

INVESTTOOLS INC  
Form 10-Q  
November 10, 2004

# 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 QUARTER ENDED September 30, 2004

Commission File Number: 0-31226

## INVESTTOOLS INC.

(Exact name of Registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of incorporation or organization)

**76-0685039**  
(I.R.S. Employer Identification No.)

**5959 Corporate Drive, Suite LL250**  
**Houston, Texas**  
(Address of principal executive offices)

**77036**  
(Zip Code)

Registrant's telephone number, including area code:

**(281) 588-9700**

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 and 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.

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Yes

No

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes

No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

\$ .01 par value per share Common Stock: **44,763,566 as of November 1, 2004**

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**INVESTOOLS INC. AND SUBSIDIARIES**

Report on Form 10-Q

Quarter Ended September 30, 2004

**PART I - FINANCIAL INFORMATION**

<u>ITEM 1.</u>	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>
<u>ITEM 2.</u>	<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>
<u>ITEM 3.</u>	<u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>
<u>ITEM 4.</u>	<u>CONTROLS AND PROCEDURES</u>

**PART II - OTHER INFORMATION**

<u>ITEM 1.</u>	<u>LEGAL PROCEEDINGS</u>
<u>ITEM 2.</u>	<u>CHANGES IN SECURITIES AND USE OF PROCEEDS</u>
<u>ITEM 3.</u>	<u>DEFAULTS UPON SENIOR SECURITIES</u>
<u>ITEM 4.</u>	<u>SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS</u>
<u>ITEM 5.</u>	<u>OTHER INFORMATION</u>
<u>ITEM 6.</u>	<u>EXHIBITS</u>



**PART I - FINANCIAL INFORMATION**

**Item 1. Consolidated Financial Statements**

## INVESTTOOLS INC. AND SUBSIDIARIES

## Consolidated Balance Sheets

(in thousands)

	September 30, 2004 (unaudited)	December 31, 2003
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 9,150	\$ 4,458
Marketable securities	9,652	7,808
Accounts receivable, net (allowance: \$158, \$197)	2,301	319
Current portion of restricted cash	344	
Other current assets	2,837	398
<b>Total current assets</b>	<b>24,284</b>	<b>12,983</b>
Long-term restricted cash	1,869	357
Goodwill and intangibles, net	16,637	12,357
Furniture and equipment, net	1,649	832
Other long-term assets	216	22
<b>Total assets</b>	<b>\$ 44,655</b>	<b>\$ 26,551</b>
Current liabilities:		
Current portion of deferred revenue	\$ 18,013	\$ 8,464
Accounts payable	5,280	1,391
Accrued payroll	2,333	1,544
Accrued tax liabilities	536	561
Other current liabilities	1,921	566
<b>Total current liabilities</b>	<b>28,083</b>	<b>12,526</b>
Long-term liabilities:		
Long-term portion of deferred revenue	4,421	158
<b>Total liabilities</b>	<b>32,504</b>	<b>12,684</b>
<b>Stockholders' equity:</b>		
Common stock (45,064 and 44,189 shares issued and outstanding, respectively)	458	442
Additional paid-in capital	129,675	127,058
Accumulated other comprehensive income (loss)	22	(2)
Deferred stock compensation	(1,089)	(293)
Accumulated deficit	(116,915)	(113,338)
<b>Total stockholders' equity</b>	<b>12,151</b>	<b>13,867</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 44,655</b>	<b>\$ 26,551</b>

The accompanying notes are an integral part of these consolidated financial statements.

**INVESTOOLS INC. AND SUBSIDIARIES**

**Consolidated Statements of Operations**

**(in thousands, except per share amounts)**

**(unaudited)**

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
<b>Revenue</b>	\$ 24,437	\$ 17,437	\$ 73,019	\$ 49,444
<b>Costs and expenses</b>				
Cost of revenue	14,767	8,326	43,788	26,392
Selling expense	6,860	4,971	17,658	12,915
Related party selling expense				501
General and administrative expenses	5,061	3,617	14,611	