Condensed Consolidated Financial Statements

Teton Advisors, Inc.

Quarterly Report for the Period Ended March 31, 2022

Teton Advisors, Inc. and Subsidiaries

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Contents

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

	Three months ended March 31, 2022	2021
Revenues		
Investment advisory fees - mutual funds, net	$ 2,992,024	$ 3,190,521
Investment advisory fees - separate accounts	821,296	675,731
Distribution fees and other income	8,802	7,877
Total revenues	3,822,122	3,874,129
Operating expenses		
Compensation	1,610,275	1,296,632
Sub-advisory fees	612,873	677,379
Distribution costs	442,198	434,772
Marketing and administrative fees	27,872	350,021
Advanced commissions	7,427	(1,733)
Other operating expenses	416,906	341,445
Total operating expenses	3,117,551	3,098,516
Income before interest, taxes, depreciation and amortization	704,571	775,613
Depreciation and amortization	84,792	86,023
Income before income taxes	619,779	689,590
Income tax (benefit) provision	(8,979)	36,158
Net income	$ 628,758	$ 653,432
Net income per share:		
Basic	$ 0.50	$ 0.52
Fully diluted	$ 0.49	$ 0.51
Weighted average shares outstanding:		
Basic	1,260,988	1,260,988
Fully diluted	1,273,156	1,270,642

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

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

	(Unaudited) March 31, 2022	December 31, 2021
ASSETS		
Cash and cash equivalents	$ 13,921,076	$ 21,506,861
Investment advisory fees receivable	1,331,133	1,374,135
Deferred tax asset	3,456,983	3,452,913
Distribution and shareholder service expense reimbursement receivable	51,325	53,086
Intangible assets, net (Note B)	3,618,434	3,699,909
Right-of-use assets	385,118	385,352
Contingent deferred sales commissions	11,827	17,827
Receivable from affiliates	2,200	2,800
Other assets (net of accumulated depreciation of $49,643 and $46,326 respectively)	346,069	276,039
Total assets	$ 23,124,165	$ 30,768,922
LIABILITIES AND STOCKHOLDERS' EQUITY		
Due to broker	$ -	$ 7,999,316
Compensation payable	418,771	707,926
Payable to affiliates	286,966	395,745
Distribution costs payable	202,524	233,409
Income tax payable	128,809	23,225
Lease liabilities	440,146	447,469
Accrued expenses and other liabilities	1,111,306	1,205,724
Total liabilities	2,588,522	11,012,814
Stockholders' equity:		
Preferred stock, $0.001 par value; 80,000 shares authorized; none issued and outstanding	-	-
Class A Common stock, $0.001 par value; 1,700,000 shares authorized;		
1,036,706 and 1,036,706 shares issued, respectively;		
991,395 and 991,395 outstanding, respectively	974	974
Class B Common stock, $0.001 par value; 800,000 shares authorized;		
792,000 shares issued; 329,093 and 329,092 shares outstanding, respectively	339	339
Additional paid-in capital	5,448,707	5,297,930
Treasury stock, at cost (45,311 class A shares and 443 class B shares		
and 45,311 class A shares and 443 class B shares, respectively)	(1,185,409)	(1,185,409)
Retained earnings	16,271,032	15,642,274
Total stockholders' equity	20,535,643	19,756,108
Total liabilities and stockholders' equity	$ 23,124,165	$ 30,768,922

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

Teton Advisors, Inc. and Subsidiaries
Condensed Consolidated Statements of Stockholders' Equity
For the Three Months Ended March 31, 2022
(Unaudited)

	Common Stock Class A	**Common Stock Class B**	**Additional Paid-in Capital**	**Treasury Stock**	**Retained Earnings**	**Total**
Balance at December 31, 2021	$ 974	$ 339	$ 5,297,930	$ (1,185,409)	$ 15,642,274	$ 19,756,108
Net income	-	-	-	-	628,758	628,758
Stock based compensation	-	-	150,777	-	-	150,777
Balance at March 31, 2022 (unaudited)	$ 974	$ 339	$ 5,448,707	$ (1,185,409)	$ 16,271,032	$ 20,535,643

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

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

	Three months ended March 31, 2022	2021
Cash Flow from Operating Activities		
Net income	$ 628,758	$ 653,432
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of intangible assets	81,475	81,475
Amortization of deferred sales commission	7,427	(1,733)
Depreciation and amortization - other	3,317	4,548
Deferred taxes	(4,070)	63,959
Stock based compensation expense	150,777	126,505
(Increase) decrease in operating assets:		
Investment advisory fees receivable	43,002	(193,689)
Distribution and shareholder service expense reimbursement receivable	1,761	(6,310)
Income tax receivable	-	119,990
Right-of-use assets	234	59,525
Contingent deferred sales commission	(1,427)	371
Receivable from affiliates	600	(21,365)
Other assets	(73,347)	71,358
Increase (decrease) in operating liabilities:		
Due to broker	(7,999,316)	-
Compensation payable	(289,155)	86,516
Payable to affiliates	(108,779)	5,653
Distribution costs payable	(30,885)	1,773
Income tax payable	105,584	-
Lease liability	(7,323)	(65,311)
Accrued expenses and other liabilities	(94,418)	(236,707)
Total adjustments	(8,214,543)	96,558
Net (decrease) increase in cash and cash equivalents	(7,585,785)	749,990
Cash and cash equivalents:		
Beginning of year	21,506,861	9,556,418
End of period	$13,921,076	$ 10,306,408
Supplemental disclosure of cash flow information:		
Federal and State income tax payments	$ 703	$ 3,925
Supplemental disclosure of non-cash activity:		
Right-of-use asset obtained in exchange for lease liability	$ 58,658	$ -

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

A. Significant Accounting Policies

Basis of Presentation

Teton Advisors, Inc. ("Teton") was formed in Texas as Teton Advisors, LLC in December 1994 to develop and manage certain mutual funds. On March 2, 1998, Teton Advisers LLC was renamed Gabelli Advisors LLC and, on the same date, merged into Gabelli Advisers, Inc., a Delaware corporation. On January, 25, 2008, Gabelli Advisers, Inc. was renamed Teton Advisors, Inc. On March 20, 2009, Teton was distributed to the shareholders of GAMCO Investors, Inc. ("GAMCO") as a separately listed company (OTC PINK: TETAA). Teton serves as the investment adviser for the TETON Westwood Funds and separately managed accounts. Continuing its growth in smaller company expertise, 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 mutual fund product suite available under the TETON Westwood and KEELEY Funds brands (collectively referred to herein as the "Funds"), along with various separately managed account strategies.

On December 31, 2021, Teton transferred the investment management agreement with the TETON Westwood SmallCap Equity Fund and the portfolio team that managed the fund to Keeley-Teton.

On December 31, 2021, Teton transferred its advisory business, operations, and personnel to a new wholly-owned subsidiary, Teton Advisors, LLC.

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 its wholly owned subsidiaries. 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. As of March 31, 2022, 1,036,706 Class A shares have been issued and 991,395 are outstanding, 792,000 Class B shares have been issued and 329,093 are outstanding, and 75,000 shares of preferred stock have been issued and none are outstanding. In addition, there are 59,500 restricted stock awards ("RSAs") that have been granted but remain unvested. See Note D for further details.

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 the Company 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 the Company's Annual Report for the year ended December 31, 2021.

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

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held at banks, an affiliated money market mutual fund, which is highly liquid, and U.S Treasury Bills with maturities of three months or less at the time of purchase.

Recent Accounting Developments

In June 2016, the FASB issued ASU 2016-13, *Accounting for Financial Instruments - Credit Losses (Topic 326)* ("ASU 2016-13"), 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 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. The Company performs periodic (at least annual) assessments of its intangible assets to determine if an impairment charge is necessary. The following is a summary of the intangible assets:

	As of March 31, 2022				
	Weighted Average Amortization Period (years)	Gross Carrying Amount	Accumulated Amortization	Impairment	Net Carrying Amount
Customer relationships	9	$ 7,360,000	$ (3,498,566)	$ (2,585,000)	$ 1,276,434
Mutual fund management contracts	-	12,600,000	-	(10,600,000)	2,000,000
Trade name	-	1,520,000	-	(1,178,000)	342,000
		$ 21,480,000	$ (3,498,566)	$ (14,363,000)	$ 3,618,434

Amortization expense for customer relationships for the quarter ended March 31, 2022 and 2021 was $81,475 and $81,475, 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
2022 (excluding the first three months ended March 31)	$ 244,424
2023	325,898
2024	325,898
2025	325,898
Thereafter	54,316
Total	$ 1,276,434

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 a real estate leases for our corporate offices in Greenwich, CT and Chicago, IL. As of March 31, 2022, the weighted-average remaining lease term on these leases is approximately 1.8 years and the weighted-average discount rate used to measure the lease liabilities ranges from 3.25% to 4.63%.

Our operating lease expense for the three months ended March 31, 2022 and 2021, was $65,037 and $74,750, respectively.

We made lease payments of $72,127 and $80,535 during the three months ended March 31, 2022 and 2021, respectively.

Our future undiscounted cash flows related to our operating leases and the reconciliation to the operating lease liability as of March 31, 2022, are as follows:

	March 31, 2022
2022 (excluding the first three months ended March 31)	172,265
2023	235,096
2024	4,610
Total future undiscounted cash flows	411,971
Less: imputed interest to be recognized in lease expense	28,175
Operating lease liabilities, as reported	$ 440,146

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 fourth quarter of 2021, the Company issued 17,500 RSAs at a grant date fair value of $21.90 per share, with 40% vesting in three years and 60% vesting in five years from the date of grant.

For the three months ended March 31, 2022 and 2021, the Company recorded stock-based compensation expense related to RSAs of $150,777 and $126,505, respectively.

E. Related Party Transactions

Mario J. Gabelli ("Mr. Gabelli") is the controlling stockholder of Teton through the shares he owns in his name and through his control of GGCP Holdings LLC, a wholly owned subsidiary of GGCP, Inc. Mr. Gabelli owned approximately 22.9% of Teton's Class A and B shares and GGCP Holdings LLC owned approximately 37.8% of Teton's Class A and B shares as of March 31, 2022.

The Company invests a portion 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 controlling stockholder of the Company. At March 31, 2022 and December 31, 2021, Teton had $2,882,877 and $2,446,624, respectively, in this money market fund.

The Company pays GAMCO a sub-advisory fee at an annualized rate of 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 $550,723 and $615,661 for the quarter ended March 31, 2022 and 2021, respectively.

The Company pays GAMCO marketing and administration fees based on the average net assets of the TETON Westwood Funds. As of January 1, 2022, the marketing and administration fees were renegotiated to a yearly charge of 5.0 basis points on first $500 million and 2.5 basis points thereafter of average net assets of the Teton Westwood Funds. Prior to 2022, marketing and administration fees were 20 basis points on the first $370 million of average net assets, 12 basis points on average net assets from $370 million to $1.0 billion and 10 basis points on average net assets greater than $1.0 billion. Total average net assets for the TETON Westwood Funds for the quarter ended March 31, 2022 and 2021 were $861.5 million and $936.3 million, respectively. Marketing and administration fees were $27,872 and $350,021 for the quarters ended March 31, 2022 and 2021, 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 quarter ended March 31, 2022 and 2021, respectively.

At March 31, 2022 and December 31, 2021, the amounts payable to GAMCO for the services described above were $198,849 and $324,210, 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, third party distribution costs, certain expense reimbursements, and a fixed administrative services charge based on a contractual agreement with Keeley-Teton. These costs were $149,248 and $157,203 for the quarter ended March 31, 2022 and 2021, respectively.

At March 31, 2022 and December 31, 2021, the amounts payable to G.distributors for the items described above were $88,117 and $71,535, 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, 2022	2021
Basic:		
Net income attributable to Teton shareholders	$ 628,758	$ 653,432
Weighted average shares outstanding	1,260,988	1,260,988
Basic net income per share	$ 0.50	$ 0.52
Fully diluted:		
Net income attributable to Teton shareholders	$ 628,758	$ 653,432
Weighted average shares outstanding	1,273,156	1,270,642
Fully diluted net income per share	$ 0.49	$ 0.51

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, 2022 and 2021 were $372,738 and $407,636, respectively.

Revenue Disaggregated

The following table presents our revenue disaggregated by account type:

(Unaudited)	For The Three Months Ended March 31, 2022	2021	Increase (decrease) $	%
Investment advisory fees				
Open-end mutual funds, net	$ 2,992,024	3,190,521	$ (198,497)	-6.2%
Institutional	337,809	255,574	82,235	32.2%
Private client	430,899	375,872	55,027	14.6%
Wrap	49,890	44,284	5,606	12.7%
UMA	2,698	-	2,698	N/A
Total separate accounts	821,296	675,730	142,868	21.1%
Total investment advisory fees	3,813,320	3,866,251	(55,629)	-1.4%
Distribution fees	6,893	7,151	(258)	-3.6%
Other income, net	1,909	727	1,182	162.6%
Total revenues	$ 3,822,122	$ 3,874,129	$ (52,007)	-1.3%

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 continues to significantly impact global economies, resulting in workforce and travel restrictions, supply chain and production disruptions and market volatility. The impact of the COVID-19 outbreak continues to evolve and has been marked by rapid changes and developments. As such, its outcome cannot be accurately predicted.

I. Subsequent Events

There were no subsequent events or transactions that occurred after the balance sheet date but before May 13, 2022, the date the financial statements were available to be issued, which warrant disclosure.

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

There have been no material changes to the risk factors previously disclosed in our Annual Report for the year ended December 31, 2021. For a discussion of our potential risks and uncertainties, see the information under the heading "Risk Factors" in our Annual Report for the year ended December 31, 2021 which is accessible on the Company's website at TetonAdv.com.

Assets Under Management Highlights

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

						% Δ From	
($ in millions)	3/21	6/21	9/21	12/21	3/22	3/21	12/21
Mutual Funds	$ 1,539	$ 1,569	$ 1,479	$ 1,487	$ 1,390	-9.7%	-6.5%
Institutional, Private Client, Wrap & UMA	493	505	467	514	481	-2.4%	-6.4%
Total Assets Under Management	$ 2,032	$ 2,074	$ 1,946	$ 2,001	$ 1,871	-7.9%	-6.5%
Quarterly Average Assets Under Management	$ 1,905	$ 2,095	$ 1,994	$ 2,000	$ 1,897	-0.4%	-5.2%

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

($ in millions)	January 1, 2022	Appreciation / (depreciation)	Net flows	March 31, 2022
Mutual Funds	$ 1,487	$ (64)	$ (33)	$ 1,390
Institutional, Private Client, Wrap & UMA	514	(18)	(15)	481
	$ 2,001	$ (82)	$ (48)	$ 1,871

AUM was $1.87 billion at March 31, 2022 versus $2.0 billion at December 31, 2021. The decrease was due to outflows of $97 million and market depreciation of $82 million partly off-set by inflows of $49 million. Average AUM was $1.89 billion for the first quarter 2022, a decrease of 5.3% from $2.0 billion in the fourth quarter 2021.

Operating Results for the Three Months Ended March 31, 2022 as Compared to the Three Months Ended March 31, 2021

Revenues

Total revenues were $3,822,122 in the first quarter of 2022, a decrease of 1.3% from the total revenues of $3,874,129 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)	2022	2021	$	%
Investment advisory fees				
Open-end mutual funds, net	$ 2,992,024	3,190,521	$ (198,497)	-6.2%
Institutional	337,809	255,574	82,235	32.2%
Private client	430,899	375,872	55,027	14.6%
Wrap	49,890	44,284	5,606	12.7%
UMA	2,698	-	2,698	N/A
Total separate accounts	821,296	675,730	142,868	21.1%
Total investment advisory fees	3,813,320	3,866,251	(55,629)	-1.4%
Distribution fees	6,893	7,151	(258)	-3.6%
Other income, net	1,909	727	1,182	162.6%
Total revenues	$ 3,822,122	$ 3,874,129	$ (52,007)	-1.3%

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. Mutual fund investment advisory fees for the three months ended March 31, 2022 and 2021 were $2,992,024 and $3,190,521, respectively. AUM for the Funds were $1.41 billion for the quarter ended March 31, 2022 compared to $1.49 billion for the quarter ended March 31, 2021, a decrease of 5.4%.

Separate account investment advisory fees for the three months ended March 31, 2022 and 2021 were $821,296 and $675,730, respectively. Average billable AUM for institutional, private clients, wrap and unified management accounts ("UMA") accounts were $490 million for the quarter ended March 31, 2022 compared to $410 million for the quarter ended March 31, 2021, an increase of 19.5%.

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, 2022 and 2021 were $6,893 and $7,151, respectively. Total sales of class C shares were $3.6 million for the trailing twelve months ending March 31, 2022 and $2.4 million for the trailing twelve months ending March 31, 2021.

Other Income, Net: Other income, net includes interest income earned from cash equivalents that were invested in a money market mutual fund managed by Gabelli Funds, LLC, a subsidiary of GAMCO, interest earned on U.S. Treasury Bills and interest earned from cash held at banks. Other income, net for the three months ended March 31, 2022 and 2021 was $1,909 and $727, respectively.

Expenses

Compensation: Compensation costs, which include salaries, bonuses, benefits and stock-based compensation, were $1,610,275 for the first quarter of 2022, an increase of $313,643 from $1,296,632 in the prior year comparative period. Fixed compensation costs, which include salary and benefits, were $813,289 for the first quarter of 2022, a decrease of 4.0% from $847,181 in the prior year comparative period. Stock based compensation for the first quarter of 2022 and 2021 was $150,777 and $126,505, respectively. The remainder of the compensation expenses represents variable compensation that includes bonuses along with revenue sharing that fluctuates with net investment advisory revenues. For the first quarter of 2022, variable compensation was $646,209, an increase of $323,263 from $322,946 in the prior year comparative period. The increase in variable compensation for the period is primarily related to the increase in the Company's discretionary bonus accrual.

Sub-advisory Fees: The Company retains a sub-adviser for four of the five 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 $612,873 for the first quarter of 2022, a decrease of 9.52% from $677,379 in the prior year comparative period. The decrease was due to lower average AUM in the funds. Specifically, average AUM in sub-advised funds was $804.1 million for the first quarter of 2022, a decrease of $82.3 million from $886.4 million in the prior year comparative period.

Distribution Costs: Distribution, intermediary and shareholder service costs, which are primarily related to the sale of shares of the Funds, net of related reimbursements, were $442,198 for the first quarter of 2022, an increase of 1.7% from $434,772 in the prior year comparative period.

Distribution costs including wholesaler payouts and payments made to third party distributors for Funds sold through them, including their no transaction fee programs were $394,433 for the first quarter of 2022, an increase of 1.7% from the prior year comparative period amount of $387,802.

The remaining distribution costs include distribution service fees with G.distributors, an affiliate of GAMCO. These distribution costs for the quarter ended March 31, 2022 and 2021 were $47,765 and $46,970, respectively.

Marketing and Administrative Fees: Marketing and administrative fees are charges from GAMCO and paid by Teton for administration of the mutual fund activities performed by GAMCO on behalf of the TETON Westwood funds, based on the average AUM in the Funds. Marketing and administration fees were $27,872 for the quarter ended March 31, 2022 compared to $350,021 for the quarter ended March 31, 2022, a decrease of $322,149 from the prior year period. The decrease was due to a re-negotiation of the fee calculation. As of January 1, 2022, the marketing and administration fees were renegotiated to 5.0 basis points on first $500 million and 2.5 basis points thereafter of average net assets of the Teton Westwood Funds. Prior to 2022, marketing and administration fees were 20 basis points on the first $370 million of average net assets, 12 basis points on average net assets from $370 million to $1.0 billion and 10 basis points on average net assets greater than $1.0 billion.

During 2022 and 2021, the first quarter effective rate was 1.3 basis points and 15.0 basis points, respectively of the average AUM. Average AUM in the TETON Westwood Funds for the first quarter of 2022 was $861.5 million, a decrease of $74.8 million from the prior year comparative period average of $936.3 million.

As the average AUM of the TETON Westwood Funds increases, these fees will decrease as a percentage of average AUM. Conversely, as the average AUM of the TETON Westwood Funds declines, these fees will increase as a percentage of average AUM.

Advanced Commissions: Advanced commission expense was $7,427 for the first quarter of 2022, an increase of $9,160 from a credit of ($1,733) in the prior year comparative period. The increase was due to a prior year adjustment resulting from an early withdrawal of class C shares related to the advanced commissions.

Other Operating Expenses: Other operating expenses, including those charged by GAMCO and incurred directly, were $416,906 for the first quarter of 2022, an increase of 22.1% from $341,445 in the prior year comparative period.

Depreciation and amortization: Depreciation and amortization expense was $84,792 for the first quarter of 2022, a decrease of $1,231 from $86,023 for the prior year comparative period.

Income Taxes

The effective tax rate was (1.45)% for the quarter ended March 31, 2022 and 5.24% for the quarter ended March 31, 2021. The effective tax rates from both periods are unusually low due to the release of prior years' uncertain tax positions for state and local tax accruals of $116,000 and $160,000, respectively.

Net Income

Net income for the first quarter of 2022 was $628,758 or $0.49 per fully diluted share, versus a net income of $653,432 or $0.51 per fully diluted share, for the comparable period in 2021.

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 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 quarterly Cash Earnings, we add back to net income the non-cash expense associated with intangible amortization expense incurred in connection with the KAMCO acquisition. Although depreciation on property & equipment and amortization of leaseholds are also non-cash expenses, we do not add it 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, 2022	March 31, 2021
Net income	$ 628,758	$ 653,432
Add: Intangible amortization	81,475	81,475
Cash Earnings	$ 710,233	$ 734,907
Cash Earnings Per Fully Diluted Share	$ 0.56	$ 0.58