

WESTWOOD HOLDINGS GROUP INC
Form 10-Q
July 18, 2013

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 June 30, 2013.

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 1-31234

WESTWOOD HOLDINGS GROUP, INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation or organization)

75-2969997
(IRS Employer Identification No.)

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200 CRESCENT COURT, SUITE 1200

DALLAS, TEXAS
(Address of principal executive office)
(214) 756-6900

75201
(Zip Code)

(Registrant's telephone number, including area code)

(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.

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, a non-accelerated filer, or a smaller reporting company. See definition 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 (Do not check if a smaller reporting company) 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

Shares of common stock, par value \$0.01 per share, outstanding as of July 12, 2013: 8,189,308.

WESTWOOD HOLDINGS GROUP, INC.

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WESTWOOD HOLDINGS GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except par value and share amounts)

	June 30, 2013 (Unaudited)	December 31, 2012
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 6,133	\$ 3,817
Accounts receivable	12,857	8,920
Investments, at fair value	51,368	59,906
Deferred income taxes	2,037	3,362
Prepaid income taxes	1,173	
Other current assets	2,250	1,365
Total current assets	75,818	77,370
Goodwill	11,255	11,255
Deferred income taxes	1,963	1,696
Intangible assets, net	3,969	4,149
Property and equipment, net of accumulated depreciation of \$ 1,932 and \$1,747	2,190	2,145
Total assets	\$ 95,195	\$ 96,615
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 1,829	\$ 1,636
Dividends payable	3,517	1,201
Compensation and benefits payable	8,362	14,537
Income taxes payable		1,438
Other current liabilities	15	14
Total current liabilities	13,723	18,826
Accrued dividends	824	
Deferred rent	1,214	1,238
Total long-term liabilities	2,038	1,238
Total liabilities	15,761	20,064
Commitments and contingencies (Note 10)		
Stockholders Equity:		
Common stock, \$ 0.01 par value, authorized 25,000,000 shares, issued 8,790,875 and outstanding 8,189,308 shares at June 30, 2013; issued 8,526,598 and outstanding 8,031,045 shares at December 31, 2012	88	85
Additional paid-in capital	95,013	88,483
	(23,139)	(18,502)

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Treasury stock, at cost	601,567 shares at June 30, 2013; 495,553 shares at December 31, 2012		
Accumulated other comprehensive income (loss)		(205)	30
Retained earnings		7,677	6,455
Total stockholders' equity		79,434	76,551
Total liabilities and stockholders' equity		\$ 95,195	\$ 96,615

See notes to condensed consolidated financial statements.

WESTWOOD HOLDINGS GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands, except per share data)

(unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2013	2012	2013	2012
REVENUES:				
Advisory fees				
Asset based	\$ 16,486	\$ 14,102	\$ 32,033	\$ 28,192
Performance based	2,535	1,182	2,535	1,182
Trust fees	4,574	3,757	8,791	7,228
Other, net	(120)	1,025	216	1,328
Total revenues	23,475	20,066	43,575	37,930
EXPENSES:				
Employee compensation and benefits	11,907	11,885	23,750	20,799
Sales and marketing	334	261	621	473
Westwood mutual funds	462	275	866	484
Information technology	678	629	1,334	1,225
Professional services	1,077	2,063	2,079	2,942
General and administrative	1,284	1,201	2,473	2,171
Total expenses	15,742	16,314	31,123	28,094
Income before income taxes	7,733	3,752	12,452	9,836
Provision for income taxes	2,854	1,554	4,740	3,853
Net income	\$ 4,879	\$ 2,198	\$ 7,712	\$ 5,983
Other comprehensive income:				
Available-for-sale investments:				