Condensed Consolidated Financial Statements

Teton Advisors, Inc.

Quarterly Report for the Period Ended March 31, 2020

Teton Advisors, Inc. and Subsidiary

Condensed Consolidated Financial Statements

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Contents

Teton Advisors, Inc. and Subsidiary
Condensed Consolidated Statements of Income
(Unaudited)

	Three months ended March 31, 2020	Three months ended March 31, 2019
Revenues		
Investment advisory fees - mutual funds, net	$ 3,578,887	$ 4,806,049
Investment advisory fees - separate accounts	638,922	655,269
Distribution fees and other income	45,333	70,851
Total revenues	4,263,142	5,532,169
Operating expenses		
Compensation	1,307,730	1,449,235
Sub-advisory fees	796,380	1,001,290
Distribution costs	471,897	627,598
Marketing and administrative fees	387,523	455,609
Advanced commissions	17,531	27,471
Other operating expenses	414,887	499,655
Total operating expenses	3,395,948	4,060,858
Income before interest, taxes, depreciation, amortization and impairment	867,194	1,471,311
Depreciation and amortization	198,087	210,200
Impairment of intangible assets	800,000	-
Interest expense	-	426,822
Income (loss) before income taxes	(130,893)	834,289
Income tax provision (benefit)	(199,575)	159,841
Net income	$ 68,682	$ 674,448
Net income per share:		
Basic	$ 0.05	$ 0.53
Fully diluted	$ 0.05	$ 0.53
Weighted average shares outstanding:		
Basic	1,262,217	1,262,931
Fully diluted	1,268,062	1,262,931

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

Teton Advisors, Inc. and Subsidiary
Condensed Consolidated Statements of Financial Condition

	(Unaudited) March 31, 2020	December 31, 2019
ASSETS		
Cash and cash equivalents	$ 8,613,841	$ 7,866,308
Investment advisory fees receivable	1,045,200	1,554,134
Deferred tax asset	2,845,972	2,591,958
Distribution and shareholder service expense reimbursement receivable	41,506	61,801
Intangible assets, net (Note B)	9,356,424	10,349,963
Right-of-use assets	1,227,569	1,283,618
Contingent deferred sales commissions	24,138	32,266
Receivable from affiliates	8,410	11,429
Other assets (net of accumulated depreciation of $49,905 and $45,357 respectively)	367,858	437,315
Total assets	$ 23,530,918	$ 24,188,792
LIABILITIES AND STOCKHOLDERS' EQUITY		
Compensation payable	$ 68,074	$ 635,928
Payable to affiliates	409,855	551,170
Distribution costs payable	260,785	282,220
Income tax payable	147,280	15,699
Lease liability	1,326,353	1,386,911
Accrued expenses and other liabilities	1,161,540	1,291,405
Total liabilities	3,373,887	4,163,333
Stockholders' equity:		
Class A Common stock, $0.001 par value; 1,700,000 shares authorized;		
1,019,154 and 1,019,145 shares issued, respectively;		
973,843 and 974,843 outstanding, respectively	974	974
Class B Common stock, $0.001 par value; 800,000 shares authorized;		
792,000 shares issued; 329,645 and 329,954 shares outstanding, respectively	339	339
Additional paid-in capital	4,418,357	4,290,228
Treasury stock, at cost (45,311 class A shares and 143 class B shares		
and 44,311 class A shares and 143 class B shares, respectively)	(1,185,409)	(1,185,409)
Retained earnings	16,922,770	16,919,327
Total stockholders' equity	20,157,031	20,025,459
Total liabilities and stockholders' equity	$ 23,530,918	$ 24,188,792

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

Teton Advisors, Inc. and Subsidiary
Condensed Consolidated Statements of Stockholders' Equity
For the Three Months Ended March 31, 2020
(Unaudited)

	Common Stock Class A	Common Stock Class B	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Total
Balance at December 31, 2019	$ 974	$ 339	$ 4,290,228	$ (1,185,409)	$ 16,919,327	$ 20,025,459
Net income	-	-	-	-	68,682	68,682
Stock based compensation	-	-	128,129	-	-	128,129
Dividends declared	-	-	-	-	(65,239)	(65,239)
Balance at March 31, 2020 (unaudited)	$ 974	$ 339	$ 4,418,357	$ (1,185,409)	$ 16,922,770	$ 20,157,031

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

Teton Advisors, Inc. and Subsidiary
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Three months ended March 31, 2020	2019
Cash Flow from Operating Activities		
Net income	$ 68,682	$ 674,448
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of intangible assets	193,539	204,445
Amortization of deferred sales commission	17,531	27,471
Amortization of debt discount	-	425,589
Depreciation and amortization - other	4,548	5,756
Deferred taxes	(254,014)	68,771
Unrealized gain on investments	-	(17,813)
Stock based compensation expense	128,129	-
Intangible asset impairments	800,000	-
(Increase) decrease in operating assets:		
Investment advisory fees receivable	508,934	(23,488)
Distribution and shareholder service expense reimbursement receivable	20,295	(1,288)
Income tax receivable	-	107,021
Right-of-use assets	56,049	57,155
Contingent deferred sales commission	(9,402)	(9,804)
Receivable from affiliates	3,019	3,816
Other assets	69,325	115,830
Increase (decrease) in operating liabilities:		
Compensation payable	(567,854)	(689,843)
Payable to affiliates	(141,315)	(76,383)
Distribution costs payable	(21,435)	(25,047)
Income tax payable	131,581	-
Lease liability	(60,558)	(10,556)
Accrued expenses and other liabilities	(136,407)	(192,112)
Total adjustments	741,965	(30,480)
Net cash provided by operating activities	810,647	643,968
Cash Flows from Financing Activities		
Repayment of long-term debt	-	(2,000,000)
Dividends paid	(63,114)	(126,339)
Stock repurchase	-	(49,582)
Net cash used in financing activities	(63,114)	(2,175,921)
Net increase (decrease) in cash and cash equivalents	747,533	(1,531,953)
Cash and cash equivalents:		
Beginning of year	7,866,308	5,192,582
End of period	$ 8,613,841	$ 3,660,629
Supplemental disclosure of cash flow information:		
Interest payments	$ -	$ 31,233
Federal and State income tax payments	$ 6,263	$ 29,147
Supplemental disclosure of non-cash activity:		
Right-of-use asset obtained in exchange for lease liability	$ -	$ 1,456,506

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

Teton Advisors, Inc. and Subsidiary
Notes to Condensed Consolidated Financial Statements
March 31, 2020
(Unaudited)

A. Significant Accounting Policies

Basis of Presentation

Teton Advisors, Inc. ("Teton") was formed in Texas as Teton Advisors, LLC in December 1994. Teton serves as the investment adviser for the TETON Westwood Funds and separately managed accounts. On February 28, 2017, Teton acquired the assets of Keeley Asset Management Corp. ("KAMCO") in a newly formed, wholly-owned subsidiary, Keeley-Teton Advisors, LLC ("Keeley-Teton"). Keeley-Teton serves as the investment advisor for the KEELEY Funds and separately managed accounts. The acquisition expanded Teton's product suite to eleven mutual funds (currently nine) under the TETON Westwood and KEELEY Funds brands (collectively referred to herein as the "Funds"), along with various separately managed account strategies. Unless we have indicated otherwise, or the context otherwise requires, references in this report to "the Company," "we" or "us" collectively refer to Teton and Keeley-Teton. The Company's capital structure consists of 1,700,000 shares authorized of Class A common stock with one vote per share, 800,000 shares authorized of Class B common stock with ten votes per share, and 80,000 shares authorized of Preferred Stock.

The unaudited interim condensed consolidated financial statements of the Company included herein have been prepared in conformity with U.S. Generally Accepted Accounting Principles ("GAAP") in the United States for interim financial information. As interim financial statements, they do not include all the information and footnotes required by GAAP for complete financial statements. In the opinion of management, the unaudited interim condensed consolidated financial statements reflect all adjustments, which are of a normal recurring nature, necessary for a fair presentation of financial position, results of operations and cash flows of Teton for the interim periods presented and are not necessarily indicative of a full year's results. The interim condensed consolidated financial statements include the accounts of Teton and Keeley-Teton. Intercompany accounts and transactions have been eliminated. Additionally, these interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in Teton's Annual Report for the year ended December 31, 2019.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that may affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain amounts in prior periods may have been reclassified to conform to the current period presentation.

Nature of Operations

Teton and Keeley-Teton are both SEC registered investment advisors under the Investment Advisers Act of 1940. The Company's principal market is the United States.

Recent Accounting Developments

In February 2016, the FASB issued Accounting Standards Update No. 2016-02 — Leases (Topic 842). The update required the recognition of right-of-use lease assets and liabilities on the balance sheet and the disclosure of qualitative and quantitative information about leasing arrangements. We adopted this standard using a modified retrospective approach. We elected the package of practical expedients permitted under this guidance which, among other things, allowed us to carry-forward the historical lease classification and determine whether initial direct costs related to existing leases should be capitalized under this guidance. On January 1, 2019, we recognized operating lease assets totaling $1.5 million and corresponding operating lease liabilities of $1.5 million related primarily to our real estate leases. The adoption did not have a material impact on our results of operations. The main impact to the financial statements is the recognition of lease liabilities and right of use assets. Additional information on our operating leases is included in Note C Leases.

In June 2016, the FASB issued ASU 2016-13, *Accounting for Financial Instruments - Credit Losses (Topic 326),* which requires an organization to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Currently, U.S. GAAP requires an "incurred loss" methodology that delays recognition until it is probable a loss has been incurred. Under ASU 2016-13, the allowance for credit losses must be deducted from the amortized cost of the financial asset to present the net amount expected to be collected. The consolidated statement of income will reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. In November 2019, the FASB issued ASU 2019-10, which deferred the effective date of this guidance for smaller reporting companies for three years. This guidance is effective for the Company on January 1, 2023 and requires a modified retrospective transition method, which will result in a cumulative-effect adjustment in retained earnings upon adoption. Early adoption is permitted. The Company is currently assessing the potential impact of this new guidance on the Company's consolidated financial statements.

B. Intangible Assets

Included in our acquisition of assets from KAMCO were certain intangible assets. These assets are comprised of customer relationships, mutual fund management contracts and trade name. These intangible assets are held at the acquisition date fair value net of any amortization and impairment, where applicable. Despite already performing our annual review in the fourth quarter of 2019, due to the market disruption resulting from the effects of the coronavirus pandemic, we performed another review of our intangible assets in the first quarter of 2020. We determined that there was an additional impairment to our mutual fund management contracts of $800,000. This impairment charge is reflected in our condensed consolidated statements of income. The following is a summary of the intangible assets:

	As of March 31, 2020				
	Weighted Average Amortization Period (years)	Gross Carrying Amount	Accumulated Amortization	Impairment	Net Carrying Amount
Customer relationships	9	$ 7,360,000	$ (2,510,576)	$ (269,000)	$ 4,580,424
Mutual fund management contracts	-	12,600,000	-	(8,258,000)	4,342,000
Trade name	-	1,520,000	-	(1,086,000)	434,000
		$ 21,480,000	$ (2,510,576)	$ (9,613,000)	$ 9,356,424

Amortization expense for customer relationships for the quarters ended March 31, 2020 and 2019 are $193,539 and $204,444, respectively.

Estimated amortization expense for customer relationships over the next five years and thereafter is as follows:

For the year ended December 31,	Estimated Amortization Expense
2020 (excluding the first three months ended March 31)	$ 580,617
2021	774,156
2022	774,156
2023	774,156
2024	774,156
Thereafter	903,183
Total	$ 4,580,424

C. Leases

We review new arrangements at inception to evaluate whether we obtain substantially all the economic benefits of and have the right to control the use of an asset. If we determine that an arrangement qualifies as a lease, we recognize a lease liability and a corresponding right-of-use asset on the lease's commencement date. The lease liability is initially measured at the present value of the future minimum lease payments over the lease term using the rate implicit in the arrangement or, if not available, our incremental borrowing rate. An operating lease asset is measured initially at the value of the lease liability but excludes initial direct costs incurred. Additionally, certain of our leases contain options to extend or terminate the lease term that, if exercised, would result in the remeasurement of the operating lease liability.

Our operating leases contain both lease and non-lease components. Non-lease components are distinct elements of a contract that are not related to securing the use of the lease assets, such as common area maintenance and other management costs. We elected for our real estate operating leases to measure the lease liability by combining the lease and non-lease components as a single lease component. As such, we included the fixed payments and any payments that depend on a rate or index that relate to our lease and non-lease components in the measurement of the operating lease liability.

We recognize lease expense on a straight-line basis over the lease term. Operating lease expense is recognized as part of other operating expenses costs in our unaudited condensed consolidated statements of income.

All of our leases are operating leases and primarily consist of real estate leases for our corporate offices in Rye, NY and Chicago, IL. As of March 31, 2020, the weighted-average remaining lease term on these leases is approximately six years and the weighted-average discount rate used to measure the lease liabilities ranges from 4.63% to 5.63%.

Our operating lease expense for the three months ended March 31, 2020 and 2019, was $74,750 and $73,244, respectively.

We made lease payments of $79,259 and $28,041 during the three months ended March 31, 2020 and 2019, respectively. Our future undiscounted cash flows related to our operating leases and the reconciliation to the operating lease liability as of March 31, 2020, are as follows:

		March 31, 2020
2020 (excluding the first three months ended March 31)	$	237,778
2021		322,140
2022		319,121
2023		320,399
Thereafter		338,653
Total future undiscounted cash flows		1,538,090
Less: imputed interest to be recognized in lease expense		(211,737)
Operating lease liabilities, as reported	$	1,326,353

D. Equity

Teton has two classes of common stock: Class A and Class B.

Voting Rights

The holders of Class A common stock and Class B common stock have identical rights except that (i) holders of Class A common stock are entitled to one vote per share, while holders of Class B common stock are entitled to ten votes per share on all matters to be voted on by stockholders in general, and (ii) holders of Class A common stock are not eligible to vote on matters relating exclusively to Class B common stock and vice versa. Class B holders are entitled to convert their shares into Class A shares at any time on a one-for-one basis.

Stock Based Compensation

In the second quarter of 2019, the Company issued 17,500 RSAs at a grant date fair value of $51.32 per share, 40% to vest in three years and 60% in five years.

In the third quarter of 2019, the Company issued 25,000 RSAs at a grant date fair value of $45.00 per share, 40% to vest in three years and 60% in five years.

For the three months ended March 31, 2020 and 2019, the Company recorded stock based compensation expense related to RSAs of $128,129 and zero, respectively.

E. Related Party Transactions

The Company invests the majority of its cash equivalents in a U.S. Treasury money market mutual fund managed by Gabelli Funds, LLC, an affiliate of GAMCO. GAMCO is majority-owned and controlled by the majority owner of the Company. At March 31, 2020 and December 31, 2019, Teton had $7,891,015 and $6,605,042, respectively, in this money market fund.

The Company pays GAMCO marketing and administration fees based on the average net assets of the TETON Westwood Funds. Marketing and administration fees were $387,523 and $455,609 for the quarters ended March 31, 2020 and 2019, respectively.

The Company pays GAMCO a fixed administrative and management services fee pursuant to a contractual agreement. The amounts paid were $12,500, for the quarters ended March 31, 2020 and 2019, respectively.

The Company pays GAMCO a sub-advisory fee at an annualized rate of between 0.32% of the average net assets of the TETON Westwood Mighty Mites Fund and the TETON Westwood Convertible Securities Fund. The sub-advisory fees were $732,142 and $935,450 for the quarters ended March 31, 2020 and 2019, respectively.

At March 31, 2020 and December 31, 2019, the amounts payable to GAMCO for the services described above were $315,461 and $425,357, respectively. The amounts are included in the payable to affiliates on the Condensed Consolidated Statement of Financial Condition.

Distribution costs include certain amounts paid to G.distributors, an affiliate of GAMCO, for wholesaler and platform commissions, 3rd party distribution costs, certain expense reimbursements, and a fixed administrative services charge based on a contractual agreement with Keeley-Teton. These costs were $168,946 and $274,510 for the quarters ended March 31, 2020 and 2019, respectively.

At March 31, 2020 and December 31, 2019, the amounts payable to G.distributors for the items described above were $94,394 and $125,813, respectively. The amounts are included in the payable to affiliates on the Condensed Consolidated Statement of Financial Condition. The Company's receivables and payables to affiliates are non-interest bearing and are receivable and payable on demand.

F. Earnings Per Share

The computations of basic and fully diluted net income per share are as follows:

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Basic:		
Net income attributable to Teton shareholders	$ 68,682	$ 674,448
Weighted average shares outstanding	1,262,217	1,262,931
Basic net income per share	$ 0.05	$ 0.53
Fully diluted:		
Net income attributable to Teton shareholders	$ 68,682	$ 674,448
Weighted average shares outstanding	1,268,062	1,262,931
Fully diluted net income per share	$ 0.05	$ 0.53

G. Revenue

Revenue Recognition

Revenues are recognized when the performance obligation (the investment management and advisory services provided to the client) defined by the investment advisory agreement is satisfied. For each performance obligation, we determine at contract inception whether the revenue is satisfied over time or at a point in time. We derive our revenues from investment advisory fees, distribution fees and other income. Advisory fees are calculated based on a percentage of assets under management and the performance obligation is realized over the current month or calendar quarter. Once clients receive our investment advisory services we have an enforceable right to payment.

Advisory Fee Revenues

Our advisory fees are generated by Teton Advisors and Keeley-Teton Advisors, which manage client accounts under investment advisory agreements. Advisory fees are typically calculated based on a percentage of assets under management and are paid in accordance with the terms of the agreements. For mutual funds, advisory fees are accrued daily, based upon each mutual fund's daily net assets. For other accounts, advisory fees are paid either quarterly in advance based on assets under management on the last day of the preceding quarter, or quarterly in arrears based on assets under management on the last day of the quarter just ended, subject to adjustment. We recognize advisory fee revenues as services are rendered. Since our advance paying clients' billing periods coincide with the calendar quarter to which such payments relate, revenue is recognized within the quarter and our condensed consolidated financial statements contain no deferred advisory fee revenues. Advisory clients typically consist of institutional and mutual fund accounts.

Institutional investor accounts typically consist of corporate pension and profit sharing plans, public employee retirement funds, Taft Hartley plans, endowments, foundations and individuals. Mutual funds include the TETON Westwood Funds, a family of mutual funds for which Teton Advisors serves as advisor, and the KEELEY Funds, a family of mutual funds for which Keeley-Teton Advisors serves as advisor. These funds are available to individual investors, as well as offered as part of our investment strategies for institutional investors and private wealth accounts.

Mutual fund advisory fee revenue is net of related fund reimbursements. Fund reimbursements for the three months ended March 31, 2020 and 2019 were $457,412 and $392,314, respectively.

Revenue Disaggregated

The following table presents our revenue disaggregated by account type:

	For The Three Months Ended March 31,		**Increase (decrease)**	
(Unaudited)	**2020**	**2019**	**$**	**%**
Investment advisory fees				
Open-end mutual funds, net	$ 3,578,887	$ 4,806,049	$ (1,227,162)	-25.5%
Institutional	214,414	249,511	(35,097)	-14.1%
Private client	344,998	308,236	36,762	11.9%
Wrap	79,510	97,522	(18,012)	-18.5%
Total separate accounts	638,922	655,269	(16,347)	-2.5%
Total investment advisory fees	4,217,809	5,461,318	(1,243,509)	-22.8%
Distribution fees	17,818	32,996	(15,178)	-46.0%
Other income, net	27,515	37,855	(10,340)	-27.3%
Total revenues	$ 4,263,142	$ 5,532,169	$ (1,269,027)	-22.9%

H. Commitments and Contingencies

In the ordinary course of business, the Company may enter into contracts or agreements that contain indemnifications or warranties. Future events could occur that lead to the execution of these provisions against the Company. Based on its history and experience, the Company believes that the likelihood of any such event is remote.

The COVID-19 pandemic has significantly impacted global economies, resulting in workforce and travel restrictions, supply chain and production disruptions. Additionally, the Bureau of Economic Analysis announced that real gross domestic product (GDP) decreased at an annual rate of 4.8 percent in the first quarter of 2020, in part, due to the response to the spread of COVID-19, as governments issued "stay-at-home" orders in March. The impact of the COVID-19 outbreak continues to evolve and has been marked by rapid changes and development. As such, its outcome cannot be accurately predicted. If the disruptions posed by COVID-19 continue for an extensive period of time, our business may be materially adversely affected.

I. Subsequent Events

There were no subsequent events or transactions that occurred after the balance sheet date but before May 11, 2020, the date the financial statements were available to be issued, which warrant disclosure.

Teton Advisors, Inc. and Subsidiary

MANAGEMENT'S DISCUSSION OF OPERATIONS

The following discussion should be read in conjunction with the unaudited Condensed Consolidated Financial Statements and the notes thereto included in this report.

Introduction

Our revenues are highly correlated to the level of assets under management ("AUM") and fees associated with our various investment products, rather than our own corporate assets. AUM, which is directly influenced by the level and changes of the overall equity markets, can also fluctuate through acquisitions, the creation of new products, the addition of new accounts or the loss of existing accounts. Since various equity products have different fees, changes in our business mix may also affect revenues. At times, the performance of our equity products may differ markedly from popular market indices, and this can also impact our revenues. It is our belief that general stock market trends will have the greatest impact on our level of AUM and hence, revenues.

Risk Factors

The risk factor set forth below updates the risk factors in our Annual Report for the year ended December 31, 2019.

The COVID-19 pandemic has significantly impacted global economies, resulting in workforce and travel restrictions, supply chain and production disruptions.

During the latter part of the first quarter of 2020, these factors began having a material adverse impact on our operations, AUM, and overall financial performance. Management is taking cost and liquidity actions to manage risk and mitigate the financial impact. Due to this pandemic, we are also facing increased operational challenges from the need to protect employee health and safety and workplace disruptions. The ultimate impact of the pandemic cannot be accurately predicted. If the disruptions posed by COVID-19 continue for an extensive period of time, our business may be materially adversely affected.

Assets Under Management Highlights

The following table sets forth total AUM by product type as of the dates shown:

						% Δ From	
($ in millions)	**3/19**	**6/19**	**9/19**	**12/19**	**3/20**	**3/19**	**12/19**
Mutual Funds							
Equities	$ 2,132	$ 2,005	$ 1,854	$ 1,873	$ 1,168	-45.2%	-37.6%
Fixed Income	8	8	5	5	5	-37.5%	0.0%
Institutional, Private Client & Wrap	471	479	452	453	318	-32.5%	-29.8%
Total Assets Under Management	$ 2,611	$ 2,492	$ 2,311	$ 2,331	$ 1,491	-42.9%	-36.0%
Quarterly Average Assets Under Management	$ 2,604	$ 2,552	$ 2,371	$ 2,307	$ 2,077	-20.2%	-10.0%

The following table sets forth asset appreciation and net flows for the period shown:

($ in millions)	January 1, 2020	Appreciation / (depreciation)	Net flows	March 31, 2020
Mutual Funds				
Equities	$ 1,873	$ (553)	$ (152)	$ 1,168
Fixed Income	5	-	-	5
Institutional, Private Client & Wrap	453	(124)	(11)	318
	$ 2,331	$ (677)	$ (163)	$ 1,491

AUM was $1.49 billion at March 31, 2020 versus $2.33 billion at December 31, 2019. Outflows of $229 million and market depreciation of $677 million were partly off-set by inflows of $66 million. This compares to the first quarter of 2019 with outflows of $201 million offset by inflows of $92 million and market appreciation of $285 million. Average AUM was $2.1 billion for the first quarter 2020, a decrease of 20.2% from $2.6 billion in the first quarter 2019.

Operating Results for the Three Months Ended March 31, 2020 as Compared to the Three Months Ended March 31, 2019

Revenues

Total revenues were $4,263,142 in the first quarter of 2020, a decrease of 22.9% from the total revenues of $5,532,169 for the same period in the prior year. The change in total revenues by revenue component was as follows:

	For The Three Months Ended March 31,		Increase (decrease)	
(Unaudited)	2020	2019	$	%
Investment advisory fees				
Open-end mutual funds, net	$ 3,578,887	$ 4,806,049	$ (1,227,162)	-25.5%
Institutional	214,414	249,511	(35,097)	-14.1%
Private client	344,998	308,236	36,762	11.9%
Wrap	79,510	97,522	(18,012)	-18.5%
Total separate accounts	638,922	655,269	(16,347)	-2.5%
Total investment advisory fees	4,217,809	5,461,318	(1,243,509)	-22.8%
Distribution fees	17,818	32,996	(15,178)	-46.0%
Other income, net	27,515	37,855	(10,340)	-27.3%
Total revenues	$ 4,263,142	$ 5,532,169	$ (1,269,027)	-22.9%

Investment Advisory Fees: Investment advisory fees are directly influenced by the level and mix of AUM. The Company earns advisory fees based on the average daily AUM in the Funds and the account value as of the end of the preceding quarter for institutional, private clients and wrap accounts. Average AUM for the Funds were $1.67 billion for the first quarter ended March 31, 2020 compared to $2.15 billion for the quarter ended March 31, 2019, a decrease of 22.3%.

Average billable AUM for institutional, private clients and wrap accounts were $411 million for the three months ended March 31, 2020 compared to $621 million for the three months ended March 31, 2019, a decrease of 33.8%.

Distribution Fees: The Company earns a distribution fee on the Class C shares of Funds sold over the first twelve months after the sale. Distribution fees for the three months ended March 31, 2020 and 2019 were $17,818 and $32,996, respectively. Total sales of class C shares were $7.5 million for the trailing twelve months ending March 31, 2020 and $13.4 million for the trailing twelve months ending March 31, 2019.

Other Income, Net: Other income, net includes net gains (losses) from investments, interest income earned from cash equivalents that were invested in a money market mutual fund managed by Gabelli Funds, LLC, a subsidiary of GAMCO, and interest earned from cash held at banks. Other income, net for the three months ended March 31, 2020 and 2019 was $27,515 and $37,855, respectively. The decrease from the prior year of $10,340 was due to unrealized gains on investments recognized in the prior year quarter. These investments were sold in April of 2019.

Expenses

Compensation: Compensation costs, which include salaries, bonuses, benefits and stock-based compensation, were $1,307,730 for the first quarter of 2020, a decrease of 9.76% from $1,449,235 in the prior year comparative period. Fixed compensation costs, which include salary and benefits, were $973,613 for the first quarter of 2020, a decrease of 12.9% from $1,118,402 in the prior year comparative period. This decrease was due to a reduction in staff and staff salaries. Stock based compensation was $128,130 for the first quarter of 2020, compared to zero in the prior year comparative period. The remainder of the compensation expenses represents variable compensation that includes bonuses and revenue sharing that fluctuates with net investment advisory revenues. For the first quarter of 2020, variable compensation was $205,987, a decrease of 37.7% from $330,833 in the prior year comparative period. The decrease in variable compensation is directly related to the reduction of Company discretionary bonuses.

Sub-advisory Fees: The Company has currently retained a sub-adviser for four of the six TETON Westwood Funds. All of the Keeley-Teton funds are managed in-house. Sub-advisory fees, which range from 32% to 35% of the net investment advisory revenues of the sub-advised funds, which are recognized as expenses as the related services are performed, were $796,380 for the first quarter of 2020, a decrease of 20.5% from $1,449,235 in the prior year comparative period. The decrease was largely due to lower average AUM in the funds. Average AUM in sub-advised funds was $1.03 billion for the first quarter of 2020, a decrease of 20.8% from $1.3 billion in the prior year comparative period.

Distribution Costs: Distribution costs, which are primarily related to the sale of shares of the Funds, net of related reimbursements, include wholesaler payouts and payments made to third party distributors for funds sold through their platforms, including their no transaction fee programs. These costs were $471,897 for the first quarter of 2020, a decrease of 24.8% from $627,598 in the prior year comparative period. The decrease was directly related to lower fund AUM.

Marketing and Administrative Fees: Marketing and administrative fees, which are charges from GAMCO and paid by Teton for administration of certain activities performed by GAMCO for the TETON Westwood Funds on behalf of Teton, were $387,523 for the first quarter of 2020, a decrease of 14.9% from $455,609 in the prior year comparative period. Marketing and administrative fees are calculated on a tiered formula and are based on average AUM. Based on the tiered formula administration fees were approximately 14.3 basis points of the average AUM of the TETON Westwood Funds for the first quarter 2020 versus 13.5 basis points of the average AUM for the frist quarter 2019. As the AUM of the TETON Westwood Funds grows, these fees will decline as a percentage of average AUM.

Advanced Commissions: Advanced commission expenses were $17,531 for the first quarter of 2020, a decrease of 36.2% from $27,471 in the prior year comparative period.

Other Operating Expenses: Other operating expenses, including those charged by GAMCO and incurred directly, were $414,887 for the first quarter of 2020, a decrease of 17% from $499,655 in the prior year comparative period.

Depreciation and amortization: Depreciation and amortization expense was $198,087 for the first quarter of 2020 compared to $210,200 for the prior year comparative period.

Impairment of intangible assets: Impairment of intangible assets were $800,000 for the quarter March 31, 2020 compared to zero for the quarter ended March 31, 2019. The impairment relates to the write down of mutual fund management contracts.

Interest expense: Interest expense includes cash interest paid on the GGCP debt, as well as the amortization of debt discount associated with the debt issuance in connection with the acquisition of KAMCO in 2017. Interest expense was zero for the first quarter of 2020, a decrease of $462,822 from the prior year comparative period. The decrease in interest expense is attributable to debt being paid off in early January 2019.

Income Taxes

The effective tax rate was 152.47% for the quarter ended March 31, 2020, and 19.2% for the quarter ended March 31, 2019. The increase is largely due to the release of prior years' FIN 48 accruals along with the apportionment of certain net losses to states with higher statutory rates.

Net Income

Net income for the first quarter of 2020 was $68,682 or $0.05 per fully diluted share, versus $674,448 or $0.53 per fully diluted share, for the comparable period in 2019.

Supplemental Financial Information

As supplemental information, we provide a non-U.S. generally accepted accounting principles on ("non-GAAP") performance measure that we refer to as Cash Earnings. We provide this measure in addition to, but not as a substitute for, net income or net loss reported on a U.S. generally accepted accounting principles ("GAAP") basis. Our management and the Board of Directors review Cash Earnings to evaluate our ongoing performance, allocate resources and review our dividend policy. We believe that this non-GAAP performance measure is useful for management and investors when evaluating our underlying operating and financial performance and our available resources. We do not advocate that investors consider this non-GAAP measure without considering financial information prepared in accordance with GAAP.

In calculating Cash Earnings, we add back to net income or net loss the non-cash expense associated with the amortization of debt discount and intangible amortization expense incurred in connection with the KAMCO acquisition, as well as the after-tax intangible asset impairment charges. Although depreciation on property & equipment and amortization of leaseholds are also non-cash expenses, we do not add these back when calculating Cash Earnings because those charges represent a decline in the value of the related assets that will ultimately require replacement.

The following table provides a reconciliation of net income to Cash Earnings for the periods presented:

	For the Quarter Ended,	
	March 31, 2020	March 31, 2019
Net income	$ 68,682	$ 674,448
Add: Debt discount amortization	-	425,589
Add: Intangible amortization	193,539	204,444
Add: Intangible asset impairment (net of tax impact)	560,400	-
Cash Earnings	$ 822,621	$ 1,304,481
Cash Earnings Per Fully Diluted Share	$ 0.65	$ 1.03