

HENNESSY ADVISORS INC
Form 10-Q
May 08, 2013
Table of Contents

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

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2013

.. **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 000-49872

HENNESSY ADVISORS, INC.

(Exact name of registrant as specified in its charter)

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California (State or other jurisdiction of incorporation or organization)	68-0176227 (IRS Employer Identification No.)
7250 Redwood Blvd., Suite 200 Novato, California (Address of principal executive office)	94945 (Zip Code)
(415) 899-1555 (Issuer's telephone number)	

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input type="checkbox"/>
Non-accelerated Filer <input type="checkbox"/>	Smaller Reporting Company <input checked="" type="checkbox"/>

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

As of April 10, 2013 there were 5,884,172 shares of common stock issued and outstanding.

Table of Contents

HENNESSY ADVISORS, INC.

INDEX

	Page Number
PART I. Financial Information	
Item 1. Unaudited Condensed Financial Statements	
<u>Balance Sheets as of March 31, 2013 (unaudited) and September 30, 2012</u>	3
<u>Statements of Income and Comprehensive Income for the three and six months ended March 31, 2013 and 2012 (unaudited)</u>	4
<u>Statement of Changes in Stockholders' Equity for the six months ended March 31, 2013 (unaudited)</u>	5
<u>Statements of Cash Flows for the six months ended March 31, 2013 and 2012 (unaudited)</u>	6
<u>Notes to Unaudited Condensed Financial Statements</u>	7
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	16
Item 4. <u>Controls and Procedures</u>	29
PART II. <u>Other Information</u>	
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	30
Item 6. <u>Exhibits</u>	30
<u>Signatures</u>	31

Table of Contents**Hennessy Advisors, Inc.****Balance Sheets****(In thousands, except share and per share amounts)**

	March 31, 2013 (Unaudited)	September 30, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,145	\$ 8,730
Investments in marketable securities, at fair value	6	6
Investment fee income receivable	2,117	643
Prepaid expenses	760	190
Deferred income tax asset	124	166
Other accounts receivable	251	14
Total current assets	9,403	9,749
Property and equipment, net of accumulated depreciation of \$389 and \$358, respectively	231	148
Management contracts	42,517	22,557
Investment in available for sale security, at fair value		404
Other assets, net of accumulated amortization of \$134 and \$114, respectively	246	44
Total assets	\$ 52,397	\$ 32,902
Liabilities and Stockholders Equity		
Current liabilities:		
Accrued liabilities and accounts payable	\$ 2,228	\$ 1,087
Income taxes payable		48
Deferred rent	63	87
Current portion of long-term debt	1,840	625
Total current liabilities	4,131	1,847
Long-term debt	15,947	1,302
Deferred income tax liability	5,168	4,529
Total liabilities	25,246	7,678
Commitments and Contingencies (Note 8)		
Stockholders equity:		
Adjustable rate preferred stock, \$25 stated value, 5,000,000 shares authorized: zero shares issued and outstanding		
Common stock, no par value, 15,000,000 shares authorized: 5,884,172 shares issued and outstanding at March 31, 2013 and 5,759,857 at September 30, 2012	9,879	9,584
Retained Earnings	17,272	15,748
Accumulated other comprehensive loss		(108)
Total stockholders equity	27,151	25,224

Total liabilities and stockholders equity	\$ 52,397	\$ 32,902
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See accompanying notes to unaudited condensed financial statements

- 3 -

Table of Contents**Hennessy Advisors, Inc.****Statements of Income and Comprehensive Income****(In thousands, except share and per share amounts)****(Unaudited)**

	Three Months ended March 31,		Six Months ended March 31,	
	2013	2012	2013	2012
Revenue				
Investment advisory fees	\$ 5,726	\$ 1,538	\$ 10,215	\$ 3,068
Shareholder service fees	221	191	435	378
Total revenue	5,947	1,729	10,650	3,446
Operating expenses				
Compensation and benefits	1,850	586	3,262	1,120
General and administrative	698	387	1,372	935
Mutual fund distribution	351	149	619	291
Sub-advisor fees	950	142	1,661	282
Amortization and depreciation	45	25	83	46
Total operating expenses	3,894	1,289	6,997	2,674
Operating income	2,053	440	3,653	772
Interest expense	179	13	317	27
Other expense (income), net	(1)		109	(1)
Income before income tax expense	1,875	427	3,227	746
Income tax expense	758	181	1,342	348
Net income	1,117	246	1,885	398
Other comprehensive loss				
Unrealized loss on investment in available for sale security		84		84
Comprehensive Income	\$ 1,117	\$ 162	\$ 1,885	\$ 314
Earnings per share:				
Basic	\$ 0.20	\$ 0.04	\$ 0.33	\$ 0.07
Diluted	\$ 0.20	\$ 0.04	\$ 0.33	\$ 0.07
Weighted average shares outstanding:				
Basic	5,714,559	5,697,740	5,757,333	5,739,123

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Diluted	5,714,559	5,703,509	5,757,333	5,745,235
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See accompanying notes to unaudited condensed financial statements

- 4 -

Table of Contents**Hennessy Advisors, Inc.****Statements of Changes in Stockholders Equity****Six Months Ended March 31, 2013****(In thousands, except share data)****(Unaudited)**

	Common Shares	Common Stock	Retained Earnings	Other Comprehensive Loss	Total Stockholders Equity
Balance at September 30, 2012	5,759,857	\$ 9,584	\$ 15,748	\$ (108)	\$ 25,224
Net Income			1,885		1,885
Dividends paid			(361)		(361)
Realized loss on sale of investment in available for sale security				108	108
Employee and director stock options exercised	226,439	804			804
Repurchase of employee and director stock options to pay for option exercise	(95,802)	(671)			(671)
Repurchase of employee stock to pay for option exercise	(18,449)	(129)			(129)
Employee and director restricted stock vested	12,350				