

U S GLOBAL INVESTORS INC
Form 10-Q
February 01, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended December 31, 2011
For the Quarterly Period Ended December 31, 2011

OR

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 0-13928

U.S. GLOBAL INVESTORS, INC.
(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction of
incorporation or organization)

74-1598370
(IRS Employer Identification No.)

7900 Callaghan Road
San Antonio, Texas
(Address of principal executive offices)

78229-1234
(Zip Code)

(210) 308-1234

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address, and former fiscal year, if changed since last report)

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.

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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 January 20, 2012, there were 13,862,505 shares of Registrant's class A nonvoting common stock issued and outstanding, 13,372,482 shares of Registrant's class A nonvoting common stock issued and outstanding, no shares of Registrant's class B nonvoting common shares outstanding, and 2,073,043 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**

Assets	December 31, 2011 (UNAUDITED)	June 30, 2011
Current Assets		
Cash and cash equivalents	\$ 27,150,075	\$ 27,207,896
Trading securities, at fair value	5,222,226	5,703,916
Receivables		
Mutual funds	2,395,924	3,259,251
Offshore clients	26,000	33,828
Income tax	656,468	244,149
Employees	1,200	2,200
Other	8,380	7,391
Prepaid expenses	437,926	816,814
Deferred tax asset	206,667	-
Total Current Assets	36,104,866	37,275,445
Net Property and Equipment	3,418,135	3,547,303
Other Assets		
Deferred tax asset, long term	707,306	482,927
Investment securities available-for-sale, at fair value	4,033,031	4,660,928
Total Other Assets	4,740,337	5,143,855
Total Assets	\$ 44,263,338	\$ 45,966,603

The accompanying notes are an integral part of this statement.

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Consolidated Balance Sheets

Liabilities and Shareholders Equity	December 31, 2011 (UNAUDITED)	June 30, 2011
Current Liabilities		
Accounts payable	\$ 93,499	\$ 55,181
Accrued compensation and related costs	1,224,535	1,734,267
Deferred tax liability	-	77,432
Dividends payable	926,581	924,672
Other accrued expenses	1,792,827	2,117,604
Total Current Liabilities	4,037,442	4,909,156
Commitments and Contingencies		
Shareholders Equity		
Common stock (class A) - \$0.025 par value; nonvoting; authorized, 28,000,000 shares; issued, 13,862,505 and 13,862,445 shares at December 31, 2011, and June 30, 2011, respectively	346,563	346,561
Common stock (class B) - \$0.025 par value; nonvoting; authorized, 4,500,000 shares; no shares issued	-	-
Convertible common stock (class C) - \$0.025 par value; voting; authorized, 3,500,000 shares; issued, 2,073,043 and 2,073,103 shares at December 31, 2011, and June 30, 2011, respectively	51,826	51,828
Additional paid-in-capital	15,461,093	15,267,231
Treasury stock, class A shares at cost; 491,523 and 526,583 shares at December 31, 2011, and June 30, 2011, respectively	(1,150,840)	(1,232,929)
Accumulated other comprehensive income, net of tax	629,485	1,042,462
Retained earnings	24,887,769	25,582,294
Total Shareholders Equity	40,225,896	41,057,447
Total Liabilities and Shareholders Equity	\$ 44,263,338	\$ 45,966,603

The accompanying notes are an integral part of this statement.

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CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (UNAUDITED)

	Six Months Ended December 31,		Three Months Ended December 31,	
	2011	2010	2011	2010
Revenues				
Mutual fund advisory fees	\$ 8,801,575	\$ 12,429,836	\$ 3,340,408	\$ 7,058,638
Distribution fees	2,301,771	2,809,025	1,027,987	1,528,950
Transfer agent fees	2,031,849	2,518,854	940,184	1,315,699
Administrative services fees	746,050	901,082	334,144	491,168
Other advisory fees	177,098	1,159,378	82,401	992,544
Other	21,712	23,406	11,148	13,692
Investment income	(408,607)	989,898	143,268	510,047
	13,671,448	20,831,479	5,879,540	11,910,738
Expenses				
Employee compensation and benefits	5,412,771	6,656,080	2,529,441	3,928,059
General and administrative	3,198,211	4,466,774	1,334,033	2,259,756
Platform fees	2,280,859	2,864,982	998,734	1,536,401
Advertising	782,574	952,084	268,843	459,239
Depreciation	142,158	147,042	70,700	71,990
Subadvisory fees	30,000	144,994	15,000	15,000
	11,846,573	15,231,956	5,216,751	8,270,445
Income Before Income Taxes	1,824,875	5,599,523	662,789	3,640,293
Provision for Federal Income Taxes				
Tax expense	665,975	2,003,544	253,407	1,310,007
Net Income	1,158,900	3,595,979	409,382	2,330,286
Other Comprehensive Income, Net of Tax:				
Unrealized gains (losses) on available-for-sale securities arising during period	(412,977)	564,630	27,097	104,948
Less: reclassification adjustment for gains/losses included in net income	-	(40,630)	-	(40,630)
Comprehensive Income	\$ 745,923	\$ 4,119,979	\$ 436,479	\$ 2,394,604
Basic Net Income per Share	\$ 0.08	\$ 0.23	\$ 0.03	\$ 0.15
Diluted Net Income per Share	\$ 0.08	\$ 0.23	\$ 0.03	\$ 0.15
Basic weighted average number of common shares outstanding	15,430,851	15,368,527	15,435,997	15,372,554
Diluted weighted average number of common shares outstanding	15,431,179	15,368,527	15,436,119	15,372,554

The accompanying notes are an integral part of this statement.

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CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six Months Ended December 31,	
	2011	2010
Cash Flows from Operating Activities:		
Net income	\$ 1,158,900	\$ 3,595,979
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	142,158	147,042
Net recognized loss on disposal of fixed assets	-	154,216
Net recognized loss (gain) on securities	2,675	(62,864)
Provision for deferred taxes	(302,407)	378,821
Stock bonuses	172,223	113,796
Stock-based compensation expense	17,542	18,913
Changes in operating assets and liabilities:		
Accounts receivable	458,847	(1,847,625)
Prepaid expenses	378,888	(98,794)
Trading securities	479,052	(803,033)
Accounts payable and accrued expenses	(796,191)	573,732