

WESTWOOD HOLDINGS GROUP INC
Form 10-Q
July 27, 2016

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 the quarterly period ended June 30, 2016

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____
Commission file number 1-31234

WESTWOOD HOLDINGS GROUP, INC.
(Exact name of registrant as specified in its charter)

DELAWARE 75-2969997
(State or other jurisdiction of incorporation or organization) (IRS Employer Identification No.)

200 CRESCENT COURT, SUITE 1200 75201
DALLAS, TEXAS
(Address of principal executive office) (Zip Code)
(214) 756-6900
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

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 definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

Shares of common stock, par value \$0.01 per share, outstanding as of July 15, 2016: 8,847,754.

WESTWOOD HOLDINGS GROUP, INC.
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WESTWOOD HOLDINGS GROUP, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (In thousands, except par value and share amounts)
 (Unaudited)

	June 30, 2016	December 31, 2015
ASSETS		
Current Assets:		
Cash and cash equivalents	\$29,124	\$22,740
Accounts receivable	21,376	19,618
Investments, at fair value	44,800	72,320
Other current assets	2,159	2,926
Total current assets	97,459	117,604
Goodwill	27,144	27,144
Deferred income taxes	11,143	11,042
Intangible assets, net	22,374	23,354
Property and equipment, net of accumulated depreciation of \$4,133 and \$3,687	3,908	2,192
Total assets	\$162,028	\$181,336
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	\$3,545	\$3,549
Dividends payable	5,924	5,749
Compensation and benefits payable	8,754	20,264
Contingent consideration	—	9,023
Income taxes payable	3,109	6,268
Total current liabilities	21,332	44,853
Accrued dividends	1,236	1,699
Deferred rent	1,844	817
Total liabilities	24,412	47,369
Commitments and contingencies (Note 12)		
Stockholders' Equity:		
Common stock, \$0.01 par value, authorized 25,000,000 shares, issued 9,823,881 and outstanding 8,847,754 shares at June 30, 2016; issued 9,425,309 and outstanding 8,630,687 shares at December 31, 2015	98	94
Additional paid-in capital	155,525	143,797
Treasury stock, at cost - 976,127 shares at June 30, 2016; 794,622 shares at December 31, 2015	(43,641)	(34,910)
Accumulated other comprehensive loss	(3,228)	(4,688)
Retained earnings	28,862	29,674
Total stockholders' equity	137,616	133,967
Total liabilities and stockholders' equity	\$162,028	\$181,336

See notes to condensed consolidated financial statements.

WESTWOOD HOLDINGS GROUP, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands, except per share data and share amounts)

(Unaudited)

	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
	2016	2015	2016	2015
REVENUES:				
Advisory fees:				
Asset-based	\$22,666	\$27,458	\$44,481	\$51,387
Performance-based	409	1,918	409	2,206
Trust fees	7,643	7,921	15,108	13,071
Other, net				