PERFICIENT INC
Form 11-K
June 19, 2014
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 11-K

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

For the fiscal year ended December 31, 2013

OR

[_] 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 the Plan and the address of the Plan, if different from that of the issuer named below:

The Perficient, Inc. 401(k) Employee Savings Plan

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

Perficient, Inc.
555 Maryville University Drive, Suite 600
Saint Louis, Missouri 63141

The Perficient, Inc. 401(k) Employee Savings Plan
Financial Statements and Supplemental Schedules
Years ended December 31, 2013 and 2012

Table of Contents

Report of Independent Registered Public Accounting Firm 1

Financial Statements

Statements of Net Assets Available for Benefits 2
Statement of Changes in Net Assets Available for Benefits 3
Notes to Financial Statements 4-9

Supplemental Schedules*

Schedule of Assets (Held at End of Year) 10

Signatures 11

Exhibit Index 12

* Other schedules required by 29 C.F.R. § 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

Report of Independent Registered Public Accounting Firm

To Administrative Committee and Administrator of
The Perficient, Inc. 401(k) Employee Savings Plan

We have audited the accompanying statements of net assets available for benefits of The Perficient, Inc. 401(k) Employee Savings Plan (the "Plan") as of December 31, 2013 and 2012, and the related statement of changes in net assets available for benefits for the year ended December 31, 2013. Plan management is responsible for these financial statements. 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. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, Inc. 401(k) Employee Savings Plan as of December 31, 2013 and 2012, and the changes in its net assets available for benefits for the year ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) 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. Such information is the responsibility of the Plan's management. The information has been subjected to the auditing procedures applied in the audits 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.

/s/ Brown Smith Wallace, LLC

St. Louis, Missouri
June 19, 2014
1

The Perficient, Inc. 401(k) Employee Savings Plan
Statements of Net Assets Available for Benefits
As of December 31, 2013 and 2012

	2013	2012
Investments, at fair value (Notes 3 and 4)	$94,082,832	$64,249,125
Receivables:		
Notes receivable – participants	1,061,568	519,088
Total receivables	1,061,568	519,088
Net assets available for benefits, at fair value	95,144,400	64,768,213
Adjustment from fair value to contract value for fully benefit-responsive investment contract (Note 5)	-	213,634
Net assets available for benefits	$95,144,400	$64,981,847

The accompanying notes are an integral part of these financial statements.

The Perficient, Inc. 401(k) Employee Savings Plan
Statement of Changes in Net Assets Available for Benefits
For the Year Ended December 31, 2013

Additions to net assets attributed to:	
Contributions:	
Participant	$10,700,678
Employer	3,046,478
Rollover	4,070,690
Total contributions	17,817,846
Net appreciation in fair value of investments (Note 3)	19,673,936
Interest and dividend investment income	829,562
Interest – notes receivable from participants	41,637
Total additions	38,362,981
Deductions from net assets attributed to:	
Benefits paid to participants	8,038,975
Administrative expenses	161,453
Total deductions	8,200,428
Net increase	30,162,553
Net assets available for benefits at beginning of year	64,981,847
Net assets available for benefits at end of year	$95,144,400

The accompanying notes are an integral part of these financial statements.

The Perficient, Inc. 401(k) Employee Savings Plan
Notes to Financial Statements

1. Description of Plan

The following description of The Perficient, Inc. 401(k) Employee Savings Plan (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 full-time United States employees of Perficient, Inc. (the "Company") who are age 21 or older, except any employee that is a non-resident alien. Employees may participate in the Plan on the first day of the month on or after they are determined to meet these conditions. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Effective May 1, 2012, the Plan changed 401(k) service providers. The Company's current provider is Transamerica Retirement Services (formerly known as Diversified Retirement Corporation and/or Diversified Investment Advisors) (“Transamerica”), which is a part of the Aegon group. As a result of this change, the Plan's investment options changed, effective May 1, 2012.

Contributions

For 2013, participants could contribute from a percentage of their pre-tax annual compensation to any of the investment funds up to a maximum of $17,500, subject to the Internal Revenue Code of 1986, as amended (the “Code”). Participants who had attained age 50 before the end of the year were eligible to make catch-up contributions of an additional $5,500. Participants could also contribute amounts representing distributions from other qualified defined benefit or contribution plans.

The Company made matching contributions of 50% (25% in cash and 25% in Company common stock) of the first 6% of eligible compensation deferred by the participant. The Company made matching contributions of $1,518,821 in Company common stock during 2013.

Participant Accounts

Each participant's account is credited with the participant's contribution, the Company's matching contribution, and an allocation of 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.

Vesting

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

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

Notes Receivable – Participants

Upon written application of a participant, the Plan may make a loan to the participant. Participants may borrow no less than $1,000 and no greater than the lesser of (i) 50% of the participant's vested account balance, or (ii) $50,000. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local rates for similar plans. Loans are amortized over a maximum of 60 months unless used to purchase the participant's principal residence. Repayment is made through payroll deductions. Participant loans are measured at the unpaid principal balance plus any accrued but unpaid interest. Participant loans outstanding were $1,061,568 and $519,088 as of December 31, 2013 and 2012, respectively.

Payment of Benefits

Participants are entitled to receive benefit payments at the normal retirement age of 65, participant's death or disability, in the event of termination, or if the participant reaches age 70½ while still employed. Benefits may be paid in a lump-sum distribution or installment payments.

Forfeitures

As of December 31, 2013 and 2012, all forfeitures were utilized to offset employer contributions. In accordance with the Plan provisions, forfeitures are used to reduce employer contributions. During the year ended December 31, 2013, employer contributions were reduced by forfeitures of $284,701, which included account balances forfeited during the year.

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 mutual funds, collective trusts, a guaranteed investment contract, and Company common stock. As a result of the change in service providers, as of May 1, 2012, all funds which were held in the investment contract were frozen and no longer an option for participants. Although this did not impact the benefit-responsive classification of the investment, participants did not have the ability to direct the investments which were held in this account as of the date of change. The funds were liquidated and transferred to the new service provider on January 17, 2013, which allowed participants to direct their investments based on the current investment options. See Notes 4 and 5 for additional quantitative disclosures.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan have been prepared on the accrual basis of accounting.

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for 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 Statements of Net Assets Available for Benefits present the fair value of the investment contract as well as the adjustment of the fully benefit-responsive investment contract from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Use of Estimates

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

Investment Valuation and Income Recognition

The Plan's investments are reported at fair value. 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 fully benefit-responsive investment contract held at December 31, 2012 was valued at contract value. The funds were liquidated and transferred to the new service provider on January 17, 2013, which allowed participants to direct their investments based on the current investment options.See Note 4 for discussion of fair value measurement.

Purchases and sales of investments and realized gains and losses are accounted for on the trade date. Interest income is recorded as earned and dividend income is recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits

Benefits are recorded when paid.

Expenses

Operating expenses of maintaining the Plan are paid by the Company. Administrative expenses for participant-directed transactions are paid by the Plan.

Adoption of New Accounting Standards

None.
5

3. Investments

The following investments represented 5% or more of the Plan's net assets:

	December 31, 2013	2012
Vanguard 500 Index Signal, 47,553 and 41,002 shares, respectively	$6,691,691	$4,449,498
Schwab:		
Indexed Retirement 2030 I, 403,885 and 379,329 shares, respectively	7,540,532	5,909,947
Indexed Retirement 2040 I, 356,100 and 321,143 shares, respectively	7,032,973	5,125,446
PIMCO Total Return Instl, 397,808 shares	*	4,471,367
Principal Life Insurance Company:		
Fixed Income Option 401(a)/401(k) (at contract value), 263,509 shares	*	4,276,282
American Funds:		
EuroPacific Growth R6, 112,308 and 111,450 shares, respectively	5,506,484	4,589,523
Growth Fund of America R6, 141,184 and 134,357 shares, respectively	6,072,340	4,613,831
Perficient, Inc. Common Stock, 602,662 and 572,493 shares, respectively	14,186,623	6,743,964
Wells Fargo Stable Value Fund C (Galliard), 113,785 shares	5,659,644	*

* Not an investment option representing 5% or more of the Plan net assets in the respective year

During the year ended December 31, 2013, the Plan's investments (including investments bought and sold, as well as held during the year) appreciated in value as follows:

Mutual funds	$8,113,892
Collective trusts	4,453,593
Employer securities	7,106,451
Net appreciation	$19,673,936

4. Fair Value Measurements

ASC Topic 820 provides the 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 quoted 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 ASC Topic 820 are described as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The 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, 2013 and 2012.

Cash and temporary investments

The carrying value of cash equivalents approximates fair value as maturities are less than three months and measured at fair value using observable inputs in an active market and therefore are classified as Level 1.

Mutual Funds

Mutual funds available for investment in the Plan are valued at quoted prices available in an active market and are classified within Level 1 of the valuation hierarchy.

Collective Trusts

The Plan's investment options are structured as commingled pools, or funds—this encompasses the target retirement funds, risk-based funds (conservative, moderate, moderately conservative, moderately aggressive and aggressive), and the stable value fund. These funds are comprised of other broad asset category types, such as common and preferred stock, debt securities, and cash and temporary investments. These investment options are valued at the net asset value of the units of the individual collective trust. The net asset value, as provided by the trustee, is used as a practical expedient to estimate fair value. The Plan's collective trust investments may be redeemed on a daily basis. Irrespective of the underlying securities that comprise these collective funds, the funds themselves lack a formal listed market or publicly available quotes. The Plan's collective trust investments are therefore all classified as Level 2.

Common Stock

Company common stock is valued at the closing price reported on the Nasdaq Global Select Market and is classified within Level 1 of the valuation hierarchy.

Investment Contract

The Principal Life Insurance Company ("Principal") Fixed Income Option 401(a)/401(k) is a general account-backed stable value contract. This investment guarantees principal and provides a stated rate of return. The fair value represents the amount received upon withdrawal or transfer of funds prior to their maturity, which is the contract value less a withdrawal charge. Since the investment is based on the provisions of the investment contract, it is classified within Level 3 of the valuation hierarchy.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value:

	As of December 31, 2013			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets:				
Mutual funds:				

Fixed income funds	$5,325,084	$--	$ --	$5,325,084
Equity funds	38,233,709	--	--	38,233,709
Total mutual funds	43,558,793	--	--	43,558,793
Collective trusts:				
Target retirement funds	--	26,635,112	--	