

HENNESSY ADVISORS INC

Form 10-Q

August 07, 2013

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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 June 30, 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.

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(Exact name of registrant as specified in its charter)

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)

(415) 899-1555

94945
(Zip Code)

(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 Accelerated Filer
Non-accelerated Filer 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

As of July 8, 2013, there were 5,891,256 shares of common stock issued and outstanding.

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Hennessy Advisors, Inc.

Balance Sheets

(In thousands, except share and per share amounts)

	June 30, 2013 (Unaudited)	September 30, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,761	\$ 8,730
Investments in marketable securities, at fair value	7	6
Investment fee income receivable	2,149	643
Prepaid expenses	934	190
Deferred income tax asset	110	166
Other accounts receivable	372	14
Total current assets	10,333	9,749
Property and equipment, net of accumulated depreciation of \$423 and \$358, respectively	249	148
Management contracts	43,209	22,557
Investment in available for sale security, at fair value		404
Other assets, net of accumulated amortization of \$146 and \$114, respectively	333	44
Total assets	\$ 54,124	\$ 32,902
Liabilities and Stockholders Equity		
Current liabilities:		
Accrued liabilities and accounts payable	\$ 2,879	\$ 1,087
Income taxes payable		48
Deferred rent	47	87
Current portion of long-term debt	1,840	625
Total current liabilities	4,766	1,847
Long-term debt	15,487	1,302
Deferred income tax liability	5,522	4,529
Total liabilities	25,775	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		

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Common stock, no par value, 15,000,000 shares authorized: 5,891,256 shares issued and outstanding at June 30, 2013 and 5,759,857 at September 30, 2012	9,890	9,584
Retained Earnings	18,459	15,748
Accumulated other comprehensive loss		(108)
Total stockholders equity	28,349	25,224
Total liabilities and stockholders equity	\$ 54,124	\$ 32,902

See accompanying notes to unaudited condensed financial statements

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

	Three Months ended June 30,		Nine Months ended June 30,	
	2013	2012	2013	2012
Revenue				
Investment advisory fees	\$ 6,276	\$ 1,523	\$ 16,491	\$ 4,591
Shareholder service fees	230	192	665	570
Total revenue	6,506	1,715	17,156	5,161
Operating expenses				
Compensation and benefits	1,737	552	4,999	1,672
General and administrative	789	345	2,161	1,280
Mutual fund distribution	401	131	1,020	422
Sub-advisor fees	1,056	132	2,717	414
Amortization and depreciation	47	23	130	69
Total operating expenses	4,030	1,183	11,027	3,857
Operating income	2,476	532	6,129	1,304
Interest expense	177	12	494	39
Other expense (income), net			109	(1)
Income before income tax expense	2,299	520	5,526	1,266
Income tax expense	929	217	2,271	565
Net income	1,370	303	3,255	701
Other comprehensive loss				
Unrealized loss on investment in available for sale security		105		105
Comprehensive income	\$ 1,370	\$ 198	\$ 3,255	\$ 596
Earnings per share:				
Basic	\$ 0.24	\$ 0.05	\$ 0.56	\$ 0.12
Diluted	\$ 0.24	\$ 0.05	\$ 0.56	\$ 0.12
Weighted average shares outstanding:				
Basic	5,716,972	5,697,740	5,794,775	5,741,653

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Diluted	5,720,926	5,706,122	5,794,775	5,750,423
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See accompanying notes to unaudited condensed financial statements

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Table of Contents**Hennessy Advisors, Inc.****Statements of Changes in Stockholders Equity****Nine Months Ended June 30, 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			3,255		3,255
Dividends paid			(544)		(544)
Reclassification from sale of investment in available for sale security				108	108
Employee and director stock options exercised	239,940	856			856
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	(24,866)	(181)			(181)