

Hill International, Inc.  
Form 11-K  
June 04, 2013  
[Table of Contents](#)

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

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**FORM 11-K**

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(Mark One)

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

For the year ended December 31, 2012

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-33961

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

**HILL INTERNATIONAL, INC. 401(k)**

**RETIREMENT SAVINGS PLAN**

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

**Hill International, Inc.**

**303 Lippincott Centre**

**Marlton, NJ 08053**

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Table of Contents

**REQUIRED INFORMATION**

The following financial statements of Hill International, Inc. 401(k) Retirement Savings Plan are being filed herewith:

<b>Description</b>	<b>Page No.</b>
<u>Report of Independent Registered Public Accounting Firm</u>	3
Financial Statements:	
<u>Statement of Net Assets Available for Benefits</u>	4
<u>Statement of Changes in Net Assets Available for Benefits</u>	5
<u>Notes to Financial Statements</u>	6
<u>Schedule H, Line 4i - Schedule of Assets (Held at End of Year)</u>	14
<u>Signature</u>	15
<u>Index to Exhibits</u>	16

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Table of Contents

Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of

Hill International, Inc. 401(k) Retirement Savings Plan

**Report on the Financial Statements**

We have audited the accompanying financial statements of Hill International, Inc. 401(k) Retirement Savings Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2012 and 2011, and the related statement of changes in net assets available for benefits for the year ended December 31, 2012, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatements, whether due to fraud or error.

**Auditor's Responsibility**

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. These procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the plan's internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2012 and 2011, and the changes in its net assets available for benefits for the year ended December 31, 2012, in accordance with accounting principles generally accepted in the United States of America.

**Report on Supplemental Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2012 is presented for purposes of additional analysis and is not a required part of the 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. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

JENNIFER L ANDERSON, LLC

/s/ JENNIFER L ANDERSON, LLC

Moorestown, New Jersey

June 4, 2013

Table of Contents

HILL INTERNATIONAL, INC. 401(k) RETIREMENT SAVINGS PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2012 and 2011

	2012	2011
<b>ASSETS</b>		
Investments, at fair value:		
Interest bearing cash	\$ 1,597,074	\$ 1,442,823
Mutual funds	35,809,878	31,330,483
Common stock	3,173,171	4,441,456
Guaranteed investment contract	9,470,068	7,879,904
Total investments	50,050,191	45,094,666
Receivables:		
Notes receivable from participants	1,445,170	1,061,399
<b>TOTAL ASSETS</b>	<b>\$ 51,495,361</b>	<b>\$ 46,156,065</b>
<b>NET ASSETS REFLECTING INVESTMENTS AT FAIR VALUE</b>	<b>\$ 51,495,361</b>	<b>\$ 46,156,065</b>
Adjustment from fair value to contract value for fully benefit-responsive investment contracts		(1,008)
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<b>\$ 51,495,361</b>	<b>\$ 46,155,057</b>

See accompanying notes to financial statements.

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Table of Contents

HILL INTERNATIONAL, INC. 401(k) RETIREMENT SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Year Ended December 31, 2012

ADDITIONS TO NET ASSETS ATTRIBUTABLE TO:	
Investment income:	
Net appreciation in fair value of investments	\$ 1,805,917
Interest	246,468
Dividends and capital gains	1,117,605
	3,169,990
Interest income on notes receivable from participants	38,651
Contributions:	
Employer	670,849
Participants	5,655,389
Other (including rollovers)	404,132
TOTAL CONTRIBUTIONS	6,730,370
TOTAL ADDITIONS	9,939,011
DEDUCTIONS FROM NET ASSETS ATTRIBUTABLE TO:	
Benefits paid to participants	4,598,707
TOTAL DEDUCTIONS	4,598,707
NET INCREASE	5,340,304
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of year	46,155,057
END OF YEAR	\$ 51,495,361

See accompanying notes to financial statements.

Table of Contents

HILL INTERNATIONAL, INC 401(k) RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2012

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

*Basis of Accounting*

The accompanying financial statements of Hill International, Inc. 401(k) Retirement Savings Plan (the Plan ) are prepared using the accrual basis of accounting.

*Estimates*

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

*Investment Valuation and Income Recognition*

*Investments* Investments, except the guaranteed investment contract ( GIC ), are presented at fair value, based on the quoted market prices of the underlying securities within each fund at December 31, 2012 and 2011. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The GIC is fully benefit-responsive and is reported at fair value and adjusted to contract value. Contract value represents the accumulated contributions plus accrued net earnings, minus distributions. Fair value of the GIC is estimated using discounted cash flows.

GIC s held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Statement of Net Assets Available for Benefits presents the fair value of the GIC as well as the adjustment from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

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Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plans gains and losses on investments bought and sold as well as held during the year.

### *Notes receivable from participants*

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan.

### *Administrative Expenses*

The majority of administrative expenses of the Plan are paid by Hill International, Inc. (the Sponsor ).

### *Payment of Benefits*

Benefit payments are recorded upon distribution.

Table of Contents

HILL INTERNATIONAL, INC 401(k) RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2012

NOTE 2 DESCRIPTION OF PLAN

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the plan document for a more complete description of the Plan's provisions.

*General*

The Plan is a defined contribution plan covering all domestic employees of the Sponsor who have thirty days of service and are age twenty-one or older, excluding bona fide residents of Puerto Rico, as defined in Internal Revenue Code Section 937, who do not have to pay U.S. income taxes on their Puerto Rico source income. The Plan is voluntary. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). After meeting eligibility requirements, an employee can begin participating on the next entry date. Participation commences on the first day of the month coinciding with or next following the date on which the employee meets the requirements.

*Contributions*

Each participant, if eligible, may contribute pre-tax annual compensation up to a maximum of \$22,500 per plan year, which includes both pre-tax and catch-up deferrals. The limit may change each year to correspond with the Internal Revenue Code. Effective September 1, 2011, the Plan was amended to limit the maximum employee contribution to 75% of annual compensation. Through April 30, 2012, the Sponsor contributed fifty cents for every dollar contributed up to a maximum of six percent of gross wages. Half of the Sponsor's contribution was used for open market purchases of the Sponsor's common stock. Effective May 1, 2012, the Sponsor suspended its contributions to the Plan. Effective May 7, 2012, the Plan was amended to permit the Sponsor to make a discretionary matching contribution equal to a uniform percentage or dollar amount of the participants' elective contributions; each year, the Sponsor will determine the formula for the discretionary matching contribution. Contributions to the Plan by highly compensated employees are limited to certain employee deferral percentage relationships. Plan assets are maintained at Prudential Financial, Inc. and are invested at the election of the participants.

*Participant Accounts*

The plan includes an automatic deferral feature. The amount that is automatically contributed to eligible employees' accounts is equal to 3% of compensation unless the employee selects an alternative deferral amount or elects not to defer under the plan. Each participant's account is credited with the participant's contribution and allocations of (a) the Sponsor's contribution and (b) Plan earnings, and charged with an allocation

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of administrative expenses. 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.

### *Vesting*

Participants are immediately 100 percent vested in both employee contributions and employer matching contributions.

### *Notes Receivable from Participants*

Subject to the Administrator's approval, a participant may elect to borrow from the plan an amount, which may not

Table of Contents

HILL INTERNATIONAL, INC 401(k) RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2012

exceed \$50,000 or 50% of the participant's account balance, whichever is less. These interest-bearing loans are secured by the participant's account and are repaid through payroll deductions. Loans may not exceed five years unless they are used to buy a participant's principal residence. Interest is charged based on the prime rate of interest as reflected by local banks, as set forth in the plan agreement, and is fixed for the term of the loan.

*Payment of Benefits*

Withdrawals under the Plan are allowed for termination of employment, hardship (as defined by the Plan), retirement, or attainment of age 59 ½. Distribution may also be made to the participant in the event of physical or mental disability or to a named beneficiary in the event of the participant's death. Distributions are made in a lump sum payment or by installment payments.

*Administrative Expenses*

The majority of administrative expenses of the Plan are paid by the Sponsor.

*Plan Termination*

Although it has not expressed any intent to do so, the Sponsor 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, the participants' accounts would be distributed in accordance with Section 401(k)(10) of the Internal Revenue Code ( IRC ).

NOTE 3 GUARANTEED INVESTMENT CONTRACT WITH INSURANCE COMPANY

The Plan has a fully benefit-responsive investment contract with the Prudential Insurance Company of America ( Prudential ). Prudential maintains the contributions in a general account, which is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The contract is included in the financial statements at fair value and then adjusted to contract value as reported to the Plan by Prudential. Contract value represents contributions made under the contract, plus earnings, minus participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

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Prudential may not terminate the contract at any amount less than contract value.

Prudential is contractually obligated to pay the principal and specified interest rate that is guaranteed to the Plan. Interest is credited on contract balances using an old money/new money or bucketed approach. Under this methodology, different interest crediting rates are applied to contributions based on the calendar quarter in which the contributions were made. An interest crediting rate ( New Money Rate ) is established at the beginning of each calendar quarter. The New Money Rate is applied to all contributions made to the product during that quarter. Four New Money Rates and corresponding buckets are established each year. These New Money Rates are guaranteed through December 31 of the following calendar year. Upon the expiration of the New Money Rate guarantees, the rates for each of these buckets are reset and are then known as Old Money Rates . Old Money Rates for each bucket are reset on an annual basis thereafter. The minimum crediting rate under the contract is 3.00%. Withdrawals and transfers out are made on a pro-rata basis from all buckets.

Table of Contents

HILL INTERNATIONAL, INC 401(k) RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2012

	2012	2011
Average yields:		
Based on annualized earnings (1)	3.00%	3.00%
Based on interest rate credited to participants (2)	3.00%	3.00%

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(1) Computed by dividing the earnings credited to the Plan on the last day of the Plan year by the end of the Plan year Fair Value and then annualizing the results.

(2) Computed by dividing the earnings credited to the participants on the last day of the Plan year by the end of the Plan year Fair Value and then annualizing the results.

NOTE 4 FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quote prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

*Level 1 Fair Value Measurements*

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

*Level 2 Fair Value Measurements*

Inputs to the valuation methodology include:

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- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

### *Level 3 Fair Value Measurements*

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Table of Contents

HILL INTERNATIONAL, INC 401(k) RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2012

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2011.

*Common stock:* Valued at the closing price reported on the active market on which the individual securities are traded.