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RISK GEORGE INDUSTRIES INC  
Form 10KSB  
August 14, 2006

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, 2006  
 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.

State issuer's revenues for the most recent fiscal year. \$ 14,254,000.

The aggregate market value of the voting stock held by non-affiliates of the Registrant as of August 10, 2006 was approximately \$17,323,000 based upon the last reported sale, which occurred on August 10, 2006. 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

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August 10, 2006 was 5,342,213.

### DOCUMENTS INCORPORATED BY REFERENCE

None.

Transitional Small Business Disclosure Format (check one):

Yes  ; 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 86 percent and pool alarms comprise 8 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 36 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 850 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

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GRI has approximately 275 employees.

### Item 2 Properties

The company owns the manufacturing and office facilities. The manufacturing facilities were expanded by 7,200 square feet seven 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 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 63 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 twelve market makers.

#### Stock Prices and Dividends Information

#### 2006 Fiscal Year

|                       | High | Low  |
|-----------------------|------|------|
| May 1-July 31         | 5.60 | 5.00 |
| August 1-October 31   | 7.00 | 5.35 |
| November 1-January 31 | 7.74 | 7.00 |
| February 1-April 30   | 8.50 | 7.40 |

#### 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 |

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A dividend of \$0.10 per common share was declared on September 30, 2005. This is the second and consecutive dividend that the Company has paid. 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, 2006, was approximately 1,409.

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

GRI completed the fiscal year ending April 30, 2006, with a net profit of 19.2% net of sales. Net sales were at \$14,254,000, up 8.7% over the previous year. Additionally, net income for the year ended April 30, 2004 was \$2,732,000, up 8.6% from the prior year.

We expect sales to stay steady and hopefully increase for the fiscal year ending April 30, 2007. We are always researching and developing new products that will help our sales increase. 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. Also, we have received grant money from the State of Nebraska to help defer this cost. This grant money is contingent on increasing the number of workers at our Gering location over a five year period.

The material and labor costs stayed very consistent between this year and last year. At fiscal year end 2006 the material and labor percentage was at 36.6% of gross sales while the same percentage for fiscal year 2005 was at 36.7%. We continue to buy smart and we are always looking for quality material at the 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, 2006, working capital increased by 13% in comparison to the previous fiscal year. The company's liquidity has also increased this year as the ratio of cash, securities and accounts receivables to current obligations was 36.594 and 30.569 for the fiscal years ending April 30, 2006 and April 30, 2005, respectively. Current assets have increased as current liabilities have decreased. At April 30, 2006, there are a couple of long-term liabilities on the books. One is deferred income tax of \$73,000 and the other is dividends that are still due to lost stockholders from the company's first dividend declaration in fiscal year end 2005.

The new Short Roller Ball switch is in production and sales are higher than the Dome Switch it replaced. It has received a good response from distributors as an improvement to the Dome Switch.

The MagnaSphere Displays are complete. These displays have been given to

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our outside Sales Reps and are used to demonstrate this new, high security technology. Interest continues to grow on this product line. Orders have been received from the Federal government who are conducting their own test to determine if these switches can be used to replace order, more expensive technology that is presently being used.

The new Pool Alarm board is complete and will be sent for ETL certification in August 2006. The new board design will be more reliable and will use fewer parts. This makes them easier and faster to build. Sales of our Pool Alarms continue to grow as more states around the country enact safety legislation aimed at preventing swimming pool accidents with children.

GRI is now offering a mini raceway to complement our existing raceway line. The size of this new raceway is 3/8" x 3/8". This is excellent to cover speaker wire or phone wire.

The High Security Switch design has been completed and several units have been sold. The product will be submitted to U.L. and the Department of Defense. This is a triple biased switch using three reeds and magnets, which makes it resistant to tampering and defeat. The U.S. Government is a major purchaser of this type of switch set.

GRI continues to see growth in special order products. One example is a water sensor that was custom built with a connector on the wires for a major U.S. company.

GRI is seeing growth with electrical contractors with the procurement of our Current Controller (part #CC-01). This device can turn on lights in various areas when a door is opened. We are also offering a new Extreme Duty armored cable with a pull apart switch for applications such as securing tractors, golf carts, or any wheeled vehicle stored outside.

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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George Risk Industries, Inc.

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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, 2006, 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, 2006, 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 21, 2006

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George Risk Industries, Inc.  
Balance Sheet  
April 30, 2006

ASSETS

Current Assets:

|  |    |            |
|--|----|------------|
| Cash and cash equivalents                            | \$ | 5,495,000  |
| Investments and securities                           |    | 13,811,000 |
| Accounts receivable:                                 |    |            |
| Trade, net of \$50,000 doubtful<br>account allowance |    | 2,138,000  |
| Other  |    | 0          |
| Income tax overpayment                               |    | 270,000    |
| Inventories  |    | 2,270,000  |
| Prepaid expenses                                     |    | 117,000    |
| Deferred current income taxes                        |    | 312,000    |

Total Current Assets \$ 24,413,000

Property and Equipment, net, at cost 926,000

Other Assets

|  |  |         |
|--|--|---------|
| Investment in Limited Land<br>Partnership, at cost |  | 200,000 |
| Projects in process                                |  | 30,000  |
| Other  |  | 1,000   |

Total Other Assets \$ 231,000

TOTAL ASSETS \$ 25,570,000