

PERFICIENT INC
Form 11-K
June 29, 2005

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**U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

Form 11-K

**þ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the fiscal year ended December 31, 2004

OR

**o TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 001-15169

A. Full title of plan and the address of the plan, if different from that of the issuer named below:

The Perficient 401(k) Employee Savings Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive offices:

Perficient, Inc.
1120 South Capital of Texas Highway, Building Three, Suite 220
Austin, Texas 78746

The Perficient 401(k) Employee Savings Plan

**Financial Statements
and Supplemental Schedule**

Years ended December 31, 2004 and 2003

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INDEPENDENT AUDITOR S REPORT

The Trustees
The Perficient 401(k) Employee Savings Plan
Austin, Texas

We have audited the accompanying statements of net assets available for benefits of the Perficient 401(k) Employee Savings Plan as of December 31, 2004 and 2003, and the related statements of changes in net assets available for benefits for the years then ended. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of The Perficient 401(k) Employee Savings Plan as of December 31, 2004 and 2003, and the changes in its net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule (Schedule of Assets (Held at End of Year)) as of December 31, 2004, is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wipfli LLP

June 14, 2005
Eau Claire, Wisconsin

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**The Perficient 401(k) Employee Savings Plan
Statements of Net Assets Available for Benefits
December 31, 2004 and 2003**

| <i>Assets</i> | 2004 | 2003 |
|--|-------------------------|-------------------------|
| Investments At fair value: | | |
| Mutual funds | \$ 6,836,413 | \$ 4,862,601 |
| Employer securities | 273,172 | 62,815 |
| Participant loans | 46,410 | 50,031 |
| Total investments | \$ 7,155,995 | \$ 4,975,447 |
| Receivables: | | |
| Employer contributions | 12,072 | 0 |
| Participant contributions | 46,513 | 0 |
| Loan payments | 921 | 0 |
| Total receivables | 59,506 | 0 |
| NET ASSETS AVAILABLE FOR BENEFITS | \$ 7,215,501 | \$ 4,975,447 |

See accompanying notes to financial statements.

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**The Perficient 401(k) Employee Savings Plan
Statements of Changes in Net Assets Available for Benefits
Year ended December 31, 2004 and 2003**

| | 2004 | 2003 |
|---|---------------------|---------------------|
| Additions to net assets attributed to: | | |
| Investment income: | | |
| Net appreciation in fair value of investments | \$ 829,970 | \$ 587,596 |
| Participant loan interest | 1,459 | 2,864 |
| Net investment income | 831,429 | 590,460 |
| Contributions: | | |
| Employee | 1,503,302 | 885,554 |
| Employer | 244,241 | 142,994 |
| Rollover | 177,482 | 19,635 |
| Total contributions | 1,925,025 | 1,048,183 |
| Transfer from other Plans | 0 | 1,705,044 |
| Total additions | 2,756,454 | 3,343,687 |
| Deductions from net assets attributed to: | | |
| Benefits paid directly to participants | 515,726 | 291,076 |
| Administrative expenses | 674 | 237 |
| Total deductions | 516,400 | 291,313 |
| Net increase | 2,240,054 | 3,052,374 |
| Net assets available for benefits: | | |
| Beginning of year | 4,975,447 | 1,923,073 |
| End of year | \$ 7,215,501 | \$ 4,975,447 |

See accompanying notes to financial statements.

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**The Perficient 401(k) Employee Savings Plan
Notes to Financial Statements**

1. Description of Plan

The following description of The Perficient 401(k) Employee Savings Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan agreement for a more complete description of the Plan s provisions.

General

The Plan is a defined contribution plan covering substantially all employees of Perficient, Inc. (the Company) who are age 21 or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Each year participants may contribute up to 20% of their pretax annual compensation to any of the investment funds. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. The Company may make matching contributions up to specified amounts at its discretion. The Company may not make a contribution to the Plan for any Plan year to the extent the contribution would exceed the participant s maximum permissible amount. The matching contribution for 2004 and 2003 was 25% of the first 6% of eligible compensation deferred by the participant.

Participant Accounts

Each participant s account is credited with the participant s contribution and allocations of (a) the Company s contribution and (b) Plan earnings. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant s vested account.

Participant-Directed Investments

All assets of the Plan are participant-directed investments.

Participants have the option of directing their account balance to one or more different investment options. The investment options include various fixed and equity mutual funds and Perficient, Inc. common stock.

Table of Contents**Vesting**

Participants are immediately vested in their contributions plus actual earnings thereon. The Company matching contributions plus earnings thereon vest based on years of service as follows:

| Years of Service | Nonforfeitable Percentage |
|------------------|------------------------------|
| Less than 1 | 0 |
| 1 | 33 |
| 2 | 66 |
| 3 or more | 100 |

Payment of Benefits

Participants are entitled to receive benefit payments at the normal retirement age of 65, in the event of the participant's death or disability, or in the event of termination under certain circumstances other than normal retirement, disability or death, or if the participant reaches age 70 1/2 while still employed. Benefits may be paid in a lump-sum distribution or installment payments.

Forfeited Accounts

In accordance with the Plan provisions, the forfeitures of participants leaving the Plan are reallocated to the remaining participants. Forfeitures during the years ended December 31, 2004 and 2003, were \$11,754 and \$4,569, respectively.

Participant Loans

Upon written application of a participant, the Plan may make a loan to the participant. Participants are allowed to borrow no less than \$1,000 and no greater than the lesser of 50% of the participant's vested account balance, or \$50,000. Loans are amortized over a maximum of 60 months unless used to purchase the participant's principal residence and repayment is made through payroll deductions. The amount of the loan is deducted from the participant's investment accounts and bears interest at a rate commensurate with local rates for similar plans.

2. Summary of Significant Accounting Policies**Basis of Presentation**

The financial statements of the Plan have been prepared on the accrual basis of accounting, except for benefit payments, which are reported when paid.

Valuation of Investments

Investments in mutual funds and employer securities are stated at fair value, which is determined based on quoted market prices. Participant loans are stated at cost, which approximates fair value.

Table of Contents**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

3. Investments

The following investments represented 5% or more of the Plan's net assets available for benefits at December 31, 2004:

| | Current Value |
|------------------------------------|--------------------------|
| Janus Worldwide Fund | \$ 468,379 |
| Janus Twenty Fund | 515,131 |
| T. Rowe Price Mid Cap Growth Fund | 955,561 |
| T. Rowe Price Small Cap Stock Fund | 668,028 |
| Hartford Index Fund | 510,270 |
| Hartford Money Market HLS | 932,052 |

During the years ended December 31, 2004 and 2003, the Plan's investments (including investments purchased, sold, or held during the year) appreciated in fair value as follows:

| | 2004 | 2003 |
|---------------------------|-------------------|-------------------|
| General Insurance Account | \$ 0 | \$ 1,742 |
| Mutual funds | 679,823 | 554,770 |
| Employer securities | 150,147 | 31,084 |
| | \$ 829,970 | \$ 587,596 |

4. Income Tax Status

The Plan's latest determination letter is dated August 7, 2001, in which the Internal Revenue Service stated the Plan, as then designed, was in compliance with the application requirements of the Internal Revenue Code. Effective January 1, 2002, the Plan was amended and restated to comply with applicable law changes. Perficient, Inc. believes the Plan currently is designed and being operated in compliance with the applicable requirements of the Internal Revenue Code and that, therefore, the Plan qualifies under Section 401(a) and the related trust is tax-exempt as of December 31, 2004. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Table of Contents**5. Plan Termination**

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

6. Party-In-Interest Transactions

As of December 31, 2004 and 2003, the Plan held 178,957 and 95,323 shares, respectively, of Perficient, Inc. common stock. Total outstanding Perficient, Inc. common stock was approximately 21 million shares.

During the years ended December 31, 2004 and 2003, the Plan had the following transactions involving the Perficient, Inc. common stock investment:

| | 2004 | 2003 |
|-------------------------------------|------------|-------------|
| Shares purchased | 402,585 | 61,697 |
| Shares sold | 318,951 | 64,739 |
| Cost of shares purchased | \$ 367,257 | \$ 31,079 |
| Gain (loss) realized on shares sold | \$ 20,804 | \$ (13,871) |

Certain Plan investments are shares of mutual funds managed by Hartford Life Insurance Company. Hartford Life Insurance Company is the custodian as defined by the Plan; therefore, these transactions qualify as party-in-interest.

The Plan is administered by trustees consisting of officers and employees of the Company. The Company pays all administrative expenses of the Plan.

7. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

8. Plan Mergers

During 2003, two 401(k) plans were merged into The Perficient 401(k) Employee Savings Plan for companies acquired by Perficient, Inc. in 2002. On July 16, 2003, \$1,208,302 was transferred into the Plan from the Javelin Solutions, Inc. 401(k) Plan. On December 22, 2003, \$496,742 was transferred into the Plan from the Primary Webworks, Inc. 401(k) Plan.

During 2004, Perficient, Inc. acquired Genisys Consulting, Inc. and Meritage Technologies, Inc. As a result of these acquisitions, the Genisys, Inc. 401(k) Plan and Meritage Technologies, Inc. 401(k) Plan will be merged into The Perficient 401(k) Employee Savings Plan with an effective date of January 1, 2005. The approximate value of the two plans to be transferred in 2005 is \$4.98 million.

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9. Subsequent Event

Effective January 1, 2005, the Plan changed custodians and Plan administrators from Hartford Life Insurance Company to the Principal Life Insurance Company.

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The Perficient 401(k) Employee Savings Plan
 FEIN: 74-2853258; Plan No. 001
Schedule of Assets (Held at End of Year)
 December 31, 2004

Form 5500, Schedule H, Part IV, Line 4(i)

| (a) | (b) | (c) | (d) | (e) |
|-------------------|----------------------------------|----------------------|------|---------------|
| Party-in-Interest | Identity of Issue | Description of Asset | Cost | Current Value |
| * | Hartford Life Insurance Company: | | | |
| | Index Fund | Mutual fund | ** | \$ 510,270 |
| | Bond Fund | Mutual fund | ** | 26,771 |
| | Money Market | Mutual fund | ** | 932,052 |
| | Capital Appreciation | Mutual fund | ** | 127,531 |
| | High Yield | Mutual fund | ** | 22,058 |
| | Disciplined Equity | Mutual fund | ** | 1,983 |
| | Global Health | Mutual fund | ** | 78,113 |
| | American Century: | | | |
| | Ultra Fund | Mutual fund | ** | 256,619 |
| | Income and Growth Fund | Mutual fund | ** | 287,412 |
| | Janus: | | | |
| | Worldwide | Mutual fund | ** | 468,379 |
| | Twenty | Mutual fund | ** | 515,131 |
| | Balanced | Mutual fund | ** | 316,264 |
| | T. Rowe Price: | | | |
| | Mid Cap Growth Fund | Mutual fund | ** | 955,561 |
| | Small Cap Stock Fund | Mutual fund | ** | 668,028 |
| | Putnam: | | | |
| | High Yield Advantage Fund | | ** | 205,293 |

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| | | | |
|-------------------------------|----------------|----|---------|
| | Mutual fund | | |
| International Equity | Mutual fund | ** | 5,390 |
| Equity Income | Mutual fund | ** | 17,555 |
| American Funds: | | | |
| Investment Company of America | Mutual fund | ** | 60,002 |
| Growth Fund of America | Mutual fund | ** | 53,164 |
| Balanced | Mutual fund | ** | 58,826 |
| Oppenheimer: | | | |
| Global Health | Mutual fund | ** | 125,376 |
| Quest Balanced | Mutual fund | ** | 13,263 |
| Developing Markets | Mutual fund | ** | 349,823 |
| Alliance Bernstein Technology | Mutual fund | ** | 19,250 |

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The Perficient 401(k) Employee Savings Plan
 FEIN: 74-2853258; Plan No. 001
Schedule of Assets (Held at End of Year)
 December 31, 2004

Form 5500, Schedule H, Part IV, Line 4(i)

| (a) | (b) | (c) | (d) | (e) |
|-------------------|-----------------------------------|----------------------|------|---------------|
| Party-in-Interest | Identity of Issue | Description of Asset | Cost | Current Value |
| | MFS: | | | |
| | New Discovery Fund | Mutual fund | ** | 31,913 |
| | Global Equity | Mutual fund | ** | 2,165 |
| | Strategic Value | Mutual fund | ** | 19,426 |
| | AIM: | | | |
| | Basic Value | Mutual fund | ** | 18,721 |
| | Real Estate | Mutual fund | ** | 193,803 |
| | Eaton Vance: | | | |
| | Utilities | Mutual fund | ** | 35,619 |
| | Worldwide Health Sciences | Mutual fund | ** | 40,976 |
| | Federal International High Income | Mutual fund | ** | 38,766 |
| | Franklin Templeton: | | | |
| | Conservative Target | Mutual fund | ** | 12,206 |
| | Growth Target | Mutual fund | ** | 5,228 |
| | Moderate Target | Mutual fund | ** | 4,217 |
| | PIMCO: | | | |
| | PEA Renaissance | Mutual fund | ** | 188,582 |
| | Total Return | Mutual fund | ** | 107,312 |
| | Fidelity Advisor Mid Cap | Mutual fund | ** | 63,365 |

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| | | | |
|--------------------|--------------------------|----------|--------------|
| Total mutual funds | | ** | 6,836,413 |
| Perficient, Inc. | Employer securities | ** | 273,172 |
| Participant Loans | Interest rate of 4% - 7. | 5% ** | 46,410 |
| Total investments | | | \$ 7,155,995 |

* Indicates a part-in-interest as defined by ERISA.

**Cost omitted for participant-directed investments.

See Independent Auditor's Report.

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EXHIBITS

| Exhibit Number | Description | |
|-------------------|-----------------------|----|
| 23.1 | Consent of Wipfli LLP | 11 |

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SIGNATURES

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

The Perficient 401(k) Employee Savings Plan

Date: June 29, 2005

/s/ MICHAEL D. HILL
Michael D. Hill
Chief Financial Officer

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EXHIBIT INDEX

| Exhibit Number | Description |
|-------------------|-----------------------|
| 23.1 | Consent of Wipfli LLP |