary and wages costs	(132,922)	(103,011)	(73,966)
Gross profit	201,404	165,254	107,580
Operating expenses	165,719	138,686	89,177
Income from operations	35,685	26,568	18,403
Interest expense	(1,966)	(1,935)	(257)
Income tax expense	(6,863)	(627)	(6,539)
Net income	$26,856	$24,006	$11,607

[1] Net Revenues is not a measure of financial performance under GAAP. Gross revenues include sub-consultant costs and other direct costs which are generally pass-through costs. The Company believes that Net Revenues, which is a non-GAAP financial measure commonly used in our industry enhances investors' ability to analyze our business trends and performance because it substantially measures the work performed by our employees.

Year ended December 29, 2018 compared to year ended December 30, 2017

Gross and Net Revenues

Our consolidated gross revenues increased by $85,047, or 26% in 2018 compared to 2017. Our consolidated net revenues increased by $66,061, or approximately 25% in 2018 compared to 2017.

The increases in gross and net revenues were primarily due to the contribution from various acquisitions completed during 2018 as well as organic growth from our existing platform. The increase in gross and net revenues for 2018 were $33,468 and $25,655, respectively for acquisitions closed during 2018. The increase is also attributable to the full year impact of revenues for our 2017 acquisitions. The growth in revenues was also attributable to increases in:

Energy distribution services

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- Construction materials testing;
- Infrastructure engineering services
- Energy and environmental services

Also contributing to the increase in net revenues for 2018 is an increased utilization of our billable employees.

Gross Profit

As a percentage of gross revenues, our gross profit margin was 48.2% and 49.6%, in 2018 and 2017, respectively. The decrease in gross profit margins was due primarily to the mix of projects we worked on where there was an increased use of sub-consultants used to perform services.

Operating expenses

Our operating expenses increased $27,033, or 19% in 2018 compared to 2017. The increase in operating expenses was primarily due to:

- $26,353 – additional operating expenses associated with acquisitions closed during 2018.
- $2,743 – increase in amortization of intangible assets.

Also contributing to the increases in operating expenses is the full year impact of operating expenses in 2018 related to 2017 acquisitions. Operating expenses typically fluctuate as a result of changes in headcount (both corporate and field locations) and the amount of spending required to support our professional services activities, which normally require additional overhead costs.

Income taxes

Our consolidated effective income tax rate was 20.4% and 2.5% in 2018 and 2017, respectively. The difference between the effective income tax rate and the combined statutory federal and state income tax rate is principally due to research and development credits. The change in the effective income tax rate in 2018 compared to 2017 is attributed to the tax impacts of the 2017 Tax Reform. In 2018, we recorded a reduction in income tax expense of $1,232 relating to the income tax benefit received in conjunction with the vesting of restricted stock during the period. See Note 15 of

the Notes to Consolidated Financial Statements for further detail of income tax expense.

Year ended December 30, 2017 compared to year ended December 31, 2016

Gross and Net Revenues

Our consolidated gross revenues increased by $109,124 or 48.7% in 2017 compared to 2016. Our consolidated net revenues increased by $86,719 or 47.8% in 2017 compared to 2016.

The increases in gross and net revenues were primarily due to the contribution from various acquisitions completed during 2017 as well as organic growth from our existing platform. The increase in gross and net revenues for 2017, includes $59,048 and $45,193, respectively, for acquisitions closed during 2017. Also contributing to the increase in net revenues for fiscal year 2017 is an increased utilization of our billable employees and reduction of sub-consultants used to perform services in 2017. The growth in revenues was also attributable to increases in:

- Energy distribution services
- Construction materials testing
- Infrastructure engineering services
- Program and construction management services

The increases in gross and net revenues in 2017 were partially offset by reductions in revenues related to project delays due to record rainfall in California and hurricanes affecting our Florida and Texas projects.

Gross Profit

As a percentage of gross revenues, our gross profit margin was 49.6% and 48.0% in 2017 and 2016, respectively. The improved gross profit margins were due primarily to reduction of sub-consultants used to perform services.

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Operating expenses

Our operating expenses increased $49,508, or 55.5% in 2017 compared to 2016. The increase in operating expenses was due primarily to:

$20,822 – additional operating expenses associated with acquisitions closed during 2017.
$5,761 - increase in amortization of intangible assets.

Also contributing to the increases in operating expenses is the impact of operating expenses in 2017 related to 2016 acquisitions. Operating expenses typically fluctuate as a result of changes in headcount (both corporate and field locations) and the amount of spending required to support our professional services activities, which normally require additional overhead costs.

Interest expense

Our interest expense increased $1,678 for fiscal year 2017 compared to 2016. The increase in interest expense is due primarily to the increase in outstanding borrowings.

Income taxes

Our consolidated effective income tax rate was 2.5% and 36.0% for fiscal year 2017 and 2016, respectively. The difference between the effective income tax rate and the combined statutory federal and state income tax rate is principally due to the federal domestic production activities deduction and research and development credits. Furthermore, during fiscal year 2017, the Company recorded a reduction in income tax expense of $1,016 relating to the income tax benefit received in conjunction with the vesting of restricted stock during the periods. In addition, during the fourth quarter of 2017, the Company recorded a non-cash adjustment of approximately $6,249 related to the remeasurement of deferred income tax assets and liabilities due to the 2017 Tax Reform discussed further below. Also contributing to the decrease in the effective tax rate for fiscal year 2017, is the lower effective tax rate applicable to the Company's Asia operations.

On December 22, 2017, the U.S. enacted tax legislation commonly referred to as the Tax Cuts and Jobs Act ("2017 Tax Reform"), which significantly revised the U.S. tax code by, among other things, lowering the corporate income tax rate from 35% to 21%; limiting the deductibility of interest expense; implementing a territorial tax system, and imposing a

repatriation tax on deemed repatriated earnings of foreign subsidiaries. We recorded a $6,249 non-cash discrete tax benefit in the fourth quarter of 2017, primarily as a result of revaluing deferred tax positions for the net impact of the reduction in the income tax rate.

Segment Results of Operations

The following tables set forth summarize financial information concerning our reportable segments (dollars in thousands):

	Year Ended		
	December 29, 2018	**December 30, 2017**	**December 31, 2016**
Gross revenues			
INF	$257,353	$185,238	$159,514
BTS	$164,739	$152,304	$69,218
Segment income before taxes			
INF	$43,832	$32,245	$27,688
BTS	$26,656	$21,018	$7,847

For additional information regarding our reportable segments, see Note 16 - "Reportable Segments" of the "Notes to Consolidated Financial Statements" included in Item 8.

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Year Ended December 29, 2018 compared to Year Ended December 30, 2017

***INF Segment*.**

Our gross revenues from INF increased $72,115, or 39%, in 2018 compared to 2017. The increase was due to $28,652 in contributions from various acquisitions completed in 2018 as well as organic growth from our existing platform. The growth in revenues was also attributable to increases in:

- Energy distribution services
- Construction materials testing
- Infrastructure engineering services

Segment Income before Taxes from INF increased $11,587, or 36%, in 2018 compared to 2017. The increase was primarily due to:

- Increased revenues from organic growth
- Contributions from acquisitions completed in 2018

***BTS Segment*.**

Our gross revenues from BTS increased $12,435, or 8%, in 2018 compared to 2017. The increase was due to contributions from various acquisitions completed in 2018 as well as organic growth from our existing platform. The growth in revenues was also attributable to increases in:

- Facilities program management
- Environmental services

Segment Income before Taxes from BTS increased $5,638, or 27%, in 2018 compared to 2017. The increase was primarily due to:

- Contributions from acquisitions completed in 2018

- Increased revenues from organic growth

Year Ended December 30, 2017 compared to Year Ended December 31, 2016

INF Segment

Our gross revenues from INF increased $25,724, or 16.1% in 2017 compared to 2016. The increase includes $11,652 in contributions from various acquisitions completed in 2017. The increase in revenues during fiscal year 2017 reflects increases in:

- Energy distribution services
- Construction materials testing
- Transportation services

These increases were partially offset by reductions in gross revenues related to project delays due to record rainfall and hurricanes affecting our California, Florida and Texas projects.

Segment Income before Taxes for INF increased $4,557, or 16.5% in 2017 compared to 2016. The increase was primarily due to:

- Increased revenues from organic growth
- Contributions from acquisitions completed in 2017
- Reduction of sub-consultants used to perform services

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BTS Segment

Our gross revenues from BTS increased $83,086, or 120.0% in 2017 compared to 2016. The increase during fiscal year 2017 includes $47,396 related to acquisitions closed during 2017. The growth in revenues from BTS was primarily attributable to increases in:

- Facilities program management
- Environmental services

Segment Income before Taxes from BTS increased $13,171, or 167.8% in 2017 compared to 2016. The increase was primarily due to:

- Increased revenues from organic growth
- Contributions from acquisitions completed in 2017
- Reduction of sub-consultants used to perform services

LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of liquidity are our cash and cash equivalents balances, cash flow from operations, borrowing capacity under our Senior Credit Facility, and access to financial markets. Our principal uses of cash are operating expenses, working capital requirements, capital expenditures, repayment of debt, and acquisition expenditures. We believe our sources of liquidity, including cash flow from operations, existing cash and cash equivalents and borrowing capacity under our Senior Credit Facility will be sufficient to meet our projected cash requirements for at least the next twelve months. We will monitor our capital requirements thereafter to ensure our needs are in line with available capital resources.

	December 29, 2018	**December 30, 2017**
Cash and cash equivalents	$ 40,739	$ 18,751
Billed Receivables, net	$ 98,324	$ 70,686
Unbilled Receivables, net	$ 43,411	$ 39,401

Accounts payable	$ 22,588	$ 18,373
Accrued liabilities	$ 20,853	$ 18,994
Notes payable and other obligations	$ 46,986	$ 68,557
Contingent consideration	$ 4,698	$ 1,890

Operating activities

Our business provided $34,999 of net cash from operations during 2018, an increase of $17,374, or 99%, compared to $17,625 in 2017. This increase was caused by:

$2,850 - increase in net income which includes an increase of $6,942 related to non-cash charges for stock based compensation and depreciation and amortization and a $7,657 decrease in deferred income taxes
$3,528 - increase in billings in excess of costs and estimated earnings on uncompleted contracts
$1,351 - decrease in accounts payable and accrued liabilities
$3,238 - decrease in billed and unbilled receivables, net of impact of acquisition

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This increase was partially offset by:

- $8,374 - increase in income taxes payable

Our business provided $17,625 of net cash from operations during 2017, an increase of $2,412, or 16%, compared to 2016. This increase was caused by:

- $12,399 – increase in net income, which includes an increase of $8,568 related to non-cash charges for stock based compensation and depreciation and amortization
- $7,032 – increase in billed and unbilled receivables

This increase was partially offset by:

- $9,405 – increase in deferred income taxes
- $6,741 – decrease in accounts payable and accrued liabilities

Investing activities

During 2018, 2017 and 2016, net cash used in investing activities amounted to $60,358, $62,872 and $46,796, respectively, primarily resulting from cash used for our acquisitions during the relevant period.

Financing activities

During 2018, net cash provided by financing activities of $47,347 was primarily due to the following:

- Net proceeds from the public offering of the 2018 Firm Shares of $93,469 and warrant exercise of $1,093
- Principal repayments of $46,241 towards the Senior Credit Facility and notes payable and $728 towards contingent consideration

During 2017, net cash provided by financing activities of $28,332 was primarily due to the following:

- Proceeds from net borrowing under the Senior Credit Facility of $36,500
- Principal repayments of $7,605 towards long-term debt and $563 towards contingent consideration

During 2016, net cash provided by financing activities of $43,773 was primarily due to the following:

- Proceeds from a public offering of common stock of $47,146 and a unit warrant exercise of $1,008
- Principal repayments of $4,594 towards long-term debt, $296 towards contingent consideration and $383 of debt issuance costs associated with the Senior Credit Facility

Financing

Senior Credit Facility

On December 20, 2018, we entered into an amendment to a Credit Agreement (the “Credit Agreement”) dated December 7, 2016 with Bank of America, N.A. (“Bank of America”) and Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPFS”). Pursuant to the amended Credit Agreement, Bank of America agreed to be the sole administrative agent for a five-year $125,000 Senior Secured Revolving Credit Facility (“Senior Credit Facility”) to us and, together with PNC Bank, National Association and Regions Bank as the other lenders under the Senior Credit Facility, has committed to lend to us all of the Senior Credit Facility, subject to certain terms and conditions. The Senior Credit Facility is secured by a first priority lien on substantially all of the assets of the Company. MLPFS has undertaken to act as sole lead arranger and sole book manager for the Senior Credit Facility. In addition, the Senior Credit Facility includes an accordion feature permitting us to request an increase in the Senior Credit Facility by an additional amount of up to $100,000. The Senior Credit Facility includes a $20,000 sublimit for the issuance of standby letters of credit and a $15,000 sublimit for swingline loans. The proceeds of the Senior Credit Facility are intended to be used (i) to finance permitted acquisitions, (ii) for capital expenditures, and (iii) for general corporate purposes.

Borrowings under the Credit Agreement are at variable rates which are, at our option, tied to a Eurocurrency rate equal to LIBOR (London Interbank Offered Rate) plus an applicable rate or a base rate denominated in U.S. dollars. Interest rates are subject to change based on our Consolidated Senior Leverage Ratio (as defined in the Credit Agreement).

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The Senior Credit Facility contains certain financial covenants, including a maximum leverage ratio of 4.0:1 and a minimum fixed charge coverage ratio of 1.20:1. Furthermore, the Senior Credit Facility also contains financial reporting covenant provisions and other covenants, representations, warranties, indemnities, and events of default that are customary for facilities of this type. As of December 29, 2018, we were in compliance with the financial covenants and there were no outstanding borrowings under our Senior Credit Facility.

Other Obligations

On November 2, 2018, the Company acquired CHI. The purchase price allowed for the payment of $3,000 in shares of the Company's stock or a combination of cash and shares of the Company's stock, at our discretion, payable in three equal installments, due on the first, second and third anniversaries of November 2, 2018. At December 29, 2018, the outstanding balance of this obligation was $2,631.

On February 2, 2018, the Company acquired CSA. The purchase price allowed for the payment of $250 in shares of the Company's stock or a combination of cash and shares of the Company's stock, at our discretion, payable in two equal installments, due on the first and second anniversaries of February 2, 2018. At December 29, 2018, the outstanding balance of this obligation was $222.

On January 12, 2018, the Company acquired all of the outstanding equity interest in Butsko. The purchase price allowed for the payment of $600 in shares of the Company's stock or a combination of cash and shares of the Company's stock, at our discretion, payable in two equal installments, due on the first and second anniversaries of January 12, 2018. At December 29, 2018, the outstanding balance of this obligation was $534.

On September 6, 2017, the Company acquired all of the outstanding equity interest in Marron. The purchase price allowed for the payment of $133 in shares of the Company's stock or a combination of cash and shares of the Company's stock, at our discretion, payable in two equal installments, due on the first and second anniversaries of September 6, 2017. The outstanding balance of this obligation was $55 as of December 29, 2018 and $133 as of December 30, 2017.

On June 6, 2017, the Company acquired all of the outstanding equity interest in RDK. The purchase price allowed for the payment of $1,333 in shares of the Company's stock or a combination of cash and shares of the Company's stock, at our discretion, payable in two equal installments, due on the first and second anniversaries of June 6, 2017. The outstanding balance of this obligation was $504 as of December 29, 2018 and $1,333 as of December 30, 2017.

On November 30, 2016, the Company acquired all of the outstanding equity interests of Hanna. The purchase price allowed for the payment of $1,200 in shares of the Company's stock or a combination of cash and shares of the Company's stock, at our discretion, payable in two installments of $600, due on the first and second anniversaries of November 30, 2016. The outstanding balance of this obligation was $0 as of December 29, 2018 and $600 as of December 30, 2017.

On October 26, 2016, the Company acquired all of the outstanding equity interests of JBA. The purchase price allowed for the payment of $2,600 in shares of the Company's stock or a combination of cash and shares of the Company's stock, at our discretion, payable in two installments of $1,300, due on the first and second anniversaries of October 26, 2016. The outstanding balance of this obligation was $0 as of December 29, 2018 and $1,300 as of December 30, 2017.

On May 20, 2016, the Company acquired all of the outstanding equity interests of Dade Moeller. The purchase price allowed for the payment of $3,000 in shares of the Company's stock or a combination of cash and shares of the Company's stock, at our discretion, payable in three installments of $1,000, due on the first, second and third anniversaries of May 20, 2016. The outstanding balance of this obligation was $936 as of December 29, 2018 and $2,000 as of December 30, 2017.

Uncollateralized Promissory Notes

On November 2, 2018, we acquired CHI. The purchase price included an uncollateralized $15,000 promissory note bearing interest at 3% payable in four installments of $3,750 due on the first, second, third and fourth anniversaries of November 2, 2018. The outstanding balance of the CHI Note was $15,000 as of December 29, 2018.

On August 24, 2018, we acquired CALYX. The purchase price included an uncollateralized $4,000 promissory note bearing interest at 3.75% payable in four installments of $1,000 due on the first, second, third and fourth anniversaries of August 24, 2018. The outstanding balance of the CALYX Note was $4,000 as of December 29, 2018.

On February 2, 2018, we acquired CSA. The purchase price included an uncollateralized $600 promissory note bearing interest at 3.0% payable in four installments of $150, due on the first, second, third and fourth anniversaries of February 2, 2018. The outstanding balance of the CSA Note was $600 as of December 29, 2018.

On January 12, 2018, we acquired all of the outstanding equity interest in Butsko. The purchase price included an uncollateralized $1,000 promissory note bearing interest at 3.0% payable in four installments of $250, due on the first, second, third and fourth anniversaries of January 12, 2018. The outstanding balance of the Butsko Note was $1,000 as of December 29, 2018.

On September 6, 2017, the Company acquired all of the outstanding interests in Marron. The purchase price included an uncollateralized $300 promissory note bearing interest at 3.0% payable in three installments of $100, due on the first, second and third anniversaries of September 6, 2017. The outstanding balance of the Marron Note was $200 as of December 29, 2018 and $300 as of December 30, 2017.

On June 6, 2017, the Company acquired all of the outstanding equity interest in RDK. The purchase price included an uncollateralized $5,500 promissory note bearing interest at 3.0% payable in four installments of $1,375, due on the first, second, third and fourth anniversaries of June 6, 2017. The outstanding balance of the RDK Note was $4,125 as of December 29, 2018 and $5,500 as of December 30, 2017.

On May 4, 2017, the Company acquired all of the outstanding equity interest in H&K. The purchase price included an uncollateralized $600 promissory note bearing interest at 3.0% payable in four installments of $150, due on the first, second, third and fourth anniversaries of May 4, 2017, the effective date of the acquisition. The outstanding balance of the H&K Note was $450 as of December 29, 2018 and $600 as of December 30, 2017.

On May 1, 2017, the Company acquired all of the outstanding equity interest in Lochrane. The purchase price included an uncollateralized $1,650 promissory note bearing interest at 3.0% payable in four installments of $413, due on the first, second, third and fourth anniversaries of May 1, 2017, the effective date of the acquisition. The outstanding balance of the Lochrane Note was $1,238 as of December 29, 2018 and $1,650 as of December 30, 2017.

On December 6, 2016, the Company acquired all of the outstanding interests of CivilSource. The purchase price included an uncollateralized $3,500 promissory note bearing interest at 3.0% payable in four installments of $875, due on the first, second, third and fourth anniversaries of December 6, 2016, the effective date of the acquisition. The outstanding balance of the CivilSource Note was $2,625 as of December 29, 2018 and $3,500 as of December 30, 2017.

On November 30, 2016, the Company acquired all of the outstanding interests of Hanna. The purchase price included an uncollateralized $2,700 promissory note bearing interest at 3.0% payable in four installments of $675, due on the first, second, third and fourth anniversaries of November 30, 2016, the effective date of the acquisition. The outstanding balance of the Hanna Note was $1,350 as of December 29, 2018 and $2,025 as of December 30, 2017.

On October 26, 2016, the Company acquired all of the outstanding interests of JBA. The purchase price included an uncollateralized $7,000 promissory note bearing interest at 3.0% payable in five installments of $1,400, due on the first, second, third, fourth and fifth anniversaries of October 26, 2016, the effective date of the acquisition. The outstanding balance of the JBA Note was $4,200 as of December 29, 2018 and $5,600 as of December 30, 2017.

On September 12, 2016, the Company acquired certain assets of Weir. The purchase price included an uncollateralized $500 promissory note bearing interest at 3.0% payable in four installments of $125, due on the first, second, third and fourth anniversaries of September 12, 2016, the effective date of the acquisition. The outstanding balance of the Weir Note was $250 as of December 29, 2018 and $375 as of December 30, 2017.

On May 20, 2016, the Company acquired all of the outstanding equity interests of Dade Moeller. The purchase price included an aggregate of $6,000 of uncollateralized promissory notes bearing interest at 3.0% payable in four equal payments of $1,500 each due on the first, second, third, and fourth anniversaries of May 20, 2016, the effective date of the acquisition. The outstanding balance of the Dade Moeller Notes was $3,036 as of December 29, 2018 and $4,500 as of December 30, 2017.

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On July 1, 2015, the Company acquired all of the outstanding equity interests of RBA. The purchase price included an uncollateralized $4,000 promissory notes bearing interest at 3.0% payable in four equal payments of $1,000 each due on the first, second, third, and fourth anniversaries of July 1, 2015, the effective date of the acquisition. The outstanding balance of the RBA Note was $1,000 as of December 29, 2018 and $2,000 as of December 30, 2017.

On June 24, 2015, the Company acquired certain assets of Allwyn. The purchase price included an uncollateralized $500 promissory note bearing interest at 3.5% that is payable in three equal payments of $167 each due on the first, second and third anniversaries of June 24, 2015, the effective date of the acquisition. The outstanding balance of the Allwyn Note was $0 as of December 29, 2018 and $166 as of December 30, 2017.

On January 30, 2015, the Company acquired all of the outstanding equity interests of JLA. The purchase price included an uncollateralized $1,250 promissory note bearing interest at 3.5% that is payable in four equal payments of $313 each due on the first, second, third, and fourth anniversaries of January 30, 2015, the effective date of the acquisition. The outstanding balance of the JLA Note was $313 as of December 29, 2018 and $625 as of December 30, 2017.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of December 29, 2018 and December 30, 2017.

Effects of Inflation

Based on our analysis of the periods presented, we believe that inflation has not had a material effect on our operating results. There can be no assurance that future inflation will not have an adverse impact on our operating results and financial condition.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations as of December 29, 2018 (in thousands):

	Total	Payments due by fiscal period Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Notes Payable and Other Obligations	$46,986	$17,139	$24,376	$5,471	$-
Contingent consideration obligations	4,698	1,845	2,703	150	-
Operating lease obligations	42,356	9,506	15,278	9,868	7,704
Total contractual obligations	$94,040	$28,490	$42,357	$15,489	$7,704

Our accrued liabilities in the consolidated balance sheet include unrecognized tax benefits. As of December 29, 2018, we had unrecognized tax benefits of $548. At this time, we are unable to make a reasonably reliable estimate of the timing of settlements in individual years in connection with unrecognized tax benefit; therefore, such amounts are not included in the above table.

Recently Issued Accounting Pronouncements

For information on recently issued accounting pronouncements, see Note 1 of the notes to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to certain market risks from transactions that are entered into during the normal course of business. We have not entered into derivative financial instruments for trading purposes. We have no significant market risk exposure to interest rate changes related to the promissory notes for acquisitions since these contain fixed interest rates. Our only debt subject to interest rate risk is the Senior Credit Facility which rates are variable, at our option, tied to a Eurocurrency rate equal to LIBOR (London Interbank Offered Rate) plus an applicable rate or a base rate denominated in U.S. dollars. Interest rates are subject to change based on our Consolidated Senior Leverage Ratio (as defined in the Credit Agreement). As of December 29, 2018, there was no outstanding balance on the Senior Credit Facility. A one percentage point change in the assumed interest rate of the Senior Credit Facility would not have a material impact on our market risk.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of NV5 Global, Inc.

Hollywood, Florida

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of NV5 Global, Inc. and subsidiaries (the "Company") as of December 29, 2018 and December 30, 2017, the related consolidated statements of net income and comprehensive income, changes in stockholders' equity, and cash flows, for each of the three years in the period ended December 29, 2018, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 29, 2018 and December 30, 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 29, 2018, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 29, 2018, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 14, 2019, expressed an adverse opinion on the Company's internal control over financial reporting because of a material weakness.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material

misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Miami, Florida

March 14, 2019

We have served as the Company's auditor since 2015.

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NV5 Global, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	December 29, 2018	December 30, 2017
Assets		
Current assets:		
Cash and cash equivalents	$ 40,739	$ 18,751
Billed receivables, net	98,324	70,686
Unbilled receivables, net	43,411	39,401
Prepaid expenses and other current assets	2,582	2,555
Total current assets	185,056	131,393
Property and equipment, net	11,677	8,731
Intangible assets, net	99,756	65,754
Goodwill	140,930	98,899
Other assets	2,002	1,003
Total Assets	$ 439,421	$ 305,780
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 22,588	$ 18,373
Accrued liabilities	20,853	18,994
Income taxes payable	2,697	6,102
Billings in excess of costs and estimated earnings on uncompleted contracts	7,625	665
Client deposits	208	197
Current portion of contingent consideration	1,845	977
Current portion of notes payable and other obligations	17,139	11,127
Total current liabilities	72,955	56,435
Contingent consideration, less current portion	2,853	913
Notes payable and other obligations, less current portion	29,847	57,430
Deferred income tax liabilities, net	16,224	10,905
Total liabilities	121,879	125,683
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.01 par value; 5,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, $0.01 par value; 45,000,000 shares authorized, 12,550,711 and 10,834,770 shares issued and outstanding as of December 29, 2018 and December 30, 2017, respectively	126	108

Additional paid-in capital	236,525	125,954
Retained earnings	80,891	54,035
Total stockholders' equity	317,542	180,097
Total liabilities and stockholders' equity	$ 439,421	$ 305,780

See accompanying notes to consolidated financial statements.

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NV5 Global, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME
(in thousands, except share data)

	Years Ended December 29, 2018	December 30, 2017	December 31, 2016
Gross revenues	$418,081	$333,034	$223,910
Direct costs *(excluding depreciation and amortization)*:			
Salaries and wages	132,922	103,011	73,966
Sub-consultant services	62,218	50,171	31,054
Other direct costs	21,537	14,598	11,310
Total direct costs	216,677	167,780	116,330
Gross Profit	201,404	165,254	107,580
Operating Expenses:			
Salaries and wages, payroll taxes and benefits	102,221	86,222	55,586
General and administrative	31,713	26,747	19,351
Facilities and facilities related	14,401	12,589	8,012
Depreciation and amortization	17,384	13,128	6,228
Total operating expenses	165,719	138,686	89,177
Income from operations	35,685	26,568	18,403
Interest expense	(1,966)	(1,935)	(257)
Income before income tax expense	33,719	24,633	18,146
Income tax expense	(6,863)	(627)	(6,539)
Net Income and Comprehensive Income	$26,856	$24,006	$11,607
Earnings per share:			
Basic	$2.44	$2.36	$1.27
Diluted	$2.33	$2.23	$1.22
Weighted average common shares outstanding:			
Basic	10,991,124	10,178,901	9,125,167
Diluted	11,506,466	10,777,806	9,540,051

See accompanying notes to consolidated financial statements.

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NV5 Global, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands, except share data)

	Common Stock		**Additional Paid-In**	**Retained**	
	Shares	**Amount**	**Capital**	**Earnings**	**Total**
Balance, December 31, 2015	**8,124,627**	**$ 81**	**$ 62,260**	**$ 18,422**	**$ 80,763**
Stock compensation	-	-	2,343	-	2,343
Restricted stock issuance, net	189,295	2	(2)	-	-
Proceeds from secondary offering, net of costs	1,955,000	20	47,126	-	47,146
Proceeds from exercise of unit warrant, net of costs	140,000	1	1,007	-	1,008
Stock issuance for acquisitions	148,651	2	4,238	-	4,240
Tax benefit from stock based compensation	-	-	892	-	892
Payment of contingent consideration with common stock	8,955	-	162	-	162
Net income	-	-	-	11,607	11,607
Balance, December 31, 2016	**10,566,528**	**$ 106**	**$ 118,026**	**$ 30,029**	**$ 148,161**
Stock compensation	-	-	4,011	-	4,011
Restricted stock issuance, net	176,198	2	(2)	-	-
Stock issuance for acquisitions	90,324	-	3,856	-	3,856
Payment of contingent consideration with common stock	1,720	-	63	-	63
Net income	-	-	-	24,006	24,006
Balance, December 30, 2017	**10,834,770**	**$ 108**	**$ 125,954**	**$ 54,035**	**$ 180,097**
Stock compensation	-	-	6,697	-	6,697
Restricted stock issuance, net	172,820	2	(2)	-	-
Stock issuance for acquisitions	133,121	1	9,329	-	9,330
Proceeds from secondary offering, net of costs	1,270,000	13	93,456	-	93,469
Proceeds from exercise of warrants, net of costs	140,000	2	1,091	-	1,093
Net income	-	.	-	26,856	26,856
Balance, December 29, 2018	**12,550,711**	**$ 126**	**$ 236,525**	**$ 80,891**	**$ 317,542**

See accompanying notes to consolidated financial statements.

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NV5 Global, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

		Years Ended	
	December 29, 2018	**December 30, 2017**	**December 31, 2016**
Cash Flows From Operating Activities:			
Net income	$ 26,856	$ 24,006	$ 11,607
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	17,384	13,128	6,228
Provision for doubtful accounts	797	586	138
Stock based compensation	6,697	4,011	2,343
Change in fair value of contingent consideration	424	(832)	201
Loss on disposal property and equipment	26	35	14
Excess tax benefit from stock based compensation	-	-	(892)
Deferred income taxes	(3,585)	(11,242)	(1,837)
Changes in operating assets and liabilities, net of impact of acquisitions:			
Billed receivables	(8,662)	(10,911)	7,007
Unbilled receivables	(2,813)	(3,802)	(14,688)
Prepaid expenses and other assets	(109)	295	920
Accounts payable	398	(1,495)	3,047
Accrued liabilities	(2,984)	(2,442)	(243)
Income taxes payable	(3,405)	4,969	1,212
Billings in excess of costs and estimated earnings on uncompleted contracts	3,964	436	(65)
Deposits	11	883	221
Net cash provided by operating activities	34,999	17,625	15,213
Cash Flows From Investing Activities:			
Cash paid for acquisitions (net of cash received from acquisitions)	(58,155)	(60,633)	(45,811)
Purchase of property and equipment	(2,203)	(2,239)	(985)
Net cash used in investing activities	(60,358)	(62,872)	(46,796)
Cash Flows From Financing Activities:			
Proceeds from common stock offering	100,330	-	51,319
Payments of borrowings from Senior Credit Facility	(36,500)	(10,500)	-
Payments on notes payable	(9,741)	(7,605)	(4,594)
Proceeds from exercise of warrant	1,093	-	1,008
Payments of contingent consideration	(728)	(563)	(296)
Payments of common stock offering costs	(6,861)	-	(4,173)
Proceeds from borrowings from Senior Credit Facility	-	47,000	-

Excess tax benefit from stock based compensation	-	-	892
Payments of debt issuance costs	(246)	-	(383)
Net cash provided by financing activities	47,347	28,332	43,773
Net increase (decrease) in Cash and Cash Equivalents	21,988	(16,915)	12,190
Cash and cash equivalents – beginning of period	18,751	35,666	23,476
Cash and cash equivalents – end of period	$ 40,739	$ 18,751	$ 35,666

See accompanying notes to consolidated financial statements.

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NV5 Global, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended December 29, 2018	**December 30, 2017**	**December 31, 2016**
Supplemental disclosures of cash flow information:			
Cash paid for interest	$1,895	$ 1,508	$ 272
Cash paid for income taxes	$13,634	$ 7,607	$ 7,334
Non-cash investing and financing activities:			
Contingent consideration (earn-out)	$3,112	$ 908	$ 1,417
Notes payable and other obligations issued for acquisitions	$23,987	$ 9,371	$ 25,833
Stock issuance for acquisitions	$9,330	$ 3,856	$ 4,239
Capital leases	$2,884	$ -	$ -
Payment of contingent consideration and other obligations with common stock	$-	$ 63	$ 162

See accompanying notes to consolidated financial statements.

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NV5 Global, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share data)

Note 1 - Organization and Nature of Business Operations

Business

NV5 Global, Inc. and its subsidiaries (collectively, the "Company" or "NV5 Global") is a provider of professional and technical engineering and consulting solutions to public and private sector clients in the infrastructure, energy, construction, real estate and environmental markets, operating nationwide and abroad. The Company's clients include the U.S. federal, state and local governments, and the private sector. NV5 Global provides a wide range of services, including, but not limited to:

Planning	Management oversight
Design	Forensic engineering
Consulting	Litigation support
Permitting	Condition assessment
Inspection and field supervision	Compliance certification
Testing inspection and certification	

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The consolidated financial statements of the Company are presented in U.S. dollars in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Fiscal Year

Effective March 7, 2017, the Audit Committee of our Board of Directors and the Board of Directors approved a change in our fiscal year-end and financial accounting cycle. Beginning January 1, 2017, the Company commenced reporting its financial results on a 52/53 week fiscal year ending on the Saturday closest to December 31st (whether or not in the following calendar year), with interim calendar quarters ending on the Saturday closest to the end of such calendar quarter (whether or not in the following calendar quarter).

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. These estimates and assumptions are based on management's most recent assessment of underlying facts and circumstances using the most recent information available. Actual results could differ significantly from these estimates and assumptions, and the differences could be material.

Estimates and assumptions are evaluated periodically and adjusted when necessary. The more significant estimates affecting amounts reported in the consolidated financial statements include the following:

Fair value estimates used in accounting for business combinations including the valuation of identifiable intangible assets and contingent consideration

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NV5 Global, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share data)

- Fair value estimates in determining the fair value of our reporting units for goodwill impairment assessment
- Revenue recognition over time
- Allowances for uncollectible accounts
- Provision for income taxes

Cash and Cash Equivalents

Cash and cash equivalents include cash on deposit with financial institutions and investments in high quality overnight money market funds, all of which have maturities of three months or less when purchased. The Company from time to time may be exposed to credit risk with its bank deposits in excess of the Federal Deposit Insurance Corporation insurance limits and with uninsured money market investments. Management believes cash and cash equivalent balances are not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held.

Concentration of Credit Risk

Trade receivable balances carried by the Company are comprised of accounts from a diverse client base across a broad range of industries and are not collateralized. However, 30%, 32% and 34% of the Company’s gross revenues for fiscal years 2018, 2017 and 2016, respectively, are from California-based projects. The Company did not have any clients representing more than 10% of our gross revenues during 2018, 2017 or 2016. During fiscal years 2018, 2017 and 2016 approximately 67%, 68% and 81%, respectively, of our gross revenues was attributable to the public and quasi-public sector. Furthermore, approximately 77% and 73% of the Company’s billed receivables as of December 29, 2018 and December 30, 2017 are from public and quasi-public projects. Management continually evaluates the creditworthiness of these and future clients and provides for bad debt reserves as necessary.

Fair Value of Financial Instruments

Fair value is defined as the amount that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and is measured using inputs in one of the following three categories:

Level 1 measurements are based on unadjusted quoted prices in active markets for identical assets or liabilities that we have the ability to access. Valuation of these items does not entail a significant amount of judgment.

Level 2 measurements are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active or market data other than quoted prices that are observable for the assets or liabilities.

Level 3 measurements are based on unobservable data that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

The Company considers cash and cash equivalents, accounts receivable, accounts payable, income taxes payable, accrued liabilities and debt obligations to meet the definition of financial instruments. As of December 29, 2018 and December 30, 2017, the carrying amount of cash and cash equivalents, accounts receivable, accounts payable, income taxes payable and accrued liabilities approximate their fair value due to the relatively short period of time between their origination and their expected realization or payment. The carrying amounts of debt obligations approximate their fair values as the terms are comparable to terms currently offered by local lending institutions for arrangements with similar terms to industry peers with comparable credit characteristics.

The Company applies the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805, *Business Combinations*, in the accounting for its acquisitions, which requires recognition of the assets acquired and the liabilities assumed at their acquisition date fair values, separately from goodwill. Goodwill as of the acquisition date is measured as the excess of consideration transferred and the net of the acquisition date fair values of the tangible and identifiable intangible assets acquired and liabilities assumed. The allocation of the purchase price to identifiable intangible assets is based on valuations performed to determine the fair values of such assets as of the acquisition dates. Generally, the Company engages a third-party independent valuation specialist to assist in management's determination of fair values of tangible and intangible assets acquired and liabilities assumed. The fair values of earn-out arrangements are included as part of the purchase price of the acquired companies on their respective acquisition dates. The Company estimates the fair value of contingent earn-out payments as part of the initial purchase price and records the estimated fair value of contingent consideration as a liability on the consolidated balance sheet. Changes in the estimated fair value of contingent earn-out payments are included in General and Administrative expenses on the Consolidated Statements of Net Income and Comprehensive Income.

NV5 Global, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share data)

Several factors are considered when determining contingent consideration liabilities as part of the purchase price, including whether (i) the valuation of the acquisitions is not supported solely by the initial consideration paid, and the contingent earn-out formula is a critical and material component of the valuation approach to determining the purchase price; and (ii) the former owners of the acquired companies that remain as key employees receive compensation other than contingent earn-out payments at a reasonable level compared with the compensation of other key employees. The contingent earn-out payments are not affected by employment termination.

The Company reviews and re-assesses the estimated fair value of contingent consideration liabilities on a quarterly basis, and the updated fair value could differ materially from the initial estimates. The Company measures contingent consideration recognized in connection with business combinations at fair value on a recurring basis using significant unobservable inputs classified as Level 3 inputs. The Company uses a probability-weighted discounted cash flow approach as a valuation technique to determine the fair value of the contingent consideration liabilities on the acquisition date and at each reporting period. The significant unobservable inputs used in the fair value measurements are projections over the earn-out period, and the probability outcome percentages that are assigned to each scenario. Significant increases or decreases to either of these inputs in isolation could result in a significantly higher or lower liability with a higher liability capped by the contractual maximum of the contingent consideration liabilities. Ultimately, the liability will be equivalent to the amount paid, and the difference between the fair value estimate on the acquisition date and amount paid will be recorded in earnings (see Note 10).

Property and Equipment

Property and equipment is stated at cost. Property and equipment acquired in a business combination is stated at fair value at the acquisition date. The Company capitalizes the cost of improvements to property and equipment that increase the value or extend the useful lives of the assets. Normal repair and maintenance costs are expensed as incurred. Depreciation and amortization is computed on a straight-line basis over the following estimated useful lives of the assets. Leasehold improvements are amortized on a straight-line basis over the lesser of their estimated useful lives or the remaining terms of the related lease agreement.

Asset	Depreciation Period (in years)
Office furniture and equipment	4
Computer equipment	3
Survey and field equipment	5
Leasehold improvements	Lesser of the estimated useful lives or remaining term of the lease

Property and equipment balances are periodically reviewed by management for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. If an indicator of impairment exists, the Company compares the estimated future cash flows of the asset, on an undiscounted basis, to the carrying value of the asset. If the undiscounted cash flows exceed the carrying value, no impairment is indicated. If the undiscounted cash flows do not exceed the carrying value, then impairment is measured as the difference between fair value and carrying value, with fair value typically based on a discounted cash flow model. During fiscal years 2018, 2017 and 2016, no impairment charge relating to property and equipment was recognized.

Goodwill and Intangible Assets

Goodwill is the excess of consideration paid for an acquired entity over the amounts assigned to assets acquired, including other identifiable intangible assets and liabilities assumed in a business combination. To determine the amount of goodwill resulting from a business combination, we perform an assessment to determine the acquisition date fair value of the acquired company’s tangible and identifiable intangible assets and liabilities.

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We evaluate goodwill annually for impairment on August 1 or whenever events or changes in circumstances indicate the asset may be impaired. An entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. These qualitative factors include: macroeconomic and industry conditions, cost factors, overall financial performance and other relevant entity-specific events. If the entity determines that this threshold is met, then performing the two-step quantitative impairment test is unnecessary. We may elect to bypass the qualitative assessment and proceed directly to the quantitative test for any reporting unit. The two-step impairment test requires a comparison of the carrying value of the assets and liabilities associated with a reporting unit, including goodwill, with the fair value of the reporting unit. We determine fair value through multiple valuation techniques, and weight the results accordingly. We make certain subjective and complex judgments in assessing whether an event of impairment of goodwill has occurred, including assumptions and estimates used to determine the fair value of our reporting units. If the carrying value of our reporting unit exceeds the fair value of our reporting unit, we would calculate the implied fair value as compared to the carrying value to determine the appropriate impairment charge, if any.

Identifiable intangible assets primarily include customer backlog, customer relationships, trade names and non-compete agreements. Amortizable intangible assets are amortized on a straight-line basis over their estimated useful lives and reviewed for impairment whenever events or changes in circumstances indicate that the assets may be impaired. If an indicator of impairment exists, we compare the estimated future cash flows of the asset, on an undiscounted basis, to the carrying value of the asset. If the undiscounted cash flows exceed the carrying value, no impairment is indicated. If the undiscounted cash flows do not exceed the carrying value, then impairment, if any, is measured as the difference between fair value and carrying value, with fair value typically based on a discounted cash flow model.

During fiscal years 2018, 2017 and 2016, no impairment charge relating to goodwill and intangible assets was recognized. See Note 7 for further information on goodwill and identified intangibles.

Earnings per Share

Basic earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the Company. The effect of potentially dilutive securities is not considered during periods of loss or if the effect is anti-dilutive.

The weighted average number of shares outstanding in calculating basic earnings per share during fiscal years 2018, 2017 and 2016 exclude 614,911, 570,171 and 489,553 non-vested restricted shares, respectively. There were no potentially anti-dilutive securities during fiscal years 2018, 2017 and 2016.

The following table represents a reconciliation of the net income and weighted average shares outstanding for the calculation of basic and diluted earnings per share during fiscal years 2018, 2017 and 2016:

	Years Ended		
	December 29, 2018	**December 30, 2017**	**December 31, 2016**
Numerator:			
Net income – basic and diluted	$26,856	$24,006	$11,607
Denominator:			
Basic weighted average shares outstanding	10,991,124	10,178,901	9,125,167
Effect of dilutive non-vested restricted shares and units	401,726	326,319	213,907
Effect of issuable shares related to acquisitions	87,713	157,965	80,779
Effect of warrants	25,903	114,621	120,198
Diluted weighted average shares outstanding	11,506,466	10,777,806	9,540,051

NV5 Global, Inc. and Subsidiaries

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Warrant exercise

In conjunction with the Company's initial public offering on March 26, 2013, the underwriter received a warrant to acquire up to 140,000 units ("Unit Warrant"). On March 23, 2016, the underwriter paid $1,008 to the Company to exercise the Unit Warrant. Each of the units delivered upon exercise consisted of one share of the Company's common stock and one warrant to purchase one share of the Company's common stock at an exercise price of $7.80 per share ("Warrant"), which warrant expired on March 27, 2018. On March 19, 2018, the underwriter paid $1,093 to the Company to exercise the Warrant. On March 21, 2018, the Company delivered 140,000 shares of common stock to the underwriter.

Common Stock offering

On August 9, 2018, the Company priced an underwritten follow-on offering of 1,270,000 shares of the Company's common stock (the "2018 Firm Shares") at an offering price of $79.00 per share. The shares were sold pursuant to an effective registration statement on Form S-3 (Registration No. 333-224392). In addition, a selling stockholder of the Company granted the underwriters of the offering a 30-day option to purchase up to 190,500 shares (the "2018 Option Shares") of the Company's common stock at the public offering price less the underwriting discount. On August 13, 2018, the Company closed on the 2018 Firm Shares, for which we received net proceeds of $93,469 after deducting the underwriting discount and estimated offering expenses payable by the Company, and the selling stockholder of the Company closed on the sale of all 2018 Option Shares. The Company did not receive any proceeds associated with the sale of the 2018 Option Shares by the selling stockholder.

On May 13, 2016, the Company priced a secondary offering of 1,700,000 shares of the Company's common stock (the "2016 Firm Shares"). Each share was sold at an offering price of $26.25 per share. The shares sold were registered under the Securities Act of 1933, as amended (the "Securities Act"), on an effective registration statement on Form S-3 (Registration No. 333-206644) pursuant to the Securities Act. In addition, the Company granted the underwriters of this secondary offering a 30-day option to purchase an additional 255,000 shares (the "2016 Option Shares") of common stock to cover over-allotments. On May 18, 2016, the Company closed on the 2016 Firm Shares, for which we

received net proceeds of approximately $41,000 after deducting the underwriting discount and estimated offering expenses payable by the Company and issued 1,700,000 shares. On June 3, 2016, the Company closed on the full exercise of the 2016 Option Shares by the underwriters of the secondary offering with respect to an additional 255,000 shares of its common stock, for which we received net proceeds of approximately $6,200 after deducting the underwriters' discount.

Revenue Recognition

On the first day of fiscal year 2018, the Company adopted ASC Topic 606, *Revenue from Contracts with Customers* ("Topic 606"), using the modified retrospective approach to all contracts that were not completed as of the beginning of fiscal year 2018. Topic 606 is a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. Topic 606 became effective for the Company in the first quarter of fiscal year 2018. Results for reporting periods beginning after December 30, 2017 are presented under Topic 606, while prior period amounts and disclosures are not adjusted and continue to be reported under the accounting standards in effect for the prior period. Adoption of Topic 606 did not have an impact on the Company's consolidated net income, financial position, and cash flows; however, it has resulted in expanded disclosures. Revenue from the vast majority of the Company's contracts will continue to be recognized over time because of the continuous transfer of control to the customer. The impact to revenues from adopting Topic 606 for the period ended December 29, 2018 was not material.

To determine the proper revenue recognition method, the Company evaluates whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as more than one performance obligation. The majority of the Company's contracts have a single performance obligation as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts and therefore, is not distinct. The Company may also promise to provide distinct goods or services within a contract in which case the Company separates the contract into multiple performance obligations. For contracts with multiple performance obligations, the Company allocates the contract transaction price to each performance obligation using the best estimate of the standalone selling price of each distinct good or service in the contract. Typically, the Company sells a customer a specific service and in these cases, the Company uses the expected cost plus a margin approach to estimate the standalone selling price of each performance obligation.

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(in thousands, except share data)

The Company’s performance obligations are satisfied as work progresses or at a point in time. Gross revenues from services transferred to customers over time accounted for 92% of the Company’s revenues for the period ended December 29, 2018. For the Company’s cost-reimbursable contracts, revenue is recognized over time using direct costs incurred or direct costs incurred to date as compared to the estimated total direct costs for performance obligations because it best depicts the transfer of control to the customer which occurs as the Company incurs costs on its contracts. Contract costs include labor, subcontractors’ costs and other direct costs. Gross revenue from services transferred to customers at a point in time accounted for 8% of the Company’s revenues for the period ended December 29, 2018. Revenue from these contracts is recognized when the customer obtains control of the asset, which is generally upon delivery and acceptance by the customer of the reports and/or analysis performed.

As of December 29, 2018, the Company had $498,985 of remaining performance obligations, or backlog, of which $389,865 or 78% is expected to be recognized over the next 12 months and the remaining over the next 24 months. Only the contracts for which funding has been provided and work authorizations have been received are included in backlog. Not included in backlog is work awarded to the Company under master services agreements but not under contract. Project cancellations or scope adjustments may occur, from time to time, with respect to contracts reflected in backlog. Most of the Company’s government contracts are multi-year contracts for which funding is appropriated on an annual basis, therefore backlog includes only those amounts that have been funded and authorized and does not reflect the full amounts the Company may receive over the term of such contracts. In the case of non-government contracts, backlog includes future revenue at contract rates, excluding contract renewals or extensions that are at the discretion of the client. For contracts with a not-to-exceed maximum amount, the Company includes revenue from such contracts in backlog to the extent of the remaining estimated amount. The Company’s backlog for the period beyond 12 months may be subject to variation from year-to-year as existing contracts are completed, delayed, or renewed or new contracts are awarded, delayed, or cancelled. As a result, the Company believes that year-to-year comparisons of the portion of backlog expected to be performed more than one year in the future are difficult to assess and not necessarily indicative of future revenues or profitability.

Contract modifications are common in the performance the Company’s contracts. Contracts modified typically result from changes in scope, specifications, design, performance, sites, or period of completion. In most cases, contract modifications are for services that are not distinct, and, therefore, are accounted for as part of the existing contract.

Contract estimates are based on various assumptions to project the outcome of future events. These assumptions are dependent upon the accuracy of a variety of estimates, including engineering progress, achievement of milestones,

labor productivity and cost estimates. Due to uncertainties inherent in the estimation process, it is possible that actual completion costs may vary from estimates. If estimated total costs on contracts indicate a loss or reduction to the percentage of total contract revenues recognized to date, these losses or reductions are recognized in the period in which the revisions are known. The effect of revisions to revenues, estimated costs to complete contracts, including penalties, incentive awards, change orders, claims, anticipated losses and others are recorded on the cumulative catch-up basis in the period in which the revisions are identified and the loss can be reasonably estimated. Such revisions could occur in any reporting period and the effects on the results of operations for that reporting period may be material depending on the size of the project or the adjustment. During the period ended December 29, 2018, the cumulative catch-up adjustment for contract modifications was not material.

A significant amount of the Company's revenues are derived under multi-year contracts. The Company enters into contracts with its clients that contain two principal types of pricing provisions: cost-reimbursable and fixed-unit price. The majority of the Company's contracts are cost-reimbursable contracts that fall under the low-risk subcategory of time and materials contracts.

Cost-reimbursable contracts consist of the following:

Time and materials contracts, which are common for smaller scale professional and technical consulting and certification services projects. Under these types of contracts, there is no predetermined fee. Instead, the Company negotiates hourly billing rates and charges the clients based upon actual hours expended on a project. In addition, any direct project expenditures are passed through to the client and are typically reimbursed. These contracts may have an initial not-to-exceed or guaranteed maximum price provision.

Cost-plus contracts are the predominant contracting method used by U.S. federal, state, and local governments. Under these types of contracts, the Company charges clients for its costs, including both direct and indirect costs, plus a negotiated fee. The total estimated cost plus the negotiated fee represents the total contract value.

Lump-sum contracts typically require the performance of all of the work under the contract for a specified lump-sum fee, subject to price adjustments if the scope of the project changes or unforeseen conditions arise. Many of the Company's lump-sum contracts are negotiated and arise in the design of projects with a specified scope and project deliverables. In most cases, we can bill additional fees if the construction schedule is modified and lengthened.

Fixed-unit price contracts typically require the performance of an estimated number of units of work at an agreed price per unit, with the total payment under the contract determined by the actual number of units performed.

NV5 Global, Inc. and Subsidiaries
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(in thousands, except share data)

Federal Acquisition Regulations ("FAR"), which are applicable to the Company's federal government contracts and may be incorporated in local and state agency contracts, limit the recovery of certain specified indirect costs on contracts. Cost-plus contracts covered by FAR or certain state and local agencies also may require an audit of actual costs and provide for upward or downward adjustments if actual recoverable costs differ from billed recoverable costs.

Contract Balances

The timing of revenue recognition, billings and cash collections results in billed receivables, unbilled receivables (contract assets), and billings in excess of costs and estimated earnings on uncompleted contracts (contract liabilities) on the Consolidated Balance Sheet.

Billed receivables, net represents amounts billed to clients that remain uncollected as of the balance sheet date. The amounts are stated at their estimated realizable value. The Company maintains an allowance for doubtful accounts to provide for the estimated amount of receivables that will not be collected. The allowance is estimated based on management's evaluation of the contracts involved and the financial condition of clients. Factors the Company considers include, but are not limited to:

- Client type (governmental or commercial client)
- Historical performance
- Historical collection trends
- General economic conditions

Billed receivables are generally collected within less than 12 months. The allowance is increased by the Company's provision for doubtful accounts which is charged against income. All recoveries on receivables previously charged off are included in income, while direct charge-offs of receivables are deducted from the allowance.

Unbilled receivables, net represents recognized amounts pending billing pursuant to contract terms or accounts billed after period end, and are expected to be billed and collected within the next 12 months. Generally, billing occurs subsequent to revenue recognition, resulting in contract assets. Unbilled receivables (contract assets) are generally classified as current.

In certain circumstances, the contract may allow for billing terms that result in the cumulative amounts billed in excess of revenues recognized. The liability "Billings in excess of costs and estimated earnings on uncompleted contracts" represents billings in excess of revenues recognized on these contracts as of the reporting date. This liability is generally classified as current. Revenue recognized for the year ended December 29, 2018 that was included in the contract liability balance at the beginning of fiscal year 2018 was $631.

Practical Expedients and Exemptions

The Company utilizes the portfolio method practical expedient which allows companies to account for multiple contracts as a portfolio, instead of accounting for them on a contract by contract basis (commonly known as the contract method).

For the Company's time and materials contracts, the Company applies the as-invoiced practical expedient, which permits the Company to recognize revenue as the right to invoice for services performed.

Advertising

Advertising costs are charged to expense in the period incurred and amounted to $1,019, $1,048 and $500 during fiscal years 2018, 2017 and 2016, respectively, which is included in General and Administrative Expenses on the accompanying Consolidated Statements of Net Income and Comprehensive Income.

Leases

The Company's office leases are classified as operating leases and rent expense is included in facilities and facilities related expense in the Company's consolidated statements of net income and comprehensive income. Some lease terms include rent and other concessions and rent escalation clauses which are included in computing minimum lease payments. Minimum lease payments are recognized on a straight-line basis over the minimum lease term. The variance of rent expense recognized from the amounts contractually due pursuant to the underlying leases is included

in accrued liabilities in the Company's consolidated balance sheets.

NV5 Global, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share data)

Income Taxes

The Company accounts for income taxes in accordance with ASC Topic No. 740 "*Income Taxes*" ("Topic No. 740"). Deferred income taxes reflect the impact of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. A valuation allowance against the Company's deferred tax assets is recorded when it is more likely than not that some portion or all of the deferred tax assets will not be realized. In determining the need for a valuation allowance, management is required to make assumptions and to apply judgment, including forecasting future earnings, taxable income, and the mix of earnings in the jurisdictions in which the Company operates. Management periodically assesses the need for a valuation allowance based on the Company's current and anticipated results of operations. The need for and the amount of a valuation allowance can change in the near term if operating results and projections change significantly.

The Company recognizes the consolidated financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely-than-not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company applies the uncertain tax position guidance to all tax positions for which the statute of limitations remains open. The Company's policy is to classify interest and penalties as income tax expense.

Note 3 –Recent Issued Accounting Pronouncements

In January 2017, the FASB issued ASU 2017-04, *Intangibles-Goodwill and Other (Topic 350) Simplifying the Test for Goodwill Impairment.* This ASU eliminates Step 2 of the goodwill impairment test and simplifies how the amount of an impairment loss is determined. The update is effective for public companies in the beginning of fiscal year 2020 and shall be applied on a prospective basis. The Company will adopt this ASU at the beginning of fiscal year 2020. The Company does not expect the impact of this ASU to be material to its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires lessees to recognize, in the balance sheet, a liability to make lease payments and a right-of-use ("ROU") asset representing the right to use the underlying

asset over the lease term. The amendments in this accounting standard update are to be applied using a modified retrospective approach and are effective for fiscal years beginning after December 15, 2018. Upon adoption, we will elect the package of practical expedients permitted under the transition guidance within the new standard, which permits us not to reassess under the new standard our prior conclusions about lease identification, lease classification and the initial direct costs. We do not expect to elect the use-of-hindsight or the practical expedient pertaining to land easements; the latter not being applicable to us. We will make an accounting policy election to keep leases with an initial term of 12 months or less off of the balance sheet. These lease payments will be recognized in the Consolidated Statements of Operations on a straight-line basis over the lease term. The adoption of the standard will result in recognition of additional operating liabilities of approximately $33,000 as of January 1, 2019, with corresponding ROU assets of approximately the same amount based on the present value of the remaining minimum rental payments under current leasing standards for existing operating leases. The difference between these amounts will be recorded as an adjustment to retained earnings. We do not believe the standard will materially affect our consolidated net earnings and do not believe the new standard will have a notable impact on our liquidity. The standard will have no impact on our debt-covenant compliance under our current agreements.

Note 4 – Business Acquisitions

On November 2, 2018 we acquired CHI Engineering, Inc. (“CHI”), an infrastructure engineering firm based in Portsmouth, New Hampshire. CHI is a leading provider of engineering, procurement, and construction management services to the liquefied natural gas (“LNG”), petroleum gas (“LPG”) and Natural Gas industries. CHI’s client base includes the majority of LNG facility owner/operators in the U.S. The aggregate purchase price of this acquisition is up to $53,000, including $30,000 in cash, $15,000 in promissory notes (bearing interest at 3%), payable in four equal installments of $3,750 on the first, second, third and fourth anniversaries of November 2, 2018 and $3,000 of the Company’s common stock (36,729 shares) issued at the closing date. The purchase price also includes $3,000 of the Company’s common stock payable in three installments of $1,000, due on the first, second and third anniversaries of November 2, 2018. The purchase price also includes a $2,000 earn-out of cash (at a 3% interest rate which begins to accrue on January 1, 2020), which was recorded at its estimated fair value of $1,547, based on a probability-weighted approach valuation technique used to determine the fair value of the contingent consideration on the acquisition date. The note and the earn-out are due to related party individuals who became employees of the Company upon the acquisition. In order to determine the fair values of tangible and intangible assets acquired and liabilities assumed for CHI, the Company engaged a third-party independent valuation specialist to assist in the determination of fair values. The Company expects to finalize the purchase price allocation with respect to this transaction by the end of the third quarter of 2019.

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On August 24, 2018, the Company acquired all of the outstanding equity interests in CALYX Engineers and Consultants, Inc. ("CALYX"), an infrastructure and transportation firm based in Cary, North Carolina. CALYX provides roadway and structure design, transportation planning, water resources, construction services, utility services, building structure design, land development, traffic services, cultural resources, surveying, and environmental services. CALYX serves both public and private clients, including state departments of transportation, municipalities, developers, higher education, and healthcare systems. The acquisition of CALYX will expand our infrastructure engineering service in the southeast United States. The purchase price of this acquisition is $34,000, subject to customary closing working capital adjustments, including $25,000 in cash, $4,000 in promissory notes (bearing interest at 3.75%), payable in four installments of $1,000, due on the first, second, third and fourth anniversaries of August 24, 2018 (see Note 9), $3,000 of the Company's common stock (36,379 shares) as of the closing date of the acquisition, and $2,000 in cash payable within 120 days of the closing date. The note is due to related party individuals who became employees of the Company. In order to determine the fair values of tangible and intangible assets acquired and liabilities assumed for CALYX, the Company engaged a third-party independent valuation specialist to assist in the determination of fair values. The Company expects to finalize the purchase price allocation with respect to this transaction by the end of the second quarter of 2019.

On February 2, 2018, the Company acquired CSA (M&E) Ltd. ("CSA"), a leading provider of Mechanical, Electrical, and Plumbing (MEP) engineering and sustainability consulting services. CSA provides MEP and sustainability services for the retail, education, healthcare, industrial, corporate, hospitality and infrastructure market sectors with offices in Hong Kong, Macau and the UAE. CSA serves private and public sector clients throughout Asia and the Middle East. The purchase price of this acquisition was up to $4,200, including $2,000 in cash; $600 in promissory notes (bearing interest at 3%), payable in four installments of $150, due on the first, second, third and fourth anniversaries of February 2, 2018, the effective date of the acquisition; and $150 of the Company's common stock (2,993 shares) issued as of the closing date. The purchase price also includes $250 of the Company's common stock payable in two installments of $125, due on the first and second anniversaries of the acquisition. The purchase price also included a non-interest bearing earn-out of up to $1,200 payable in cash and stock, subject to the achievement of certain agreed upon financial metrics for fiscal year 2018. The earn-out of $1,200 is non-interest bearing and was recorded at its estimated fair value of $899, based on a probability-weighted approach valuation technique used to determine the fair value of the contingent consideration on the acquisition date. The note and the earn-out are due to a related party individual who became an employee of the Company upon the acquisition. In order to determine the fair values of tangible and intangible assets acquired and liabilities assumed for CSA, the Company engaged a third-party independent valuation specialist to assist in the determination of fair values.

On January 12, 2018, the Company acquired all of the outstanding equity interest in Butsko Utility Design, Inc. ("Butsko"). Butsko is leading provider of utility planning and design services serving both public and private sector clients through its offices in Southern California and Washington. The purchase price of this acquisition was up to $4,250, including $1,500 in cash; $1,000 in promissory notes (bearing interest at 3%), payable in four installments of $250, due on the first, second, third and fourth anniversaries of January 12, 2018, the effective date of the acquisition;

and $300 of the Company's common stock (5,630 shares) issued as of the closing date. The purchase price also includes $600 of the Company's common stock payable in two installments of $300, due on the first and second anniversaries of the acquisition. The purchase price also included a non-interest bearing earn-out of up to $850 payable in cash and stock, subject to the achievement of certain agreed upon financial metrics for fiscal year 2018. The earn-out of $850 is non-interest bearing and was recorded at its estimated fair value of $666, based on a probability-weighted approach valuation technique used to determine the fair value of the contingent consideration on the acquisition date. The note and the earn-out are due to a related party individual who became an employee of the Company upon the acquisition. In order to determine the fair values of tangible and intangible assets acquired and liabilities assumed for Butsko, the Company engaged a third-party independent valuation specialist to assist in the determination of fair values.

On December 22, 2017, we acquired certain assets of Skyscene, LLC ("Skyscene"), a California-based premier aerial survey and mapping company that provides flight services using the latest drone technology. Skyscene operates fixed wing and multirotor UAV's carrying the most advanced remote sensing equipment. The purchase price of this acquisition was $650 including $250 in cash and $400 in the Company's common stock (7,434 shares) as of the closing date of the acquisition.

On September 6, 2017, the Company acquired all of the outstanding equity interests in Marron and Associates, Inc. (“Marron”), a leading environmental services firm with offices in Albuquerque and Las Cruces, New Mexico. Marron provides environmental planning, natural and cultural resources, environmental site assessment, and GIS services. Marron primarily serves public and private clients throughout the Southwest, including the New Mexico Department of Transportation, Bureau of Land Management, Bureau of Indian Affairs, Federal Highway Administration, U.S. Department of Agriculture, U.S. Fish and Wildlife Service, and U.S. Forest Service. The purchase price of this acquisition is up to $990 including $400 in cash, $300 in promissory notes (bearing interest at 3.0%), payable in three installments of $100, due on the first, second and third anniversaries of September 6, 2017, the effective date of the acquisition (see Note 9), $67 of the Company’s common stock (1,510 shares) as of the closing date of the acquisition and $133 in stock or a combination of cash and shares of the Company’s stock, at its discretion, payable in two equal installments, due on the first and second anniversaries of September 6, 2017.The purchase price also included an earn-out of $90, subject to the achievement of certain agreed upon metrics for calendar year 2017. The note and the earn-out are due to a related party individual who became an employee of the Company upon the acquisition. The Company internally determined the preliminary fair values of tangible and intangible assets acquired and liabilities assumed.

On June 6, 2017, the Company acquired all of the outstanding equity interests in Richard D. Kimball Co. ("RDK"), an established leader in the provision of energy efficiency and mechanical, electric and plumbing (MEP) services based in Boston, Massachusetts. In addition to MEP and fire protection services, RDK offers commissioning services, technology design services, and energy and sustainability services, including Whole Building Energy Modeling and ASHRAE Level Energy Audits, Green Building Certification, Energy Code Consulting, Carbon Emissions Management, and Renewable Energy Management. RDK primarily serves commercial, healthcare, science and technology, education, government, and transportation clients. The purchase price of this acquisition is up to $22,500, subject to customary closing working capital adjustments, including $15,000 in cash, $5,500 in promissory notes (bearing interest at 3.0%), payable in four installments of $1,375, due on the first, second, third and fourth anniversaries of June 6, 2017 (see Note 9), $667 of the Company’s common stock (18,072 shares) as of the closing date of the acquisition, and $1,333 in stock or a combination of cash and shares of the Company’s stock, at our discretion, payable in two equal installments, due on the first and second anniversaries of June 6, 2017. In order to ultimately determine the fair values of tangible and intangible assets acquired and liabilities assumed for RDK, we engaged a third-party independent valuation specialist to assist in the determination of fair values.

On May 4, 2017, the Company acquired all of the outstanding equity interests in Holdrege & Kull, Consulting Engineers and Geologists (“H&K”), a full-service geotechnical engineering firm based in Northern California. H&K provides services to public, municipal and special district, industrial, and private sector clients. The purchase price of this acquisition is up to $2,200 including $1,000 in cash, $600 in promissory notes (bearing interest at 3.0%), payable in four installments of $150, due on the first, second, third and fourth anniversaries of May 4, 2017, the effective date of the acquisition (see Note 9), and $100 of the Company’s common stock (2,628 shares) as of the closing date of the acquisition. The purchase price also included an interest bearing earn-out of $500 promissory note, subject to the

achievement of certain agreed upon metrics for calendar year 2017. The earn-out promissory note is payable in four installments of $125, due on the first, second, third and fourth anniversaries of May 4, 2017. The earn-out of $500 was recorded at its estimated fair value of $405, based on a probability-weighted approach valuation technique used to determine the fair value of the contingent consideration on the acquisition date. The note and the earn-out are due to a related party individual who became an employee of the Company upon the acquisition. In order to ultimately determine the fair values of tangible and intangible assets acquired and liabilities assumed for H&K, we engaged a third-party independent valuation specialist to assist in the determination of fair values.

On May 1, 2017, the Company acquired all of the outstanding equity interests in Lochrane Engineering Incorporated ("Lochrane"), an Orlando, Florida based civil engineering firm, which specializes in the provision of services on major roadway projects, and its major clients include the Florida Department of Transportation and Florida's Turnpike Enterprise. The purchase price of this acquisition is up to $4,940 including $2,690 in cash, $2,200 in promissory notes (bearing interest at 3.0%), payable in four installments of $550, due on the first, second, third and fourth anniversaries of May 1, 2017, the effective date of the acquisition (see Note 9), $17 of the Company's common stock (441 shares) as of the closing date of the acquisition, and $33 in stock or a combination of cash and shares of the Company's stock, at our discretion, payable in two equal installments, due on the first and second anniversaries of May 1, 2017. Included in the $2,200 promissory notes, is an earn-out of $550, subject to the achievement of certain agreed upon metrics for calendar year 2017. The earn-out of $550 is interest bearing and was recorded at its estimated fair value of $413, based on a probability-weighted approach valuation technique used to determine the fair value of the contingent consideration on the acquisition date. The note and the earn-out are due to a related party individual who became an employee of the Company upon the acquisition. In order to ultimately determine the fair values of tangible and intangible assets acquired and liabilities assumed for Lochrane, we engaged a third-party independent valuation specialist to assist in the determination of fair values.

On April 14, 2017, the Company acquired all of the outstanding equity interests in Bock & Clark Corporation ("B&C"), an Akron, Ohio based surveying, commercial zoning, and environmental services firm. The acquisition of B&C will expand our cross-selling opportunities within our infrastructure engineering, surveying, and program management groups and with our financial and transactional real estate clients. The aggregate purchase price consideration paid by the Company in connection with the acquisition was $42,000, subject to customary closing working capital adjustments, funded entirely in cash. In order to ultimately determine the fair values of tangible and intangible assets acquired and liabilities assumed for Bock & Clark, we engaged a third-party independent valuation specialist to assist in the determination of fair values.

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On December 6, 2016, the Company acquired CivilSource, Inc. ("CivilSource"), an infrastructure engineering consulting firm based in Irvine, California. CivilSource's team of professionals specializes in the provision of comprehensive design and program management services on roadway, highway, and streets projects, as well as water and wastewater, flood control, and facilities projects. The purchase price of this acquisition was up to $11,050, including $5,050 in cash; $3,500 in promissory notes (bearing interest at 3%), payable in four installments of $875, due on the first, second, third and fourth anniversaries of December 6, 2016, the effective date of the acquisition; and $1,500 of the Company’s common stock (43,139 shares) issued as of the closing date. The purchase price also included a non-interest bearing earn-out of up to $1,000 payable in cash, subject to the achievement of certain agreed upon financial metrics for the year ended 2017, which was not achieved.

On November 30, 2016, the Company Hanna Engineering, Inc. ("Hanna”), a leading Northern California-based bridge and transportation program management firm. The purchase price of this acquisition was up to $10,000, including $4,500 in cash; 18,197 shares of common stock representing $600; and $2,700 in promissory notes (bearing interest at 3%), payable in four installments of $675, due on the first, second, third and fourth anniversaries of November 30, 2016, the effective date of the acquisition. The purchase price also includes $1,800 of the Company’s common stock payable in three installments of $600, due on the first, second and third anniversaries of the acquisition. The purchase price also included a non-interest bearing earn-out of up to $1,000 payable in cash, subject to the achievement of certain agreed upon financial metrics for the year ended 2017, which was not achieved.

On October 26, 2016, the Company acquired J.B.A. Consulting Engineers, Inc. (“JBA”), a Nevada-based MEP engineering, acoustics, technology, and fire protection consulting firm. The aggregate purchase price for this acquisition was $23,000, including cash in the aggregate amount of $12,000, 44,947 shares of common stock representing $1,400, and promissory notes in the aggregate principal amount of $7,000. The promissory notes are payable in five aggregate annual installments of $1,400 on each of October 26, 2017, 2018, 2019, 2020 and 2021. The promissory notes bear interest at the rate of 3.0% per annum. The purchase price also includes $2,600 of the Company’s common stock payable in two installments of $1,300, due on the first and second anniversaries of the acquisition. During fiscal year 2017, the Company revised its allocation of purchase price for its acquisition and reduced goodwill by $1,139.

On September 12, 2016, the Company acquired certain assets of Weir Environmental, L.L.C. (“Weir”), a New Orleans, Louisiana-based emergency remediation and environmental assessment firm. Weir also provides residential and commercial property loss consulting services. The purchase price of this acquisition was $1,000 including $300 in cash, $500 promissory note (bearing interest at 3.0%), payable in four installments of $125, due on the first, second, third and fourth anniversaries of September 12, 2016, the effective date of the acquisition (see Note 9) and $200 of the Company’s common stock (6,140 shares) as of the closing date of the acquisition.

On May 20, 2016, the Company acquired Dade Moeller & Associates, Inc., a North Carolina corporation ("Dade Moeller"). Dade Moeller provides professional services in radiation protection, health physics, and worker safety to government and commercial facilities. Dade Moeller's technical expertise includes radiation protection, industrial hygiene and safety, environmental services and laboratory consulting. This acquisition expanded the Company’s environmental, health and safety services and allows the Company to offer these services on a broader scale within its existing network. The purchase price of this acquisition was $20,000 including $10,000 in cash, $6,000 in promissory notes (bearing interest at 3.0%), payable in four installments of $1,500, due on the first, second, third and fourth anniversaries of May 20, 2016, the effective date of the acquisition (see Note 9), $1,000 of the Company’s common stock (36,261 shares) as of the closing date of the acquisition, and $3,000 in stock or a combination of cash and shares of the Company’s stock, at our discretion, payable in three installments of $1,000, due on the first, second and third anniversaries of May 20, 2016.

On February 1, 2016, the Company acquired Sebesta, Inc. (“Sebesta”), a St. Paul, Minnesota-based mechanical, electrical and plumbing (“MEP”) engineering and energy management company. Primary clients include federal and state governments, power and utility companies, and major educational, healthcare, industrial and commercial property owners throughout the United States. The purchase price of this acquisition was $14,000 paid from cash on hand. This acquisition expanded the Company’s MEP engineering and energy and allows the Company to offer these services on a broader scale within its existing network. In addition, this acquisition strengthens the Company’s geographic diversification and allows the Company to continue expanding its national footprint.

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The following table summarizes the fair values of the assets acquired and liabilities assumed as of the acquisition dates for acquisitions closed during 2018 and 2017:

	2018 Acquisitions	2017 Acquisitions
Cash	$ 345	$ 212
Billed and unbilled receivables, net	20,999	20,436
Property and equipment	3,122	1,756
Prepaid expenses	589	968
Other assets	83	337
Intangible assets:		
Customer relationships	32,267	29,889
Trade name	2,479	2,224
Customer backlog	8,007	1,387
Non-compete	4,306	1,703
Total Assets	72,197	58,912
Liabilities	(11,589)	(11,272)
Deferred tax liabilities	(8,903)	(15,951)
Net assets acquired	51,705	31,689
Consideration paid (Cash, Notes and/or stock)	90,516	71,439
Contingent earn-out liability (Cash and stock)	3,112	908
Total Consideration	93,628	72,347
Excess consideration over the amounts assigned to the net assets acquired (Goodwill)	$ 41,923	$ 40,658

Goodwill was recorded based on the amount by which the purchase price exceeded the fair value of the net assets acquired and the amount is attributable to the reputation of the business acquired, the workforce in place and the synergies to be achieved from these acquisitions. See Note 7 for further information on goodwill and identified intangibles.

The consolidated financial statements of the Company for fiscal years 2018, 2017 and 2016 include the results of operations from the businesses acquired from their respective dates of acquisition during each of the respective periods as follows:

	2018	2017	2016
Gross revenues	$33,468	$59,048	$46,172
Income before income taxes	$6,677	$10,755	$3,584

General and administrative expense for fiscal years 2018, 2017 and 2016 included $1,267, $1,398 and $1,171, respectively, of acquisition-related costs pertaining to the Company’s acquisition activities.

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The following table presents the unaudited, pro forma consolidated results of operations (in thousands, except per share amounts) for fiscal years 2018, 2017 and 2016 as if the acquisitions for CHI and CALYX had occurred as of January 1, 2017 and as if the acquisitions for B&C and RDK had occurred as of January 1, 2016. The pro forma information provided below is compiled from the financial statements of CHI, CALYX, B&C and RDK and includes pro forma adjustments for amortization expense, adjustments to certain expenses, and the income tax impact of these adjustments. These unaudited pro forma results are presented for informational purposes only and are not necessarily indicative of what the actual results of operations of the Company would have been if the acquisitions and related financing transactions had occurred on the date assumed, nor are they indicative of future results of operations.

	Years Ended		
	December 29, 2018	**December 30, 2017**	**December 31, 2016**
Gross revenues	$495,898	$430,805	$332,585
Net income	$32,130	$22,464	$16,918
Basic earnings per share	$2.90	$2.19	$1.81
Diluted earnings per share	$2.77	$2.07	$1.71

All other acquisitions were not material to the Company’s consolidated financial statements both individually and in the aggregate.

Note 5 – Billed and Unbilled Receivables

Billed and Unbilled Receivables consists of the following:

	December 29, 2018	**December 30, 2017**

Billed receivables	$ 101,482	$ 73,130
Less: allowance for doubtful accounts	(3,158)	(2,444)
Billed receivables, net	$ 98,324	$ 70,686
Unbilled receivables	$ 44,799	$ 40,599
Less: allowance for doubtful accounts	(1,388)	(1,198)
Unbilled receivables, net	$ 43,411	$ 39,401

Activity in the allowance for doubtful accounts consisted of the following:

	December 29, 2018	**December 30, 2017**
Balance as of the beginning of the year	$ 3,642	$ 1,992
Provision for doubtful accounts	797	586
Write-offs of uncollectible accounts	(301)	(605)
Other (1)	408	1,669
Balance as of the end of the year	$ 4,546	$ 3,642

(1) Includes allowances from new business acquisitions.

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Note 6 – Property and Equipment, net

Property and equipment, net consists of the following:

	December 29, 2018	**December 30, 2017**
Office furniture and equipment	$ 2,328	$ 1,621
Computer equipment	11,640	8,982
Survey and field equipment	5,526	2,381
Leasehold improvements	2,541	1,874
	22,035	14,858
Accumulated depreciation	(10,358)	(6,127)
	$ 11,677	$ 8,731

Depreciation expense for fiscal years 2018, 2017 and 2016 was $4,331, $2,818 and $1,679, respectively.

Note 7 – Goodwill and Intangible Assets

Goodwill

The changes in the carrying value by reportable segment for the fiscal years 2018 and 2017 were as follows:

	Fiscal Year 2018			
	December 30, 2017	Acquisitions	Disposed/ Adjustments	December 29, 2018
INF	$28,675	$ 40,472	$ 108	$69,255
BTS	70,224	1,451	-	71,675
Total	$98,899	$ 41,923	$ 108	$140,930

	Fiscal Year 2017			
	December 31, 2016	Acquisitions	Disposed/ Adjustments	December 30, 2017
INF	$25,678	$ 2,997	$ -	$ 28,675
BTS	33,702	37,661	(1,139)	70,224
Total	$59,380	$ 40,658	$ (1,139)	$ 98,899

Goodwill of $14,350 and $1,456 from acquisitions in 2018 and 2017, respectively, is expected to be deductible for income tax purposes. In 2018, the Company revised its allocation of purchase price for 2017 acquisitions and increased goodwill by $108. In 2017, the Company revised its allocation of purchase price for its JBA acquisition and reduced goodwill by $1,139.

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Intangible assets

Intangible assets, net, at December 29, 2018 and December 30, 2017 consist of the following:

	December 29, 2018			December 30, 2017		
	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Customer relationships (1)	$100,956	$ (18,724)	$82,232	$68,690	$ (11,361)	$57,329
Trade name (2)	8,888	(6,469)	2,419	6,409	(4,911)	1,498
Customer backlog (1)	16,000	(6,730)	9,270	7,995	(3,946)	4,049
Favorable lease (3)	552	(197)	355	553	(147)	406
Non-compete (4)	8,554	(3,074)	5,480	4,249	(1,777)	2,472
Total	$134,950	$ (35,194)	$99,756	$87,896	$ (22,142)	$65,754

(1) Amortized on a straight-line basis over estimated lives (1 to 10 years)
(2) Amortized on a straight-line basis over their estimated lives (1 to 3 years)
(3) Amortized on a straight-line basis over the remaining lease term of 9 years
(4) Amortized on a straight-line basis over their contractual lives (4 to 5 years)

The following table summarizes the weighted average useful lives of intangible assets acquired during 2018 and 2017:

	2018	2017
Customer relationships	10.0	10.0
Trade name	1.8	1.9
Customer backlog	1.8	1.5
Non-compete	4.1	3.3

Amortization expense for fiscal years 2018, 2017 and 2016 was $13,052, $10,310 and $4,549 respectively.

As of December 29, 2018, the future estimated aggregate amortization related to intangible assets is as follows:

Years Ended	
2019	$18,538
2020	14,697
2021	11,050
2022	10,667
2023	9,724
Thereafter	35,080
Total	$99,756

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Note 8 – Accrued Liabilities

Accrued liabilities consist of the following:

	December 29, 2018	**December 30, 2017**
Deferred rent	$ 779	$ 691
Payroll and related taxes	8,136	6,088
Professional liability reserve	157	316
Benefits	1,598	2,687
Accrued vacation	7,994	5,879
Unrecognized tax benefits	548	437
Other	1,641	2,896
Total	$ 20,853	$ 18,994

Note 9 – Notes Payable and Other Obligations

Notes payable and other obligations consists of the following:

	December 29, 2018	**December 30, 2017**
Senior Credit Facility	$ -	$ 36,500
Other Obligations	4,893	4,773
Uncollateralized promissory notes	40,001	27,284

Capital leases	2,092	-
Total Notes Payable and Other Obligations	46,986	68,557
Current portion of notes payable and other obligations	(17,139)	(11,127)
Notes payable and other obligations, less current portion	$ 29,847	$ 57,430

Senior Credit Facility

On December 20, 2018, we entered into an amendment to a Credit Agreement (the “Credit Agreement”) dated December 7, 2016 with Bank of America, N.A. (“Bank of America”) and Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPFS”). Pursuant to the Credit Agreement, Bank of America agreed to be the sole administrative agent for a five-year $125,000 Senior Secured Revolving Credit Facility (“Senior Credit Facility”) to the Company and, together with PNC Bank, National Association and Regions Bank as the other lenders under the Senior Credit Facility, has committed to lend to the Company all of the Senior Credit Facility, subject to certain terms and conditions. The Senior Credit Facility is secured by a first priority lien on substantially all of the assets of the Company. MLPFS has undertaken to act as sole lead arranger and sole book manager for the Senior Credit Facility. In addition, the Senior Credit Facility includes an accordion feature permitting the Company to request an increase in the Senior Credit Facility by an additional amount of up to $100,000. The Senior Credit Facility includes a $20,000 sublimit for the issuance of standby letters of credit and a $15,000 sublimit for swingline loans. The proceeds of the Senior Credit Facility are intended to be used (i) to finance permitted acquisitions, (ii) for capital expenditures, and (iii) for general corporate purposes.

Borrowings under the Credit Agreement are at variable rates which are, at our option, tied to a Eurocurrency rate equal to LIBOR (London Interbank Offered Rate) plus an applicable rate or a base rate denominated in U.S. dollars. Interest rates are subject to change based on our Consolidated Senior Leverage Ratio (as defined in the Credit Agreement).

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The Senior Credit Facility contains certain financial covenants, including a maximum leverage ratio of 4.0:1 and a minimum fixed charge coverage ratio of 1.20:1. Furthermore, the Senior Credit Facility also contains financial reporting covenant provisions and other covenants, representations, warranties, indemnities, and events of default that are customary for facilities of this type. As of December 29, 2018 and December 30, 2017, the Company is in compliance with the financial covenants. There was no outstanding balance on the Senior Credit Facility as of December 29, 2018. As of December 30, 2017, the outstanding balance on the Senior Credit Facility was $36,500.

Other Obligations

On November 2, 2018, the Company acquired CHI. The purchase price allowed for the payment of $3,000 in shares of the Company’s stock or a combination of cash and shares of the Company’s stock, at our discretion, payable in three equal installments, due on the first, second and third anniversaries of November 2, 2018. At December 29, 2018, the outstanding balance of this obligation was $2,631.

On February 2, 2018, the Company acquired CSA. The purchase price allowed for the payment of $250 in shares of the Company’s stock or a combination of cash and shares of the Company’s stock, at our discretion, payable in two equal installments, due on the first and second anniversaries of February 2, 2018. At December 29, 2018, the outstanding balance of this obligation was $222.

On January 12, 2018, the Company acquired all of the outstanding equity interest in Butsko. The purchase price allowed for the payment of $600 in shares of the Company’s stock or a combination of cash and shares of the Company’s stock, at our discretion, payable in two equal installments, due on the first and second anniversaries of January 12, 2018. At December 29, 2018, the outstanding balance of this obligation was $534.

On September 6, 2017, the Company acquired all of the outstanding equity interest in Marron. The purchase price allowed for the payment of $133 in shares of the Company’s stock or a combination of cash and shares of the Company’s stock, at our discretion, payable in two equal installments, due on the first and second anniversaries of September 6, 2017. The outstanding balance of this obligation was $55 as of December 29, 2018 and $133 as of December 30, 2017.

On June 6, 2017, the Company acquired all of the outstanding equity interest in RDK. The purchase price allowed for the payment of $1,333 in shares of the Company's stock or a combination of cash and shares of the Company's stock, at our discretion, payable in two equal installments, due on the first and second anniversaries of June 6, 2017. The outstanding balance of this obligation was $504 as of December 29, 2018 and $1,333 as of December 30, 2017.

On November 30, 2016, the Company acquired all of the outstanding equity interests of Hanna. The purchase price allowed for the payment of $1,200 in shares of the Company's stock or a combination of cash and shares of the Company's stock, at our discretion, payable in two installments of $600, due on the first and second anniversaries of November 30, 2016. The outstanding balance of this obligation was $0 as of December 29, 2018 and $600 as of December 30, 2017.

On October 26, 2016, the Company acquired all of the outstanding equity interests of JBA. The purchase price allowed for the payment of $2,600 in shares of the Company's stock or a combination of cash and shares of the Company's stock, at our discretion, payable in two installments of $1,300, due on the first and second anniversaries of October 26, 2016. The outstanding balance of this obligation was $0 as of December 29, 2018 and $1,300 as of December 30, 2017.

On May 20, 2016, the Company acquired all of the outstanding equity interests of Dade Moeller. The purchase price allowed for the payment of $3,000 in shares of the Company's stock or a combination of cash and shares of the Company's stock, at our discretion, payable in three installments of $1,000, due on the first, second and third anniversaries of May 20, 2016. The outstanding balance of this obligation was $936 as of December 29, 2018 and $2,000 as of December 30, 2017.

Uncollateralized Promissory Notes

On November 2, 2018, we acquired CHI. The purchase price included an uncollateralized $15,000 promissory note bearing interest at 3% payable in four installments of $3,750 due on the first, second, third and fourth anniversaries of November 2, 2018. The outstanding balance of the CHI Note was $15,000 as of December 29, 2018.

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On August 24, 2018, we acquired CALYX. The purchase price included an uncollateralized $4,000 promissory note bearing interest at 3.75% payable in four installments of $1,000 due on the first, second, third and fourth anniversaries of August 24, 2018. The outstanding balance of the CALYX Note was $4,000 as of December 29, 2018.

On February 2, 2018, we acquired CSA. The purchase price included an uncollateralized $600 promissory note bearing interest at 3.0% payable in four installments of $150, due on the first, second, third and fourth anniversaries of February 2, 2018. The outstanding balance of the CSA Note was $600 as of December 29, 2018.

On January 12, 2018, we acquired all of the outstanding equity interest in Butsko. The purchase price included an uncollateralized $1,000 promissory note bearing interest at 3.0% payable in four installments of $250, due on the first, second, third and fourth anniversaries of January 12, 2018. The outstanding balance of the Butsko Note was $1,000 as of December 29, 2018.

On September 6, 2017, the Company acquired all of the outstanding interests in Marron. The purchase price included an uncollateralized $300 promissory note bearing interest at 3.0% payable in three installments of $100, due on the first, second and third anniversaries of September 6, 2017. The outstanding balance of the Marron Note was $200 as of December 29, 2018 and $300 as of December 30, 2017.

On June 6, 2017, the Company acquired all of the outstanding equity interest in RDK. The purchase price included an uncollateralized $5,500 promissory note bearing interest at 3.0% payable in four installments of $1,375, due on the first, second, third and fourth anniversaries of June 6, 2017. The outstanding balance of the RDK Note was $4,125 as of December 29, 2018 and $5,500 as of December 30, 2017.

On May 4, 2017, the Company acquired all of the outstanding equity interest in H&K. The purchase price included an uncollateralized $600 promissory note bearing interest at 3.0% payable in four installments of $150, due on the first, second, third and fourth anniversaries of May 4, 2017, the effective date of the acquisition. The outstanding balance of the H&K Note was $450 as of December 29, 2018 and $600 as of December 30, 2017.

On May 1, 2017, the Company acquired all of the outstanding equity interest in Lochrane. The purchase price included an uncollateralized $1,650 promissory note bearing interest at 3.0% payable in four installments of $413, due

on the first, second, third and fourth anniversaries of May 1, 2017, the effective date of the acquisition. The outstanding balance of the Lochrane Note was $1,238 as of December 29, 2018 and $1,650 as of December 30, 2017.

On December 6, 2016, the Company acquired all of the outstanding interests of CivilSource. The purchase price included an uncollateralized $3,500 promissory note bearing interest at 3.0% payable in four installments of $875, due on the first, second, third and fourth anniversaries of December 6, 2016, the effective date of the acquisition. The outstanding balance of the CivilSource Note was $2,625 as of December 29, 2018 and $3,500 as of December 30, 2017.

On November 30, 2016, the Company acquired all of the outstanding interests of Hanna. The purchase price included an uncollateralized $2,700 promissory note bearing interest at 3.0% payable in four installments of $675, due on the first, second, third and fourth anniversaries of November 30, 2016, the effective date of the acquisition. The outstanding balance of the Hanna Note was $1,350 as of December 29, 2018 and $2,025 as of December 30, 2017.

On October 26, 2016, the Company acquired all of the outstanding interests of JBA. The purchase price included an uncollateralized $7,000 promissory note bearing interest at 3.0% payable in five installments of $1,400, due on the first, second, third, fourth and fifth anniversaries of October 26, 2016, the effective date of the acquisition. The outstanding balance of the JBA Note was $4,200 as of December 29, 2018 and $5,600 as of December 30, 2017.

On September 12, 2016, the Company acquired certain assets of Weir. The purchase price included an uncollateralized $500 promissory note bearing interest at 3.0% payable in four installments of $125, due on the first, second, third and fourth anniversaries of September 12, 2016, the effective date of the acquisition. The outstanding balance of the Weir Note was $250 as of December 29, 2018 and $375 as of December 30, 2017.

On May 20, 2016, the Company acquired all of the outstanding equity interests of Dade Moeller. The purchase price included an aggregate of $6,000 of uncollateralized promissory notes bearing interest at 3.0% payable in four equal payments of $1,500 each due on the first, second, third, and fourth anniversaries of May 20, 2016, the effective date of the acquisition. The outstanding balance of the Dade Moeller Notes was $3,036 as of December 29, 2018 and $4,500 as of December 30, 2017.

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On July 1, 2015, the Company acquired all of the outstanding equity interests of RBA. The purchase price included an uncollateralized $4,000 promissory notes bearing interest at 3.0% payable in four equal payments of $1,000 each due on the first, second, third, and fourth anniversaries of July 1, 2015, the effective date of the acquisition. The outstanding balance of the RBA Note was $1,000 as of December 29, 2018 and $2,000 as of December 30, 2017.

On June 24, 2015, the Company acquired certain assets of Allwyn. The purchase price included an uncollateralized $500 promissory note bearing interest at 3.5% that is payable in three equal payments of $167 each due on the first, second and third anniversaries of June 24, 2015, the effective date of the acquisition. The outstanding balance of the Allwyn Note was $0 as of December 29, 2018 and $166 as of December 30, 2017.

On January 30, 2015, the Company acquired all of the outstanding equity interests of JLA. The purchase price included an uncollateralized $1,250 promissory note bearing interest at 3.5% that is payable in four equal payments of $313 each due on the first, second, third, and fourth anniversaries of January 30, 2015, the effective date of the acquisition. The outstanding balance of the JLA Note was $313 as of December 29, 2018 and $625 as of December 30, 2017.

Future contractual maturities of long-term debt as of December 29, 2018 are as follows:

Years Ended	
2019	$17,139
2020	13,703
2021	10,673
2022	5,471
2023	-
Total	$46,986

As of December 29, 2018 and December 30, 2017, the carrying amount of debt obligations approximates their fair values based on Level 2 inputs.

Note 10 – Contingent Consideration

The following table summarizes the changes in the carrying value of estimated contingent consideration:

	December 29, 2018	December 30, 2017
Contingent consideration, beginning of the year	$ 1,890	$ 2,439
Additions for acquisitions	3,112	908
Reduction of liability for payments made	(728)	(625)
Increase (decrease) of liability related to re-measurement of fair value	424	(832)
Total contingent consideration, end of the period	4,698	1,890
Current portion of contingent consideration	(1,845)	(977)
Contingent consideration, less current portion	$ 2,853	$ 913

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Note 11 – Leases

The Company leases various office facilities from unrelated parties. These leases expire through 2031 and in certain cases provide for escalating rental payments and reimbursement for operating costs. During fiscal years 2018, 2017 and 2016, the Company leased office space from former owners of acquisitions which became shareholders of the Company. The Company recognized lease expense of $12,017, $10,342 and $6,751 for fiscal years 2018, 2017 and 2016, respectively, which is included in “Facilities and facilities related” in the Consolidated Statements of Net Income and Comprehensive Income. Included in these amounts are $901, $448 and $24 for fiscal years 2018, 2017 and 2016, respectively, for office leases with stockholders of the Company.

Some lease terms include rent and other concessions and rent escalation clauses which are included in computing minimum lease payments. Minimum lease payments are recognized on a straight-line basis over the minimum lease term. The variance of rent expense recognized from the amounts contractually due pursuant to the underlying leases is included in accrued liabilities in the Company’s consolidated balance sheets.

Future minimum payments under the non-cancelable operating leases as of December 29, 2018 are as follows:

Years Ended	**Amount**
2019	$9,506
2020	8,054
2021	7,224
2022	5,364
2023	4,504
Thereafter	7,704
Total minimum lease payments	$42,356

Note 12 – Commitments and Contingencies

Litigation, Claims and Assessments

The Company is subject to certain claims and lawsuits typically filed against the engineering, consulting and construction profession, alleging primarily professional errors or omissions. The Company carries professional liability insurance, subject to certain deductibles and policy limits, against such claims. However, in some actions, parties are seeking damages that exceed our insurance coverage or for which we are not insured. While management does not believe that the resolution of these claims will have a material adverse effect, individually or in aggregate, on its financial position, results of operations or cash flows, management acknowledges the uncertainty surrounding the ultimate resolution of these matters.

Note 13 – Stock-Based Compensation

In October 2011, the Company’s stockholders approved the 2011 Equity Incentive Plan, which was subsequently amended and restated in March 2013 (as amended, the “2011 Equity Plan”). The 2011 Equity Plan provides directors, executive officers, and other employees of the Company with additional incentives by allowing them to acquire ownership interest in the business and, as a result, encouraging them to contribute to the Company’s success. The Company may provide these incentives through the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares and units, and other cash-based or stock-based awards. As of December 29, 2018, 1,020,400 shares of common stock are authorized and reserved for issuance under the 2011 Equity Plan. This reserve automatically increases on each January 1 from 2014 through 2023, by an amount equal to the smaller of (i) 3.5% of the number of shares issued and outstanding on the immediately preceding December 31, or (ii) an amount determined by the Company’s Board of Directors. The restricted shares of common stock granted generally provide for service-based vesting after two to four years following the grant date.

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The following summarizes the activity of restricted stock awards during fiscal years 2018, 2017 and 2016:

	Number of Unvested Restricted Shares of Common Stock and Restricted Stock Units	**Weighted Average Grant Date Fair Value**
Unvested shares as of December 31, 2015	430,816	$ 13.08
Granted	200,622	$ 26.31
Vested	(109,503)	$ 8.12
Forfeited	(19,162)	$ 15.49
Unvested shares as of December 31, 2016	502,773	$ 19.35
Granted	199,419	$ 38.72
Vested	(93,805)	$ 9.61
Forfeited	(25,336)	$ 28.79
Unvested shares as of December 30, 2017	583,051	$ 27.13
Granted	187,087	$ 65.15
Vested	(127,870)	$ 19.98
Forfeited	(15,357)	$ 32.14
Unvested shares as of December 29, 2018	626,911	$ 39.81

Share-based compensation expense relating to restricted stock awards during fiscal years ended 2018, 2017 and 2016 was $6,697, $4,011 and $2,343, respectively. At December 29, 2018, there was $14,363 of total unrecognized compensation costs related to equity awards, which is expected to be recognized over a weighted average vesting period of 2.0 years. The total fair value of restricted shares vested during fiscal years 2018, 2017 and 2016 was $7,422, $3,626 and $3,372, respectively.

Note 14 – Employee Benefit Plan

The Company sponsors a 401(k) Profit Sharing and Savings Plan (the “401(k) Plan”) for which employees meeting certain age and length of service requirements may contribute up to the defined statutory limit. The 401(k) Plan allows for the Company to make matching and profit sharing contributions in such amounts as may be determined by the Board of Directors. The Company assesses its matching contributions on a quarterly basis based primarily on Company performance in previous periods.

The Company contributed $676, $1,940 and $960, respectively, to the 401(k) Plan for fiscal years 2018, 2017 and 2016, respectively.

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Note 15 – Income Taxes

Income tax expense for fiscal years 2018, 2017 and 2016 consisted of the following:

	Years Ended		
	December 29, 2018	**December 30, 2017**	**December 31, 2016**
Current:			
Federal	$7,261	$9,341	$6,646
State	2,911	2,265	1,730
Foreign	276	263	-
Total current income tax expense	10,448	11,869	8,376
Deferred:			
Federal	(2,924)	(10,439)	(1,452)
State	(661)	(803)	(385)
Total deferred income tax (benefit)	(3,585)	(11,242)	(1,837)
Total income tax expense	$6,863	$627	$6,539

Temporary differences comprising the net deferred income tax liability shown in the Company’s consolidated balance sheets were as follows:

	December 29, 2018	**December 30, 2017**
Deferred tax asset:		
Allowance for doubtful accounts	$1,044	$703
Accrued compensation	4,348	2,813

Deferred rent	201	178
Other	78	116
Total deferred tax asset	$ 5,671	$ 3,810
Deferred tax liability:		
Acquired intangibles	$ (17,248)	$ (11,424)
Cash to accrual adjustment	(1,962)	(2,022)
Depreciation and amortization	(2,444)	(1,059)
Other	(241)	(210)
Total deferred tax liability	(21,895)	(14,715)
Net deferred tax liability	$ (16,224)	$ (10,905)

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Total income tax expense was different than the amount computed by applying the Federal statutory rate as follows:

	Years Ended		
	December 29, 2018	**December 30, 2017**	**December 31, 2016**
Tax at federal statutory rate	$7,081	$ 8,622	$ 6,351
State taxes, net of Federal benefit	1,424	714	960
Federal and state tax credits	(923)	(250)	(165)
Changes in unrecognized tax position	111	506	50
Domestic production activities deduction	-	(936)	(602)
Stock based compensation	(1,014)	(1,016)	-
Transition tax	110	357	-
Effect of change in income tax rate	31	(6,249)	-
Other	43	(1,121)	(55)
Total income tax expense	$6,863	$ 627	$ 6,539

On December 22, 2017 the Tax Cuts and Jobs Act (“2017 Tax Reform”) was enacted in the United States. Among its many provisions, the 2017 Tax Reform reduced the U.S. corporate income tax rate from 35% to 21%, effective January 1, 2018. The 2017 Tax Reform required a one-time transition tax on undistributed foreign earnings and created a new provision designed to tax global intangible low-taxed income (“GILTI”). Also, the SEC issued guidance in Staff Accounting Bulletin No. 118 which provided for a measurement period of up to one year after the enactment for companies to complete their accounting for the 2017 Tax Reform.

As a result of the 2017 Tax Reform, during the fourth quarter of 2017, the Company recorded a decrease of $6,249 to its deferred tax assets and liabilities, with a corresponding adjustment to deferred income tax expense. In addition, during the fourth quarter of 2017, the Company recorded a provisional liability of $357 with a corresponding adjustment to income tax expense related to the one-time transition tax on undistributed foreign earnings. The provisional adjustment related to the 2017 Tax Reform was determined using reasonable estimates. During the year ended December 29, 2018, the Company recognized a $110 adjustment to the provisional amount recorded at December 30, 2017.

As of December 29, 2018 and December 30, 2017, the Company had net non-current deferred tax liabilities of $16,224 and $10,905, respectively. No valuation allowance against the Company's deferred income tax assets is needed as of December 29, 2018 and December 30, 2017 as it is more-likely-than-not that the positions will be realized upon settlement. Deferred income tax liabilities primarily relate to intangible assets and accounting basis adjustments where the Company has a future obligation for tax purposes. During 2018, the Company recorded a deferred tax liability of $8,903 in conjunction with the purchase price allocation of CSA and CHI as a result of the intangibles acquired in the acquisitions and vesting of restricted stock.

The Company's consolidated effective income tax rate was 20.4%, 2.5% and 36.0% for fiscal years 2018, 2017 and 2016, respectively. The difference between the effective income tax rate and the combined statutory federal and state income tax rate is principally due to research and development credits and other permanent items. Furthermore, in fiscal year 2018, the Company recorded reductions in income tax expense of $1,232 relating to the income tax benefit received in conjunction with the vesting of restricted stock during the period. The difference between the effective income tax rate and state income tax rate for 2017 and 2016 was principally due to the federal domestic production activities deduction, research and development credits, and other permanent items. Furthermore, in fiscal year 2017, the Company recorded reductions in income tax expense of $1,016 relating to the income tax benefit received in conjunction with the vesting of restricted stock during the period. Also contributing to the decrease in the effective tax rate for fiscal year 2017 is the lower effective tax rate applicable to the Asia operations purchased in the JBA acquisition at the end of 2016 and the re-measurement of the Company's deferred tax assets and liabilities as a result of the change in the U.S. corporate tax rate.

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The Company evaluates tax positions for recognition using a more-likely-than-not recognition threshold, and those tax positions eligible for recognition are measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon the effective settlement with a taxing authority that has full knowledge of all relevant information. The California Franchise Tax Board ("CFTB") challenged research and development tax credits generated for the years 2012 to 2014. During the fourth quarter of 2017, the Company settled with the CFTB and paid $839 for research and development tax credits for the years 2005 through 2011. Fiscal years 2012 through 2017 are considered open tax years in the State of California and 2015 through 2017 in the U.S. federal jurisdiction and other state jurisdictions. The Company's 2014 income tax return was being reviewed by the Internal Revenue Service (the "IRS"), however during the second quarter of 2018, the IRS closed the examination with no changes to the Company's previously filed 2014 federal income tax return.

At December 29, 2018 and December 30, 2017, the Company had $548 and $437, respectively, of unrecognized tax benefits, which if recognized, would affect our effective tax rate. It is not expected that there will be a significant change in the unrecognized tax benefits in the next 12 months. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	December 29, 2018	**December 30, 2017**
Balance, beginning of period	$ 437	$ 770
Additions based on tax positions related to the current year	45	49
Additions for tax positions of prior years	66	525
Reductions for positions of prior years	-	(68)
Settlement	-	(839)
Balance, end of period	$ 548	$ 437

Note 16 – Reportable Segments

The Company's Chief Executive Officer is the chief operating decision maker and organized the Company into two operating and reportable segments as follows:

- *Infrastructure (INF)* includes our engineering, civil program management, and construction quality assurance, testing, and inspection practices
- *Building, Technology & Sciences (BTS)*, which includes our energy, environmental and building program management practices

The Company evaluates the performance of these reportable segments based on their respective operating income before the effect of amortization expense related to acquisitions and other unallocated corporate expenses. The Company accounts for inter-segment revenues and transfers as if the sales and transfers were to third parties. All significant intercompany balances and transactions are eliminated in consolidation.

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The following tables set forth summarized financial information concerning our reportable segments:

	Years Ended		
	December 29, 2018	**December 30, 2017**	**December 31, 2016**
Gross revenues			
INF	$257,353	$185,238	$159,514
BTS	164,739	152,304	69,218
Elimination of inter- segment revenues	(4,011)	(4,508)	(4,822)
Total gross revenues	$418,081	$333,034	$223,910
Segment income before taxes			
INF	$43,832	$32,245	$27,688
BTS	26,656	21,018	7,847
Total Segment income before taxes	70,488	53,263	35,535
Corporate(1)	(36,769)	(28,630)	(17,389)
Total income before taxes	$33,719	$24,633	$18,146

(1) Includes amortization of intangibles of $13,052, $10,310 and $4,549 for the fiscal years ended 2018, 2017 and 2016, respectively.

	December 29, 2018	**December 30, 2017**
Assets		
INF	$228,979	$118,585
BTS	155,112	165,857
Corporate(1)	55,330	21,338
Total assets	$439,421	$305,780

(1) Corporate assets consist of intercompany eliminations and assets not allocated to segments including cash and cash equivalents and certain other assets.

Upon adoption of Topic 606, the Company disaggregates its gross revenues from contracts with customers by geographic location, customer-type and contract-type for each of its reportable segments. Disaggregated revenues include the elimination of inter-segment revenues which has been allocated to each segment. The Company believes this best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by economic factors.

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	2018		
	INF	**BTS**	**Total**
Gross revenues by Geographic Location			
United States	$254,723	$150,696	$405,419
Foreign	-	12,662	12,662
Total gross revenues	$254,723	$163,358	$418,081

	2018		
	INF	**BTS**	**Total**
Gross revenues by Customer			
Public and quasi-public sector	$233,395	$45,393	$278,788
Private sector	21,328	117,965	139,293
Total gross revenues	$254,723	$163,358	$418,081

	2018		
	INF	**BTS**	**Total**
Gross revenues by Contract Type			
Cost-reimbursable contracts	$254,365	$128,738	$383,103
Fixed-unit price contracts	358	34,620	34,978
Total gross revenues	$254,723	$163,358	$418,081

Note 17 – Quarterly Financial Information (Unaudited)

Management believes the following unaudited quarterly financial information for fiscal years 2018 and 2017, which is derived from the Company’s unaudited interim financial statements, reflects all adjustments necessary for a fair statement of the results of operations. The fluctuations between periods is a result of acquisitions made during 2018 and 2017 (See Note 4).

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Year Ended December 29, 2018	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
Gross revenues	$94,534	$104,018	$104,185	$115,344
Gross profit	$46,631	$50,702	$49,974	$54,097
Income from operations	$6,301	$9,350	$9,974	$10,060
Income before income tax expense	$5,690	$8,700	$9,523	$9,806
Net income and comprehensive income	$4,292	$7,620	$7,285	$7,659
Basic earnings per share	$0.42	$0.73	$0.65	$0.64
Diluted earnings per share	$0.39	$0.69	$0.62	$0.62

Year Ended December 30, 2017	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
Gross revenues	$64,059	$83,736	$91,263	$93,976
Gross profit	$31,722	$41,360	$46,746	$45,426
Income from operations	$2,521	$6,866	$8,959	$8,222
Income before income tax expense	$2,282	$6,587	$8,435	$7,329
Net income and comprehensive income	$2,270	$4,319	$5,912	$11,505
Basic earnings per share	$0.23	$0.42	$0.58	$1.12
Diluted earnings per share	$0.21	$0.40	$0.55	$1.06

Note 18 – Subsequent Events

On December 31, 2018, the Company acquired certain assets of Celtic Energy, Inc., a nationally recognized energy consulting firm that specializes in energy project management and oversight. The aggregate purchase price paid by the Company is up to $1,900, paid with a combination of cash and stock at closing and future stock and note payments.

The Company will recognize the assets acquired and the liabilities assumed at their fair values and will record an allocation of the purchase price to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. The Company expects goodwill to be recorded based on the amount by which the purchase price exceeds the fair value of the net assets acquired, the amount attributable to the reputation of the businesses acquired, the workforce in place and the synergies to be achieved from these acquisitions. In order to determine the fair values of tangible and intangible assets acquired and liabilities assumed, the Company will engage a third party independent valuation specialist to assist in management's determination of fair values total of tangible and intangible assets acquired and liabilities of these acquisitions. The initial accounting for this acquisition is incomplete at this time due to the recent closing of this transaction. The Company expects to establish a preliminary purchase price allocation with respect to this transaction by the end of the first quarter of 2019.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Controls and Procedures

As of December 29, 2018, the end of the period covered by this Annual Report on Form 10-K, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of December 29, 2018, the end of the period covered by this Annual Report on Form 10-K, the Company's disclosure controls and procedures, were not effective as a result of a material weakness in our internal control over financial reporting, which is discussed further below. The material weakness described herein did not result in a material misstatement to the Company's previously issued consolidated financial statements, nor in the consolidated financial statements included in this Annual Report on Form 10-K.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting for external purposes in accordance with accounting principles generally accepted in the United States. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 29, 2018. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013 Internal Control—Integrated Framework.

As disclosed under Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Recent Acquisitions, in the fiscal year 2018, we completed the acquisition of the privately-held companies CHI Engineering Services, Inc. ("CHI"), CALYX Engineers and Consultants, Inc. ("CALYX"), and CSA (M&E) Ltd. ("CSA"). These acquired businesses combined constitute 7% of the total assets of the Company at December 29, 2018, and 7% of the Company's gross revenues for the year ended December 29, 2018. As permitted by SEC guidance for newly acquired businesses, because it was not possible to complete an effective assessment of the acquired companies' controls by year-end, management has excluded CHI, CALYX, and CSA from its evaluation of disclosure controls and procedures and control over financial reporting and changes therein from the date of such acquisition through December 29, 2018.

A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements. The material weakness described herein did not result in a material misstatement to the Company's previously issued consolidated financial statements, nor in the consolidated financial statements included in this Annual Report on Form 10-K. In connection with management's evaluation of the effectiveness of our internal control over financial reporting described above, we identified a material weakness in our internal control over financial reporting related to revenues as of December 29, 2018. This material weakness related solely to internal control deficiencies over the initial set up of project contracts in our project management system and adequate documentation to support the analysis of certain percentage of completion projects. Because of the material weakness, management concluded that the Company did not maintain effective internal control over financial reporting as of December 29, 2018, based on the criteria set forth by COSO.

Our independent registered public accounting firm, Deloitte & Touche LLP, that audited our consolidated financial statements included in this Annual Report on Form 10-K, also audited the effectiveness of our internal control over financial reporting as of December 29, 2018, as stated in their report included in this Annual Report on Form 10-K.

Remediation Plan

Management is committed to maintaining a strong internal control environment. In response to the identified material weakness, management, with the oversight of the Audit Committee of the Board of Directors, will take comprehensive actions to remediate the material weakness in internal control over financial reporting, including implementing additional specific enhanced control procedures around new project contract set up control activities and the periodic analysis related to percentage of completion projects. Specific enhanced control procedures will include training of individuals involved in project set up and analysis of percentage of completion projects and system enhancements to our project management system. We have commenced this remediation plan and we anticipate remediating this material weakness by the end of the second quarter of 2019, subject to the conclusion by management that the

enhanced internal control over financial reporting is operating effectively following appropriate testing. The remediation efforts are intended both to address the identified material weakness and to enhance our overall financial control environment. As management continues to evaluate and work to improve our disclosure controls and procedures and internal control over financial reporting, we may take additional measures to address these deficiencies or modify certain of the remediation measures described above.

Changes in Internal Control

Subject to the above regarding the controls of CHI, CALYX and CSA and the noted material weakness, there were no changes in our internal control over financial reporting during our fiscal quarter ended December 29, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of NV5 Global, Inc.

Hollywood, Florida

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of NV5 Global, Inc. and subsidiaries (the "Company") as of December 29, 2018, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, because of the effect of the material weakness identified below on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 29, 2018, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 29, 2018, of the Company and our report dated March 14, 2019, expressed an unqualified opinion on those financial statements.

As described in Management's Annual Report on Internal Control Over Financial Reporting, management excluded from its assessment the internal control over financial reporting at CHI Engineering Services, Inc., CALYX Engineers and Consultants, Inc., and CSA (M&E) Ltd., which were acquired in 2018 and whose financial statements constitute 7% of total assets and 7% of gross revenues of the consolidated financial statement amounts as of and for the year ended December 29, 2018. Accordingly, our audit did not include the internal control over financial reporting at CHI Engineering Services, Inc., CALYX Engineers and Consultants, Inc., and CSA (M&E) Ltd.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and

the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Material Weakness

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment: A material weakness in the Company's internal control over financial reporting was identified related to revenues. This material weakness related to internal control deficiencies over the initial set up of project contracts in the Company's project management system and adequate documentation to support the analysis of certain percentage of completion projects. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements as of and for the year ended December 29, 2018, of the Company, and this report does not affect our report on such financial statements.

/s/ Deloitte & Touche LLP

Miami, Florida

March 14, 2019

ITEM 9B. OTHER INFORMATION

None

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Information required by this item is incorporated by reference from our definitive proxy statement for the 2019 Annual Meeting of Stockholders to be filed within 120 days of our fiscal 2018 year end.

ITEM 11. EXECUTIVE COMPENSATION.

Information required by this item is incorporated by reference from our definitive proxy statement for the 2019 Annual Meeting of Stockholders to be filed within 120 days of our fiscal 2018 year end.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Information required by this item is incorporated by reference from our definitive proxy statement for the 2019 Annual Meeting of Stockholders to be filed within 120 days of our fiscal 2018 year end.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this item is incorporated by reference from our definitive proxy statement for the 2019 Annual Meeting of Stockholders to be filed within 120 days of our fiscal 2018 year end.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

Information required by this item is incorporated by reference from our definitive proxy statement for the 2019 Annual Meeting of Stockholders to be filed within 120 days of our fiscal 2018 year end.

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) Financial Statements:

(1) The financial statements required to be included in this Annual Report on Form 10-K are included in Item 8 therein.

(2) All supplemental schedules have been omitted since the information is either included in the financial statements or the notes thereto or they are not required or are not applicable.

(3) See attached Exhibit Index of this Annual Report on Form 10-K.

(b) Exhibits:

Number	**Description**
2.1	Stock Purchase Agreement, dated as of October 25, 2016, by and among J.B.A. Consulting Engineers, Inc., a Nevada corporation, each of the stockholders of J.B.A. Consulting Engineers, Inc., Carl Von Hake, as the sole stockholder representative of J.B.A. Consulting Engineers, Inc. and NV5 Global, Inc. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on October 28, 2016)
3.1	Amended and Restated Certificate of Incorporation (Incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1 filed with the SEC on January 28, 2013)
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of NV5 Holdings, Inc. (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on December 8, 2015)
3.3	Amended and Restated Bylaws (Incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on December 8, 2015)
4.1	Specimen Stock Certificate (Incorporated by reference to Exhibit 4.2 to Amendment No. 1 to the Company's Registration Statement on Form S-1 filed with the SEC March 11, 2013)
4.2	Specimen Warrant Certificate (included in Exhibit 4.5) (Incorporated by reference to Exhibit 4.5 to Amendment No. 1 to the Company's Registration Statement on Form S-1 filed with the SEC on March 11,

	2013)
10.1	2011 Equity Incentive Plan, as amended through March 8, 2013† (Incorporated by reference to Exhibit 10.1 to Amendment No. 1 to the Company's Registration Statement on Form S-1 filed with the SEC on March 11, 2013)
10.2	Form of Restricted Stock Agreement† (Incorporated by reference to Exhibit 10.2 to Amendment No. 1 to the Company's Registration Statement on Form S-1 filed with the SEC on March 11, 2013)
10.3	Form of Restricted Stock Unit Agreement† (Incorporated by reference to Exhibit 10.3 to Amendment No. 1 to the Company's Registration Statement on Form S-1 filed with the SEC on March 11, 2013)
10.4	Form of Indemnity Agreement (Incorporated by reference to Exhibit 10.5 to the Company's Registration Statement on Form S-1 filed with the SEC on January 28, 2013)

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Number	Description
10.5	Amended and Restated Employment Agreement dated August 29, 2017 by and between the Company and Mr. Dickerson Wright (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on September 5, 2017).
10.6	Employment Agreement, dated October 1, 2010, between NV5, Inc. (formerly Vertical V, Inc.) and Richard Tong, as amended by that certain First Amendment to Employment Agreement, dated as of March 18, 2011, between NV5, Inc. and Richard Tong† (Incorporated by reference to Exhibit 10.8 to the Company's Registration Statement on Form S-1 filed with the SEC on January 28, 2013)
10.7	Employment Agreement, dated October 1, 2010, between NV5, Inc. (formerly Vertical V, Inc.) and Alexander Hockman, as amended by that certain First Amendment to Employment Agreement, dated as of March 18, 2011, between NV5, Inc. and Alexander Hockman† (Incorporated by reference to Exhibit 10.9 to the Company's Registration Statement on Form S-1 filed with the SEC on January 28, 2013)
10.8	Employment Agreement, dated January 25, 2012, between NV5, Inc. and Michael Rama† (Incorporated by reference to Exhibit 10.10 to the Company's Registration Statement on Form S-1 filed with the SEC on January 28, 2013)
10.9	Employment Agreement, dated October 1, 2010, between NV5, Inc. (formerly Vertical V, Inc.) and MaryJo O'Brien, as amended by that certain First Amendment to Employment Agreement, dated as of March 18, 2011, between NV5, Inc. and MaryJo O'Brien† (Incorporated by reference to Exhibit 10.11 to the Company's Registration Statement on Form S-1 filed with the SEC on January 28, 2013)
10.10	Second Amendment to Employment Agreement, dated as of August 11, 2015, between NV5, Inc. and Donald Alford.† (Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 14, 2015)
10.11	Second Amendment to Employment Agreement, dated as of August 11, 2015, between NV5, Inc. and Alexander Hockman. † (Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 14, 2015)
10.12	Second Amendment to Employment Agreement, dated as of August 11, 2015, between NV5, Inc. and Richard Tong. † (Incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 14, 2015)
10.13	Second Amendment to Employment Agreement, dated as of August 11, 2015, between NV5, Inc. and Mary Jo O'Brien.† (Incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 14, 2015)
10.14	First Amendment to Employment Agreement, dated as of August 11, 2015, between NV5, Inc. and Michael Rama. † (Incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 14, 2015)
10.15	NV5 Global, Inc. Employee Stock Purchase Plan† (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on June 8, 2016).

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Number	Description
10.16	Commitment Letter, effective as of October 14, 2016, by and among Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated and the Registrant. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on October 20, 2016).
10.17	Credit Agreement, dated as of December 7, 2016 by and among NV5 Global, Inc., as borrower, the subsidiaries of NV5 Global, Inc. named therein, as guarantors, Bank of America, N.A., as administrative agent, swing line lender and letter of credit issuer. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on December 7, 2016)
10.18	Amendment No. 1 to Credit Agreement, dated as of December 20, 2018 by and among NV5 Global, Inc., as borrower, the subsidiaries of NV5 Global, Inc. named therein, as guarantors, Bank of America, N.A., as administrative agent, swing line lender and letter of credit issuer, including Annex A thereto. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on November 7, 2018).
10.19	Amended and Restated Employment Agreement dated November 7, 2018 by and between the Company and Mr. Dickerson Wright. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on December 21, 2018).
21.1*	Subsidiaries of the Registrant
23.1*	Consent of Deloitte & Touche LLP
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to § 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to § 302 of the Sarbanes-Oxley Act of 2002
32.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002**
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

† Indicates a management contract or compensatory plan, contract or arrangement.

* Filed herewith.

** Furnished herewith. This certification is being furnished solely to accompany this report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filings of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NV5 GLOBAL, INC.

By: /s/ Dickerson Wright
Dickerson Wright
Chairman and Chief Executive Officer
Date: March 14, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Dickerson Wright **Dickerson Wright**	Chairman and Chief Executive Officer (Principal Executive Officer)	March 14, 2019
/s/ Michael P. Rama **Michael P. Rama**	Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 14, 2019
/s/ Alexander A. Hockman **Alexander A. Hockman**	Chief Operating Officer, President and Director	March 14, 2019
/s/ MaryJo O'Brien **MaryJo O'Brien**	Executive Vice President and Director	March 14, 2019
/s/ Gerald J. Salontai **Gerald J Salontai**	Director	March 14, 2019

/s/ Jeffrey A. Liss /s/ Gerald J. Salontai **Jeffrey A. Liss** **Gerald J Salontai**	Director	March 14, 2019
/s/ William D. Pruitt **William D. Pruitt**	Director	March 14, 2019
/s/ Francois Tardan **Francois Tardan**	Director	March 14, 2019

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