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RISK GEORGE INDUSTRIES INC  
Form 10KSB  
August 15, 2005

U.S. SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

Form 10-KSB

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended April 30, 2005

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 0-5378

George Risk Industries, Inc.

(Name of small business issuer in its charter)  
Colorado 84-0524756

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

802 South Elm  
Kimball, NE 69145

(Address of principal executive offices) (Zip Code)

Issuer's telephone number (308) 235-4645

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
None	None

Securities registered under Section 12(g) of the Act:

Class A Common Stock, \$.10 par value  
\_\_\_\_\_  
(Title of class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act 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

Check if disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be

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contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [X]

State issuer's revenues for the most recent fiscal year. \$ 13,113,000.

The aggregate market value of the voting stock held by non-affiliates of the Registrant as of August 9, 2005 was approximately \$13,458,000 based upon the last reported sale, which occurred on August 8, 2005. For purposes of this disclosure, Common Stock held by officers and directors of the Registrant have been excluded in that such persons may be deemed to be "affiliates" as that term is defined under the rules and regulations promulgated under the Securities Act of 1933. This determination is not necessarily conclusive.

The number of shares of the Registrant's Common Stock outstanding as of August 9, 2005 was 5,387,253.

### DOCUMENTS INCORPORATED BY REFERENCE

None.

Transitional Small Business Disclosure Format (Check one)

Yes X; No \_\_\_

### Part I

#### Item 1 BUSINESS

##### (a) BUSINESS DEVELOPMENT

George Risk Industries, Inc. (GRI or the company) was incorporated in 1967 in Colorado. The company is presently engaged in the design, manufacture, and sale of computer keyboards, push button switches, burglar alarm components and systems, pool alarms, thermostats, EZ Duct wire covers and water sensors.

GRI Telemark Corporation (Telemark), a majority owned subsidiary, was incorporated in October 1983 for the purpose of marketing security alarm products. As of April 13, 1993, Telemark was merged into GRI and presently operates as a marketing division of GRI.

#### PRODUCTS, MARKET AND DISTRIBUTION

The company designs, manufactures, and sells computer keyboards, push-button switches, burglar alarm components and systems, pool alarms, and water sensors. The security burglar alarm products comprise approximately 85 percent and pool alarms comprise 9 percent of net revenues and are sold through distributors and private board customers.

The security segment has approximately 4,000 customers. One of the distributors accounts for approximately 40 percent of the company's sales of these products. Loss of this distributor would be significant to the company. However, this customer has purchased from the company for many years and is expected to continue.

The keyboard segment has approximately 760 customers. Keyboard products are sold to original equipment manufacturers to their specifications and to distributors of off-the-shelf keyboards of proprietary design.

#### COMPETITION

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The company has intense competition in the keyboard and burglar alarm lines.

The burglar alarm segment has five or six major competitors. The company competes well based on price, product design, quality, and prompt delivery.

The competitors in the keyboard segment are larger companies with automated production facilities. GRI has emphasized small custom order sales that many of its competitors decline or discourage.

### RESEARCH AND DEVELOPMENT

The company performs research and development for its customers when needed and requested. Costs in connection with such product development have been borne by the customers. Costs associated with the development of new products are expensed as incurred.

### EMPLOYEES

GRI has approximately 205 employees.

### Item 2 PROPERTIES

The company owns the manufacturing and office facilities. The manufacturing facilities were expanded by 7,200 square feet six years ago. Total square footage of the plant in Kimball, Nebraska is approximately 42,500 sq. ft. Additionally, the company leases 15,000 square feet for \$1,535 per month with Eileen Risk, mother of Ken R. Risk, who is an officer and director of the company.

As of October 1, 1996, the company also began operating a satellite plant in Gering, NE. This expansion was done in coordination with Twin Cities Development. The company leases approximately 3,600 square feet and currently employs 48 employees at the Gering site.

### Item 3 LEGAL PROCEEDINGS

None.

### Item 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

## Part II

### Item 5 Market for the Registrant's Common Equity and Related Stockholders' Matter

#### PRINCIPAL MARKET

The company's Class A Common Stock is currently quoted on the OTC Bulletin Board by thirteen market makers.

#### STOCK PRICES AND DIVIDENDS INFORMATION

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2005 Fiscal Year	High	Low
May 1-July 31	6.30	5.01
August 1-October 31	6.30	5.40
November 1-January 31	6.50	5.75
February 1-April 30	6.25	5.60

2004 Fiscal Year	High	Low
May 1-July 31	3.45	2.30
August 1-October 31	4.15	2.90
November 1-January 31	7.20	3.80
February 1-April 30	6.25	5.35

A dividend of \$0.10 per common share was declared on September 30, 2004. This is the first dividend that has ever been paid by the Company. With the practices and procedures that have been developed, we hope to be able to continue paying dividends on an annual basis.

The number of holders of record of the company's Class A Common Stock as of April 30, 2005, was approximately 1,465.

### Item 6 Management's Discussion and Analysis of Financial Condition and Results of Operations

GRI completed the fiscal year ending April 30, 2005, with a net profit of 19.2% net of sales. Net sales were at \$13,113,000, up 2.6% over the previous year. Additionally, net income for the year ended April 30, 2005 was \$2,515,000, up 4.3% from the prior year.

We expect sales to stay steady and hopefully increase for the fiscal year ending April 30, 2006. We have several new products that are ready and being sold. Also, we are hopeful that extra growth can be achieved by volume increases with our present customers and with the addition of new customers. We have an excellent marketing department that is always on the lookout for new clients. We have had some problems with the ability to get product out our doors on a timely basis, but we have taken steps to remedy this problem. We have purchased a building in Gering, NE, our satellite location, in an effort to be able to increase production. We have also applied and have gotten approval from the State of Nebraska to receive grant money. This grant money is contingent on increasing the number of workers at our Gering location over the next five years.

The material and labor costs stayed very consistent between this year and last year. At fiscal year end 2005 the material and labor percentage was at 36.7% of gross sales while the same percentage for fiscal year 2004 was at 37.1%. We continue to buy smart and we are always looking for quality material at the

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best possible price. As far as labor goes, we only hire the number of production workers that is needed to finish products in a timely matter and we work very hard at keeping overtime expense down. With these good practices embedded throughout, we expect to continue to achieve a gross profit margin of about 50 percent for the coming year.

At April 30, 2005, working capital increased by 10.7% in comparison to the previous fiscal year. Liquidity has dropped slightly this year as the ratio of cash, securities and accounts receivables to current obligations was 30.569 and 41.029 for the fiscal years ending April 30, 2005 and April 30, 2004, respectively. Current assets have increased as current liabilities have also increased. At April 30, 2005, the only long-term liability that we have on the books is deferred income tax of \$61,000.

As for new products, the sash magnet and single gang box for the E-Z Duct Raceway products line are out of Tool and Die and are ready for production. Mold work continues on the new, short Roller Ball. This will replace both the DS-01 and RB-01 series of switches. Prototype boards have been ordered for the new version of the Pool Alarm. It will be submitted for ETL approval. The Normally Closed Glassbreak sample boards are on order. Also, the Normally Closed relays for the T8800 are in house. Production boards have also been ordered for the High Security Switch to be submitted for UL approvals after they are completed. There continues to be favorable interest on the Magnasphere technology switches. Orders are increasing on a weekly basis as the word gets out into the industry that we have them available.

Management is always open to the possibility of acquiring a business that would complement our existing operations. This would probably not require any outside financing. The intent would be to utilize the equipment, marketing techniques and established customers to increase sales and profits.

There are no known seasonal trends with any of GRI's products, since we mostly sell to distributors and OEM manufacturers. The products are tied to the housing industry and will fluctuate with building trends.

### Item 7 Financial Statements

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Report of Independent Registered Public Accounting Firm

Board of Directors  
George Risk Industries, Inc.  
Kimball, Nebraska

We have audited the accompanying balance sheet of George Risk Industries, Inc. as of April 30, 2005, and the related statements of income, comprehensive income, stockholders'equity, and cash flows for the two years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of George Risk Industries, Inc. as of April 30, 2005, and the results of their operations and their cash flows for the two years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ Mason Russell West, LLC

Littleton, Colorado  
July 15, 2005

George Risk Industries, Inc.  
Balance Sheet  
April 30, 2004

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## Assets

Current Assets:	
Cash and cash equivalents	\$ 5,451,000
Marketable securities	11,750,000
Accounts receivable:	
Trade, net of allowance for doubtful accounts of \$50,000	2,241,000
Other	2,000
Inventories	2,054,000
Prepaid expenses	57,000
Deferred tax asset	164,000
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Total Current Assets	21,719,000
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Property and Equipment, net, at cost	786,000
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Other Assets	
Investment in Land Limited Partnership, at cost	200,000
Projects in process	34,000
Other	12,000
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Total Other Assets	246,000
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Total Assets	\$22,751,000
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