| U S GLOBAL INVESTORS INC Form 10-Q November 04, 2016 | |
|--|--|
| UNITED STATES SECURITIES AND EXCHANGE CON WASHINGTON, D.C. 20549 | MMISSION |
| FORM 10-Q | |
| Quarterly report pursuant to Section ended September 30, 2016 | 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period |
| OR | |
| Transition report pursuant to Section from to | 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period |
| Commission File Number <u>0-13928</u> | |
| U.S. GLOBAL INVESTORS, INC. (Exact name of registrant as specified in | n its charter) |
| <u>Texas</u> | <u>74-1598370</u> |
| (State or other jurisdiction of incorporation or organization) | (IRS Employer Identification No.) |
| 7900 Callaghan Road | 78229 |
| San Antonio, Texas (Address of principal executive offices) | |
| (210) 308-1234 (Registrant's telephone number, including | ing area code) |
| Not Applicable (Former name, former address, and form | mer fiscal year, if changed since last report) |
| Securities Exchange Act of 1934 during | gistrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the generating 12 months (or for such shorter period that the registrant was as 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

(§232.405 of this chapter) 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, or a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller Reporting Company (Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

On October 27, 2016, there were 13,866,421 shares of Registrant's class A nonvoting common stock issued and 13,153,506 shares of Registrant's class A nonvoting common stock issued and outstanding, no shares of Registrant's class B nonvoting common shares outstanding, and 2,069,127 shares of Registrant's class C voting common stock issued and outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

| | | eptember 30, | | June 30, 2016 |
|---|----|--------------|---|------------------|
| | | JNAUDITED | | 2010 |
| (dollars in thousands) | (0 | | , | |
| Current Assets | | | | |
| Cash and cash equivalents | \$ | 3,303 | 9 | \$3,993 |
| Restricted cash | | 1,000 | | 1,000 |
| Investment securities - trading, at fair value | | 10,204 | | 10,104 |
| Accounts and other receivables | | 804 | | 787 |
| Note receivable | | 2,000 | | 2,000 |
| Prepaid expenses | | 226 | | 290 |
| Total Current Assets | | 17,537 | | 18,174 |
| Net Property and Equipment | | 2,401 | | 2,466 |
| Other Assets | | | | |
| Investment securities - available-for-sale, at fair value | | 4,157 | | 3,481 |
| Other investments | | 2,683 | | 1,924 |
| Note receivable, long term | | 212 | | 212 |
| Other assets, long term | | 98 | | 89 |
| Total Other Assets | | 7,150 | | 5,706 |
| | \$ | 27,088 | 9 | \$26,346 |
| Liabilities and Shareholders' Equity | | | | |
| Current Liabilities | | | | |
| | \$ | 121 | | \$148 |
| Accrued compensation and related costs | | 443 | | 451 |
| Dividends payable | | 114 | | 115 |
| Other accrued expenses | | 562 | | 586 |
| Total Current Liabilities | | 1,240 | | 1,300 |
| Commitments and Contingencies (Note 11) | | | | |
| Shareholders' Equity | | | | |
| Common stock (class A) - \$0.025 par value; nonvoting; authorized, 28,000,000 shares; issued, 13,866,421 at September 30, 2016, and June 30, 2016 Common stock (class B) - \$0.025 par value; nonvoting; authorized, 4,500,000 shares; no | | 347 | | 347 |
| shares issued | | - | | - |
| Convertible common stock (class C) - \$0.025 par value; voting; authorized, 3,500,000 | | | | |
| shares; issued, 2,069,127 shares at September 30, 2016, and June 30, 2016 | | 52 | | 52 |
| Additional paid-in-capital | | 15,651 | | 15,651 |
| Treasury stock, class A shares at cost; 702,055 and 688,700 shares at September 30, 2016, | | | | |
| and June 30, 2016, respectively | | . , |) | (1,663) |
| Accumulated other comprehensive income (loss), net of tax | | 534 | | (149) |
| | | | | |

| Retained earnings | 10,439 | 10,290 |
|---|-----------|----------|
| Total U.S. Global Investors Inc. Shareholders' Equity | 25,334 | 24,528 |
| Non-Controlling Interest in Subsidiary | 514 | 518 |
| Total Shareholders' Equity | 25,848 | 25,046 |
| Total Liabilities and Shareholders' Equity | \$ 27,088 | \$26,346 |

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

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CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

| | Three Months Ended September 30, | | |
|--|----------------------------------|-----------|----|
| (dollars in thousands, except per share data) | 2016 | 2015 | |
| Operating Revenues | | | |
| Advisory fees | \$1,891 | \$1,139 | |
| Administrative services fees | 90 | 111 | |
| | 1,981 | 1,250 | |
| Operating Expenses | | | |
| Employee compensation and benefits | 987 | 1,376 | |
| General and administrative | 870 | 1,079 | |
| Advertising | 29 | 110 | |
| Depreciation and amortization | 64 | 80 | |
| • | 1,950 | 2,645 | |
| Operating Income (Loss) | 31 | (1,395 |) |
| Other Income | | | ŕ |
| Investment income | 253 | 534 | |
| Total Other Income | 253 | 534 | |
| Income (Loss) Before Income Taxes | 284 | (861 |) |
| Provision for Federal Income Taxes | | • | |
| Tax expense | 20 | 11 | |
| Income (Loss) from Continuing Operations | 264 | (872 |) |
| Discontinued Operations | | | |
| Income from discontinued operations of distributor before income taxes | - | 7 | |
| Tax expense | - | - | |
| Income from Discontinued Operations | - | 7 | |
| Net Income (Loss) | 264 | (865 |) |
| Less: Net Income Attributable to Non-Controlling Interest | 1 | 3 | |
| Net Income (Loss) Attributable to U.S. Global Investors, Inc. | \$263 | \$(868 |) |
| Earnings Per Share Attributable to U.S. Global Investors, Inc. Basic | | | |
| Income (loss) from continuing operations | \$0.02 | \$(0.06 |) |
| Income from discontinued operations | - | - | |
| Net income (loss) | \$0.02 | \$(0.06 |) |
| Diluted | | | |
| Income (loss) from continuing operations | \$0.02 | \$(0.06 |) |
| Income from discontinued operations | - | - | |
| Net income (loss) | \$0.02 | \$(0.06 |) |
| Basic weighted average number of common shares outstanding | 15,240,957 | 15,342,18 | 36 |
| Diluted weighted average number of common shares outstanding | 15,240,957 | 15,342,18 | 36 |
| | | | |

The accompanying notes are an integral part of these consolidated financial statements. Page $2\,$

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

| | Three Months |
|--|-----------------|
| | Ended |
| | September 30, |
| (dollars in thousands) | 2016 2015 |
| Net Income (Loss) Attributable to U.S. Global Investors, Inc. | \$263 \$(868) |
| Other Comprehensive Income (Loss), Net of Tax: | |
| Unrealized gains (losses) on available-for-sale securities arising during period | 709 (113) |
| Less: reclassification adjustment for losses included in net income | (16) (471) |
| Net change from available-for-sale investments, net of tax | 693 (584) |
| Foreign currency translation adjustment | (15) (125) |
| Other Comprehensive Income (Loss) | 678 (709) |
| Comprehensive Income (Loss) | 941 (1,577) |
| Less: Comprehensive Loss Attributable to Non-Controlling Interest | (5) (44) |
| Comprehensive Income (Loss) Attributable to U.S. Global Investors, Inc. | \$946 \$(1,533) |

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

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CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

Three Months Ended September

30,

(dollars in thousands) 2016 2015

Cash Flows from Operating Activities:

Net income (loss) \$264 \$(865)