RISK GEORGE INDUSTRIES INC
Form 10KSB
August 10, 2007

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, 2007
[ ] 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. $ 13,419,000.

The aggregate market value of the voting stock held by non-affiliates of the Registrant as of August 10, 2007 was approximately $17,270,000 based upon the last reported sale, which occurred on July 30, 2007. 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 10, 2007 was 5,335,228.

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

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.

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 84 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 39 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

GRI has approximately 225 employees.

Item 2 Properties

The company owns the manufacturing and office facilities. The manufacturing facilities were expanded by 7,200 square feet eight 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 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 fifteen market makers.

Stock Prices and Dividends Information

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

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

A dividend of $0.15 per common share was declared on September 30, 2006. This was the only dividend declared and paid during the 2007 fiscal year. As for fiscal year 2006, a dividend of $0.10 per common share was declared on September 30, 2005.

The number of holders of record of the company's Class A Common Stock as of April 30, 2007, was approximately 1,356.

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

GRI completed the fiscal year ending April 30, 2007, with a net profit of 22.2% net of sales. Net sales were at $13,419,000, down 5.86% over the previous year. Additionally, net income for the year ended April 30, 2007 was $2,981,000, up 9.1% from the prior year.

Although sales were down for the fiscal year ending April 30, 2007, we expect sales to stay steady and hopefully increase for the fiscal year ending April 30, 2008. 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. One example of how this problem is being addressed is that we have recently purchased a new pick and place machine so we are able to produce our new and improved pool alarms. The new design is less labor intense. Almost all of the assembly is done via the pick and place machine. This speeds up the manufacturing time and decreases the cost of the product.

The material and labor costs stayed very consistent between this year and last year. At the fiscal years ended 2007 and 2006 the material and labor percentage was at 36.6% of gross sales. 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 manner and we work very hard at keeping overtime expense down. We did notice that there was a slow down in sales during the 4th quarter and management was forced to implement a temporary period of voluntary days off and a very brief period of mandatory days off. 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, 2007, working capital increased by 9.5% 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 37.238 and 36.594 for the fiscal years ending April 30, 2007 and April 30, 2006, respectively. Current assets have increased as current liabilities have also increased, but the assets have grown at a faster pace than the liabilities have. At April 30, 2007, there are a couple of long-term liabilities on the books. One is deferred income tax of $74,000 and the other is a note payable for the economic development agreement that was made with the City of Gering, NE when we purchased our production building in 2005.

The ETL listed pool alarm is now in production with stock available to ship right away. We are currently working with UL to make more options available to the end user with our DPA pool alarms. This line will soon be able to meet customer demand on many of our specialty items.

The wireless pool alarm and wireless contact switch have a target date of August 2007 to be finished by our engineering department. This will enable us to move into a whole new market, which is the wireless market. This is especially timely since the price of wire has skyrocketed. Also, a 12-key keypad is also being developed for commercial access control.

A new version of our Glass Guard window sensor is in its final stages of development. We are creating this sensor in direct response to customer feedback about how our offshore competitors have had long delays in delivering this type of product.

Research and development continues on the Pump Guard, water value controller and other water sensors. We are also upgrading our CC-01 current controller. The CC-01 is used to automatically turn on closet and/or cabinet lights when the switch is activated. This is usually done by simply opening the door to the closet or cabinet. This new version will be able to handle more current and inductive load and is currently at UL for quotes.

We are continuing to use more and more RoHS standard materials in our products.

RoHS, the Restriction of Hazardous Substances directive, was adopted in February 2003 by the European Union. It took effect on July 1, 2006. The directive restricts the use of six hazardous materials in the manufacture of various types of electronic and electrical equipment. The six restricted materials include: lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyl, and polybrominated Biphenyl ether. Even though we are required to meet the RoHS standards to sell in the over-seas market, we foresee the possibility of manufacturing all our products to meet the above referenced standards.

Furthermore, we have begun working directly with some of our larger overseas customers. Ordering, invoicing, and shipping is all done through the facility here in the U.S. Our vision of the overseas warehouse is not meeting our expectations and therefore, we are in the process of closing it down. We will still have a representative out of England that will be working to promote our products in Europe and beyond, but all stock will now be shipped directly from here.

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

Index to Financial Statements
George Risk Industries, Inc.

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, 2007 and 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, 2007 and 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, 2007

George Risk Industries, Inc.
Balance Sheets
April 30, 2007 and 2006

ASSETS		
Current Assets:		
Cash and cash equivalents	$ 4,611,000	$ 5,495,000
Investments and securities	16,738,000	13,811,000
Accounts receivable:		
Trade, net of $50,000 doubtful account allowance	1,925,000	2,138,000
Other	3,000	0
Income tax overpayment	137,000	270,000
Inventories	3,060,000	2,270,000
Prepaid expenses	125,000	117,000
Deferred current income taxes	115,000	312,000
Total Current Assets	$ 26,714,000	$ 24,413,000
Property and Equipment, net, at cost	828,000	926,000
Other Assets		
Investment in Limited Land Partnership, at cost	200,000	200,000
Projects in process	75,000	30,000
Long-term receivable	60,000	0
Other	18,000	1,000
Total Other Assets	$ 353,000	$ 231,000
TOTAL ASSETS	$ 27,895,000	$ 25,570,000