

VALUE LINE INC
Form 10-Q
March 13, 2017
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended January 31, 2017

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: 0-11306

VALUE LINE, INC.

(Exact name of registrant as specified in its charter)

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New York 13-3139843
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

551 Fifth Avenue, New York, New York 10176-0001
(Address of principal executive offices) (Zip Code)

(212) 907-1500

(Registrant's telephone number, including area code)

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 Website, 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, 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
(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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at March 10, 2017</u>
<u>Common stock, \$0.10 par value</u>	<u>9,715,128 Shares</u>

VALUE LINE INC.

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Part I - Financial Information**Item 1. Financial Statements****Value Line, Inc.****Consolidated Condensed Balance Sheets**
(in thousands, except share amounts)

	January 31, 2017	April 30, 2016
	(unaudited)	
Assets		
Current Assets:		
Cash and cash equivalents (including short term investments of \$5,401 and \$12,037, respectively)	\$ 6,528	\$ 13,122
Securities available-for-sale	14,945	3,637
Accounts receivable, net of allowance for doubtful accounts of \$17 and \$22, respectively	2,022	1,254
Prepaid and refundable income taxes	65	126
Prepaid expenses and other current assets	1,653	1,381
Deferred income taxes	344	432
Total current assets	25,557	19,952
Long term assets:		
Investment in EAM Trust	58,197	57,942
Restricted money market investment	469	-
Property and equipment, net	898	3,621
Capitalized software and other intangible assets, net	1,845	4,992
Total long term assets	61,409	66,555
Total assets	\$ 86,966	\$ 86,507
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 1,754	\$ 2,669
Accrued salaries	1,053	1,066
Dividends payable	1,651	1,659
Accrued taxes on income	650	388
Unearned revenue	18,947	20,516
Total current liabilities	24,055	26,298
Long term liabilities:		
Unearned revenue	5,292	4,926
Deferred income taxes	19,224	20,683
Total long term liabilities	24,516	25,609

Total liabilities	48,571	51,907
Shareholders' Equity:		
Common stock, \$0.10 par value; authorized 30,000,000 shares; issued 10,000,000 shares	1,000	1,000
Additional paid-in capital	991	991
Retained earnings	39,850	35,524
Treasury stock, at cost (284,872 and 243,411 shares, respectively)	(3,721)	(3,040)
Accumulated other comprehensive income, net of tax	275	125
Total shareholders' equity	38,395	34,600
Total liabilities and shareholders' equity	\$ 86,966	\$86,507

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

Value Line, Inc.
Consolidated Condensed Statements of Income
(in thousands, except share & per share amounts)
(unaudited)

	For the Three Months Ended January 31,		For the Nine Months Ended January 31,	
	2017	2016	2017	2016
Revenues:				
Investment periodicals and related publications	\$7,468	\$7,977	\$22,747	\$24,200
Copyright data fees	1,179	622	3,071	1,868
Total publishing revenues	8,647	8,599	25,818	26,068
Gain on sale of operating facility	-	-	8,123	-
Total revenues	8,647	8,599	33,941	26,068
Expenses:				
Advertising and promotion	908	1,036	2,436	2,768
Salaries and employee benefits	4,621	3,882	12,830	11,586
Production and distribution	2,134	2,003	6,958	6,033
Office and administration	1,196	1,121	3,769	3,339
Total expenses	8,859	8,042	25,993	23,726
Income/(loss) from operations	(212)	557	7,948	2,342
Revenues and profits interests in EAM Trust	1,934	1,919	5,782	5,901
Income from securities transactions, net	132	133	226	215
Income before income taxes	1,854	2,609	13,956	8,458
Income tax provision	409	696	4,673	2,434
Net income	\$1,445	\$1,913	\$9,283	\$6,024
Earnings per share, basic & fully diluted	\$0.15	\$0.20	\$0.96	\$0.62
Weighted average number of common shares	9,715,128	9,770,280	9,724,377	9,787,208

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

Value Line, Inc.
Consolidated Condensed Statements of Comprehensive Income
(in thousands)
(unaudited)

	For the Three Months Ended January 31, 2017		For the Nine Months Ended January 31, 2016	
Net income	\$1,445	\$1,913	\$9,283	\$6,024
Other comprehensive income (loss), net of tax:				
Change in unrealized gains on securities, net of taxes	290	(127)	150	(153)
Other comprehensive income (loss)	290	(127)	150	(153)
Comprehensive income	\$1,735	\$1,786	\$9,433	\$5,871

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

Value Line, Inc.
Consolidated Condensed Statements of Cash Flows
(in thousands)
(unaudited)

	For the Nine Months Ended January 31,	
	2017	2016
Cash flows from operating activities:		
Net income	\$9,283	\$6,024
Adjustments to reconcile net income to net cash (used in)/provided by operating activities:		
Depreciation and amortization	3,728	2,202
Non-voting revenues interest in EAM Trust	(5,389)	(5,546)
Non-voting profits interest in EAM Trust	(393)	(355)
Realized gain on sale of operating facility	(8,123)	-
Realized losses on securities	-	15
Deferred rent	(167)	(150)
Deferred income taxes	(1,257)	(671)
Other, net	(45)	(45)
Changes in operating assets and liabilities:		
Unearned revenue	(1,203)	(1,714)
Accounts payable & accrued expenses	(748)	257
Accrued salaries	(13)	(265)
Accrued taxes on income	65	229
Prepaid and refundable income taxes	61	(3)
Prepaid expenses and other current assets	(272)	279
Accounts receivable	(768)	60
Total adjustments	(14,524)	(5,707)
Net cash used in/provided by operating activities	(5,241)	317
Cash flows from investing activities:		
Purchases of equity securities classified as available-for-sale		