RISK GEORGE INDUSTRIES INC
Form 10KSB
August 13, 2008

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
Form 10-KSB

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended April 30, 2008
[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________ to _________

Commission File Number: 000-05378

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 X 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 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. $ 11,444,000.

The aggregate market value of the voting stock held by non-affiliates of the Registrant as of August 12, 2008 was approximately $9,452,000 based upon the last reported sale, which occurred on August 4, 2008. 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 12, 2008 was 5,176,131.

DOCUMENTS INCORPORATED BY REFERENCE
None.
Transitional Small Business Disclosure Format (check one):
Yes X ; No____

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Part I

Preliminary Note Regarding Forward-Looking Statements and Currency Disclosure

This annual report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled "Risk Factors", that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Our financial statements are stated in United States dollars, rounded to the nearest thousand, and are prepared in accordance with United States Generally Accepted Accounting Principles.

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.

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 84 percent and pool alarms comprise 5 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 42 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 950 customers. Keyboard products are sold to original equipment manufacturers to their specifications and to distributors of off-the-shelf keyboards of proprietary design.

Competition

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 175 employees.

Item 2 Properties

The company owns the manufacturing and some of the office facilities. 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 and a former 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 leased manufacturing facilities until July 2005. During the first quarter of fiscal year end 2006, the company purchased a building that is 7,200-sq. ft. in size. Currently, there are 25 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 fifteen market makers.

Stock Prices and Dividends Information

2008 Fiscal Year

	High	Low
May 1-July 31	7.42	6.50
August 1-October 31	7.60	6.50
November 1-January 31	6.88	6.25
February 1-April 30	6.30	5.24

2007 Fiscal Year

	High	Low
May 1-July 31	8.05	7.00
August 1-October 31	7.50	6.50
November 1-January 31	9.00	7.20
February 1-April 30	8.75	6.85

A dividend of $0.17 per common share was declared on September 30, 2007. This was the only dividend declared and paid during the 2008 fiscal year. As for fiscal year 2007, a dividend of $0.15 per common share was declared on September 30, 2006.

The number of holders of record of the company's Class A Common Stock as of April 30, 2008, was approximately 1,326.

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

Executive Overview

George Risk Industries, Inc. (GRI) is a diversified manufacturer of electronic components, encompassing the security industries widest variety of door and window contact switches, environmental products, proximity switches and custom keyboards. The security products division comprises the largest portion of GRI sales and are sold worldwide through distribution, who in turn sell our products to security installing companies. These products are used for residential, commercial, industrial and government installations. International sales accounted for approximately 8.7% of revenues for fiscal year 2008 and 6.5% for 2007.

GRI is known for its quality American made products, top-notch customer service and the willingness to work with customers on their special applications.

GRI owns and operates its main manufacturing plant and offices in Kimball, Nebraska with a satellite plant 40 miles away in Gering, Nebraska.

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.

Liquidity and Capital Resources

Operating
Net cash decreased $539,000 during the year ended April 30, 2008 as it decreased $884,000 during the year ended April 30, 2007. Accounts receivable decreased $416,000 during the current year as compared to a $213,000 decrease for last year. The decreases in cash flow for accounts receivable is a reflection of the decreases in sales. At April 30, 2008, 73.5% of the receivables were considered current (less than 45 days) and 7.5% of the total were over 90 days past due. For comparison, 77.2% of the receivables were current and 4.3% were past 90 days at April 30, 2007. Inventories increased $41,000 for the current year as compared to a $825,000 increase for the same period last year. Management has gotten a foothold on decreasing its purchases of raw materials during the current fiscal year to correspond to the decrease in sales. For the year ended April 30, 2008, prepaid expenses decreased $22,000, while there was increase of $8,000 for the corresponding period last year.For the current fiscal year, there have been income tax overpayments. There was a $334,000 increase in cash towards income tax overpayment for the year ending April 30, 2008. And there is a $133,000 decrease in cash towards income tax overpayment for the year ending April 30, 2007. Management paid income tax estimates based on prior year taxable income.

For the year ended April 30, 2008, accounts payable decreased $60,000 as compared to a $13,000 decrease for the same period the year before. The decreases in the cash flow towards accounts payable are a reflection of the slower sales the company experienced and reductions in the purchase of raw materials. Accrued expenses decreased by $15,000 for the year ended April 30, 2008, and these expenses also decreased $29,000 for the corresponding year ended April 30, 2007.

Investing
The Company issued a note receivable for $17,500 to an employee who purchased a vehicle from the company. The note matures in 5 years. As of April 30, 2008, the company has received $3,000 from the note with $1,000 being interest income. The Company purchased a Pick and Place machine to aid in the production of our redesigned pool alarms. The redesigned the pool alarm uses less parts and labor. Additionally, the Company continues to purchase marketable securities, which include municipal bonds and quality stocks. We continuing the use of "money manager" accounts for most stock transactions. By doing this, the Company gives an independent third party firm, who are experts in this field, permission to buy and sell stocks at will. The Company pays a quarterly service fee based on the value of the investments. Furthermore, the Company continues to purchase treasury stock when the opportunity arises. For the year ended April 30 2008, the Company purchased $788,000 worth of treasury stock and $79,000 worth of treasury stock for the year ended April 30, 2007. We have been actively searching for stockholders that have been "lost" over the years. The payment of dividends has also prompted many stockholders, their relatives, and their descendants to sell their stock to the Company.

Financing
Cash flows from financing activities decreased by $829,000 for the year ended April 30, 2008, including the payment of dividends. The company declared a dividend of $0.17 per share of common stock on September 30, 2007 and these dividends were paid by October 31, 2007. Net cash used in financing activities was $740,000 for the year ended April 30, 2007. A dividend of $0.15 per common share was declared and paid during the second fiscal quarter last year.

Results of Operations

GRI completed the fiscal year ending April 30, 2008, with a net profit of 19.8% net of sales. Net sales were at $11,444,000, down 14.72% over the previous year. Additionally, net income for the year ended April 30, 2008 was $2,265,000, down 24% from the prior year.

Although sales were down for the fiscal year ending April 30, 2008 we expect sales to stay steady and hopefully increase for the fiscal year ending April 30, 2009. The company's main division of products that are sold (security switches) are directly tied to the housing industry. And since the housing industry has been performing poorly, the company's sales have decreased in relation to the economy. We are always researching and developing new products that will help our sales increase. We have many new products (which will be discussed in detail below) that we are planning to release into the marketplace during fiscal year end 2009. 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.

The costs of goods sold expenses stayed very consistent between this year and last year. For the year ended April 30, 2008, the cost of goods sold percentage was at 50.3% of net sales. This is an increase of 3.7% when comparing to fiscal year end 2007. We look for quality materials at the best possible price. We are overstocked on some raw materials due to a slow down in sales, and purchases that we were not able to delay vendor delivery times. We hire the number of production workers expected to finish products in a timely manner. As a result of reduced sales, management has implemented a temporary period of voluntary and mandatory days off to reduce labor costs. With these continued good practices, we expect to continue to achieve a gross profit margin of about 50 percent for the coming year.

At April 30, 2008, working capital increased by 1.25% in comparison to the previous fiscal year. The company measures liquidity using the quick ratio, which is the ratio of cash, securities and accounts receivables to current obligations. The company's quick ratio decreased to 36.864 for the year ended April 30, 2008 from 37.238 for the year ended April 30, 2007. Cash and accounts receivable have decreased in the current year as a result of the decrease in sales, while current liabilities stayed approximately the same from year to year. At April 30, 2008, the only long-term liability on the books is deferred income tax of $79,000.

New product development

The HVAC Kit was designed and introduced in early June 2008. It is designed to help prevent the theft of air conditioning coils on homes and commercial buildings with the use of two or more GRI 4561 Tilt Switches and a panel specific resistor pack on 72" of wire. The 4561 Tilt Switches are used to protect the cover when it is moved or tipped over and the resistor wires are looped through the coils sending an alarm signal if the wires are cut. A GRI 4460A switch may also be used as extra protection for the cover. Other uses include fencing, compressors; or anywhere copper, aluminum or wiring can be removed.

We have developed a surface mount switch set, which is about a third of the size of a normal switch set. It has recently been put into production.
The switch set contains a magnet that can be used in wired or wireless applications. The switch set is designed to reduce visibility and to replace recessed switches that are drilled into the vinyl window frames. We expect to generate revenues between $100,000 to $200,000 on this product over the next year.

Final mold designs on our new # 4700-A industrial wide gap track mount overhead switches are in the final stages of approval. Production is expected to begin in October 2008. Our overhead switches fit into larger tracks, which facilitate ease of installation in the overhead doors. We expect this switch to generate revenues between $40,000 and $50,000 over the next year.

Engineering continues to work on the wireless line including pool alarm, security and environmental sensors. Components used in our hold-up switches are no longer available so we had to discontinue our HD series. A new, lower cost hold up switch is now being developed. Work also continues on the Pump Guard water valve controller and several custom products.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in conformity with generally accepted accounting principals in the United States. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in those financial statements. These judgments can be subjective and complex, and consequently actual results could differ from those estimates. Our most critical accounting policies relate to accounts receivable; marketable securities; inventory; income taxes; and segment reporting.

Accounts Receivable-Accounts receivable are customer obligations due under normal trade terms. The company sells its products to security alarm distributors, alarm installers, and original equipment manufacturers. Management performs continuing credit evaluations of its customers' financial condition and the company generally does not require collateral.

The company records an allowance for doubtful accounts based on an analysis of specifically identified customer balances. The company has a limited number of customers with individually large amounts due at any given date. Any unanticipated change in any one of these customers' credit worthiness or other matters affecting the collectibility of amounts due from such customers could have a material effect on the results of operations in the period in which such changes or events occur. After all attempts to collect a receivable have failed, the receivable is written off.

Marketable securities-The Company has investments in publicly traded equity securities as well as certain state and municipal debt securities. These securities are classified as available-for-sale securities, and are reported at fair value. The Company uses the average cost method to determine the cost of securities sold and the amount reclassified out of accumulated other comprehensive income into earnings. Unrealized gains and losses are excluded from earnings and reported separately as a component of stockholder's equity. Dividend and interest income are reported as earned.

In accordance with SFAS 115, the Company evaluates all marketable securities for other-than temporary declines in fair value. When the cost basis exceeds the fair market value for approximately one year, management evaluates the nature of the investment, cause of mpairment and number of investments that are in an unrealized position. When it is determined that a security will probably remain impaired, a recognized loss is booked and the investment is written down to its new fair value. The investments are periodically evaluated to determine if impairment changes are required.

Inventories-Inventories are valued at the lower of cost or market value. Costs are determined using the average cost-pricing method. The company uses standard costs to price its manufactured inventories, approximating average costs. The reported net value of inventory includes finished saleable products, work-in-process and raw materials that will be sold or used in future periods. Inventory costs include raw materials, direct labor and overhead. The Company's overhead expenses are applied based, in part, upon estimates of the proportion of those expenses that are related to procuring and storing raw materials as compared to the manufacture and assembly of finished products. These proportions, the method of their application, and the resulting overhead included in ending inventory, are based in part on subjective estimates and approximations and actual results could differ from those estimates.

In addition, the Company records an inventory obsolescence reserve, which represents the cost of the inventory that has had no movement in over two years. There is inherent professional judgment and subjectivity made by management in determining the estimated obsolescence percentage. In addition, and as necessary, the Company may establish specific reserves for future known or anticipated events.

Income Taxes-The company has adopted the provisions of the SFAS No. 109, "Accounting for Income Taxes." SFAS No. 109 requires use of the liability method, whereby current and deferred tax assets and liabilities are determined based on tax rates and laws enacted as of the balance sheet date. Deferred tax expense represents the change in the deferred tax asset/liability balances.

Segment Reporting and Related Information-The Company discloses the results of its segments in accordance with SFAS No. 131, Disclosures About Segments of an Enterprise and Related Information ("SFAS No. 131"). The Company designated the internal organization that is used by management for allocating resources and assessing performance as the source of the Company's reportable segments. SFAS No. 131 also requires disclosures about products and services, geographic area and major customers.

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 sheets of George Risk Industries, Inc. as of April 30, 2008 and 2007, 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 audits.

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 audits provide 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, 2008 and 2007, 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/ Haynie & Company

Littleton, Colorado
August 8, 2008

George Risk Industries, Inc.
Balance Sheets
April 30, 2008 and 2007

ASSETS		
Current Assets		
Cash and cash equivalents	$ 4,072,000	$ 4,611,000
Investments and securities	17,533,000	16,738,000
Accounts receivable:		
Trade, net of $50,000 doubtful account allowance for 2008 and 2007	1,509,000	1,925,000
Other	1,000	3,000
Note receivable, current	3,000	0
Income tax overpayment	471,000	137,000
Inventories	3,100,000	3,060,000
Prepaid expenses	103,000	125,000
Deferred current income taxes	250,000	115,000
Total Current Assets	$ 27,042,000	26,714,000
Property and Equipment, net, at cost	831,000	828,000
Other Assets		
Investment in Limited Land Partnership, at cost	200,000	200,000
Projects in process	68,000	75,000

Long-term receivable	60,000	60,000
Note receivable	12,000	0
Other	1,000	18,000
Total Other Assets	$ 341,000	$ 353,000
TOTAL ASSETS	$ 28,214,000	$ 27,895,000