

INVESTTOOLS INC
Form 10-Q
May 09, 2008

**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 March 31, 2008

Commission File Number: 000-52012

INVESTTOOLS INC.

(Exact name of Registrant as specified in its charter)

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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

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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, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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

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

Common Stock: 66,300,451 as of May 02, 2008

INVESTTOOLS INC. AND SUBSIDIARIES

Report on Form 10-Q

Quarter Ended March 31, 2008

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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)

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	March 31, 2008	December 31, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 58,257	\$ 61,579
Marketable securities		1,501
Accounts receivable, net of allowance (\$198 and \$198, respectively)	8,135	11,131
Receivable from clearing brokers	7,793	5,503
Deferred tax asset	14,288	13,496
Other current assets	9,915	9,622
Total current assets	98,388	102,832
Long-term restricted cash	391	389
Goodwill	209,215	208,776
Intangible assets, net of accumulated amortization (\$21,074 and \$17,330, respectively)	128,842	132,587
Software development cost, net of accumulated depreciation (\$4,515 and \$3,363, respectively)	27,087	26,939
Furniture and equipment, net of accumulated depreciation (\$9,736 and \$8,726, respectively)	7,754	8,007
Other long-term assets	28,268	29,800
Total assets	\$ 499,945	\$ 509,330
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Current portion of deferred revenue	\$ 117,608	\$ 124,486
Other current liabilities	18,468	17,825
Accounts payable	11,111	8,896
Accrued payroll	4,932	13,278
Accrued tax liabilities	7,395	7,544
Current portion of capitalized lease obligations	216	212
Current portion of notes payable	17,500	17,500
Total current liabilities	177,230	189,741
Long-term portion of deferred revenue	33,057	37,384
Long-term portion of capitalized lease obligations	275	330
Long-term portion of notes payable	90,000	100,000
Deferred tax liabilities	20,945	18,487
Other long-term accrued liabilities	2,940	1,493
Total liabilities	324,447	347,435
Stockholders' equity:		
Common stock, \$0.01 par value (65,990 and 65,655 shares issued and outstanding, respectively)	659	656
Additional paid-in capital	333,094	331,006
Accumulated other comprehensive income	5	20
Accumulated deficit	(158,260)	(169,787)
Total stockholders' equity	175,498	161,895
Total liabilities and stockholders' equity	\$ 499,945	\$ 509,330

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

INVESTTOOLS INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

(in thousands, except per share amounts)
(unaudited)

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	Three Months Ended March 31,	
	2008	2007
Revenue	\$ 90,990	\$ 54,857
Costs and expenses		
Cost of revenue	34,500	32,605
Selling expense	19,117	19,470
General and administrative expense	19,264	21,650
Special charges	393	127
Total costs and expenses	73,274	73,852
Income (loss) from operations	17,716	(18,995)
Other (expense) income		