

INVESTOOLS INC
Form 10-Q
August 09, 2007

**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 QUARTER ENDED June 30, 2007

Commission File Number: 000-52012

INVESTOOLS INC.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

45 Rockefeller Plaza, Suite 2012, New York, New York

(Address of principal executive offices)

76-0685039

(I.R.S. Employer Identification No.)

10111

(Zip Code)

Registrant's telephone number, including area code:

(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:

Common Stock: 65,599,796 as of August 9, 2007

INVESTTOOLS INC. AND SUBSIDIARIES

Report on Form 10-Q

Quarter Ended June 30, 2007

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PART I - FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

INVESTTOOLS INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(in thousands)

(unaudited)

	June 30, 2007	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 31,132	\$ 52,923
Marketable securities	2,792	22,141
Accounts receivable, net of allowance (\$338 and \$74)	20,843	5,885
Receivable from clearing brokers	8,881	
Income tax receivable	8,376	
Deferred tax asset	7,234	
Other current assets	7,391	10,056
Total current assets	86,649	91,005
Long-term restricted cash	382	377
Goodwill	207,235	18,085
Intangible assets, net of accumulated amortization (\$9,861 and \$4,154)	139,185	2,936
Software development cost, net of accumulated depreciation (\$1,937 and \$274)	20,622	12,584
Furniture and equipment, net of accumulated depreciation (\$6,929 and \$4,790)	8,237	5,253
Other long-term assets	21,982	1,397
Total assets	\$ 484,292	\$ 131,637
LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)		
Current liabilities:		
Current portion of deferred revenue	\$ 137,747	\$ 120,919
Other current liabilities	22,471	15,958
Accounts payable	12,466	4,388
Accrued payroll	9,196	4,870
Accrued tax liabilities	8,219	9,602
Current portion of capitalized lease obligations	198	180
Current portion of notes payable	17,500	
Total current liabilities	207,797	155,917
Long-term portion of deferred revenue	43,514	38,656
Capitalized lease obligations	425	500
Notes payable	105,000	
Deferred income taxes	12,955	
Other long-term accrued liabilities	56	215
Total liabilities	369,747	195,288
Stockholders' equity (deficit):		
Common stock \$0.01 par value (65,593 and 45,264 shares issued and outstanding, respectively)	656	453
Additional paid-in capital	322,000	128,115
Accumulated other comprehensive income		3
Accumulated deficit	(208,111)	(192,222)
Total stockholders' equity (deficit)	114,545	(63,651)
Total liabilities and stockholders' equity (deficit)	\$ 484,292	\$ 131,637

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

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INVESTTOOLS INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006 Restated	2007	2006 Restated
Revenue	\$ 77,617	\$ 43,447	\$ 132,474	\$ 86,121
Costs and expenses				
Cost of revenue	37,293	35,851	69,898	64,550
Selling expense	16,895	12,166	36,365	24,506
General and administrative expense	15,425	8,608	37,075	16,676
Special charges	838	2,624	965	2,990
Total costs and expenses	70,451	59,249	144,303	