

INVESTTOOLS INC
Form 10-Q
May 09, 2006

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

FOR QUARTER ENDED March 31, 2006

Commission File Number: 001-31917

INVESTTOOLS INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

13947 South Minuteman Drive
Draper, UT
(Address of principal executive offices)

76-0685039
(I.R.S. Employer Identification No.)

84020
(Zip Code)

Registrant's telephone number, including area code:

Edgar Filing: INVESTTOOLS INC - Form 10-Q

(801) 816-6918

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 and 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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

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:

\$.01 par value per share Common Stock: 45,196,403 as of May 2, 2006

INVESTOOLS INC. AND SUBSIDIARIES

Report on Form 10-Q

Quarter Ended March 31, 2006

PART I - FINANCIAL INFORMATION

<u>ITEM 1.</u>	<u>CONDENSED CONSOLIDATED FINANCIAL STATEMENTS</u>
<u>ITEM 2.</u>	<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>
<u>ITEM 3.</u>	<u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>
<u>ITEM 4.</u>	<u>CONTROLS AND PROCEDURES</u>

PART II - OTHER INFORMATION

<u>ITEM 1.</u>	<u>LEGAL PROCEEDINGS</u>
<u>ITEM 1a.</u>	<u>RISK FACTORS</u>
<u>ITEM 2.</u>	<u>UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>
<u>ITEM 3.</u>	<u>DEFAULTS UPON SENIOR SECURITIES</u>
<u>ITEM 4.</u>	<u>SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS</u>
<u>ITEM 5.</u>	<u>OTHER INFORMATION</u>
<u>ITEM 6.</u>	<u>EXHIBITS</u>

PART I - FINANCIAL INFORMATION**Item 1. Consolidated Financial Statements****INVESTTOOLS INC. AND SUBSIDIARIES****Condensed Consolidated Balance Sheets**

(in thousands)

(unaudited)

	March 31, 2006	December 31, 2005
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 20,722	\$ 11,466
Marketable securities	22,210	16,871
Accounts receivable, net of allowance (\$69 and \$55)	2,219	3,353
Current portion of restricted cash	4,723	4,722
Other current assets	2,493	3,133
Total current assets	52,367	39,545
Long-term restricted cash	368	366
Goodwill	18,085	18,085
Intangible assets, net of accumulated amortization (\$2,516 and \$1,891)	4,574	5,199
Furniture and equipment, net of accumulated depreciation (\$2,889, \$2,403)	11,183	8,890
Other long-term assets	554	614
Total assets	\$ 87,131	\$ 72,699
LIABILITIES AND STOCKHOLDERS DEFICIT		
Current liabilities:		
Current portion of deferred revenue	\$ 84,634	\$ 68,215
Accounts payable	4,300	3,210
Accrued payroll	3,471	3,522
Accrued tax liabilities	8,270	7,359
Other current liabilities	5,949	4,193
Current portion of capitalized lease obligations	146	125
Total current liabilities	106,770	86,624
Other long-term accrued liabilities	299	
Long-term portion of capitalized lease obligations	546	513
Long-term portion of deferred revenue	12,520	9,301
Total liabilities	120,135	96,438
Stockholders' deficit:		
Common stock \$0.01 par value (44,970 and 44,754 shares issued and outstanding, respectively)	450	447

Edgar Filing: INVESTTOOLS INC - Form 10-Q

Additional paid-in capital	128,069	131,162
Accumulated other comprehensive loss	(161)	(116)
Deferred stock compensation		(3,742)
Accumulated deficit	(161,362)	(151,490)
Total stockholders deficit	(33,004)	(23,739)
Total liabilities and stockholders deficit	\$ 87,131	\$ 72,699

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

INVESTTOOLS INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

(in thousands, except per share amounts)

(unaudited)

	Three Months Ended	
	March 31,	
	2006	2005
Revenue	\$ 38,781	\$ 30,624
Costs and expenses		
Cost of revenue	28,699	25,380
Selling expense	11,888	8,616
General and administrative expense	8,075	6,047
Special charges	366	
Total costs and expenses	49,028	40,043
Loss from operations	(10,247)	(9,419)
Other income (expense)		
Gain on sale of assets	7	
Interest income and other, net	348	121
Other income	355	121
Net loss before income taxes and cumulative effect of accounting change	(9,892)	(9,298)
Income tax expense	28	5