COHEN & STEERS INC
Form 10-Q
August 08, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2013

OR

o 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: 001-32236

COHEN & STEERS, INC.
(Exact name of Registrant as specified in its charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	14-1904657 (I.R.S. Employer Identification No.)
280 Park Avenue New York, NY (Address of Principal Executive Offices)	10017 (Zip Code)

(212) 832-3232
(Registrant's telephone number, including area code)

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 x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, 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 x No o

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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer	o	Accelerated Filer	x
Non-Accelerated Filer	o (Do not check if a smaller reporting company)	Smaller Reporting Company	o

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes o No x

The number of shares of the Registrant's common stock, par value $0.01 per share, outstanding as of August 6, 2013 was 44,241,439.

COHEN & STEERS, INC. AND SUBSIDIARIES
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Items other than those listed above have been omitted because they are not applicable.

Forward-Looking Statements

This report and other documents filed by us contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which reflect our current views with respect to, among other things, our operations and financial performance. You can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "may," "should," "seeks," "predicts," "int “plans,” “estimates,” “anticipates” or the negative versions of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties.

Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. We believe that these factors include, but are not limited to, those described in the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2012, which is accessible on the Securities and Exchange Commission’s website at www.sec.gov and on our website at www.cohenandsteers.com. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

PART I—Financial Information

Item 1. Financial Statements

COHEN & STEERS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (Unaudited)
(in thousands, except share data)

	June 30, 2013	December 31, 2012
ASSETS		
Cash and cash equivalents	$107,465	$95,412
Securities owned ($26,002)* ($12,357 and $849)**	99,638	97,155
Equity investments	7,532	8,106
Investments, available-for-sale	14,010	25,322
Accounts receivable	45,762	44,397
Due from broker ($12,358)*	31,561	17,617
Property and equipment—net	9,264	9,103
Goodwill	19,950	20,122
Intangible assets—net	1,746	1,790
Deferred income tax asset—net	8,978	10,171
Other assets ($103)*	7,295	8,120
Total assets	$353,201	$337,315
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accrued compensation	$13,356	$25,845
Securities sold but not yet purchased ($14,685)*	—	14,685
Income tax payable	9,746	8,836
Other liabilities and accrued expenses ($335)*	23,078	18,181
Total liabilities	46,180	67,547
Commitments and contingencies (See Note 11)		
Redeemable noncontrolling interest	72,609	53,188
Stockholders' equity:		
Common stock, $0.01 par value; 500,000,000 shares authorized; 47,717,465 and 47,002,117 shares issued and outstanding at June 30, 2013 and December 31, 2012, respectively	477	470
Additional paid-in capital	443,623	429,377
Accumulated deficit	(105,670)	(117,889)
Accumulated other comprehensive income, net of tax	1,603	2,341
Less: Treasury stock, at cost, 3,480,161 and 3,239,093 shares at June 30, 2013 and December 31, 2012 respectively	(105,621)	(97,719)
Total stockholders' equity	234,412	216,580
Total liabilities and stockholders' equity	$353,201	$337,315

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* Asset and liability amounts in parentheses represent the consolidated balances at December 31, 2012 attributable to the Cohen & Steers Global Real Estate Long-Short Fund, L.P., which was a variable interest entity as of December 31, 2012.
** Pledged as collateral as of June 30, 2013 and December 31, 2012, respectively, attributable to the consolidated balances of Cohen & Steers Real Assets Fund and Cohen & Steers Active Commodities Fund, LP.

See notes to condensed consolidated financial statements

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COHEN & STEERS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Revenue:				
Investment advisory and administration fees	$70,353	$59,687	$135,747	$117,842
Distribution and service fees	3,741	2,747	7,175	5,248
Portfolio consulting and other	3,702	4,998	7,333	8,072
Total revenue	77,796	67,432	150,255	131,162
Expenses:				
Employee compensation and benefits	24,895	22,927	48,272	44,595
Distribution and service fees	9,677	6,535	24,758	12,772
General and administrative	12,517	9,923	23,696	18,460
Depreciation and amortization	1,340	1,438	2,687	2,834
Amortization, deferred commissions	810	545	1,575	1,041
Total expenses	49,239	41,368	100,988	79,702
Operating income	28,557	26,064	49,267	51,460
Non-operating income:				
Interest and dividend income—net	743	669	1,289	1,290
Loss from trading securities—net	(10,963)	(2,469)	(9,339)	(748)
Gain (loss) from available-for-sale securities—net	837	(84)	1,328	603
Equity in (losses) earnings of affiliates	(427)	(129)	109	643
Other	(368)	21	(639)	(763)
Total non-operating (loss) income	(10,178)	(1,992)	(7,252)	1,025
Income before provision for income taxes	18,379	24,072	42,015	52,485
Provision for income taxes	9,870	9,045	18,005	19,200
Net income	8,509	15,027	24,010	33,285
Less: Net loss attributable to redeemable noncontrolling interest	6,773	1,052	6,413	848
Net income attributable to common shareholders	$15,282	$16,079	$30,423	$34,133
Earnings per share attributable to common shareholders:				
Basic	$0.34	$0.37	$0.69	$0.78
Diluted	$0.34	$0.36	$0.68	$0.77
Weighted average shares outstanding:				
Basic	44,306	43,808	44,222	43,705
Diluted	45,002	44,393	44,942	44,390

See notes to condensed consolidated financial statements

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COHEN & STEERS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net income attributable to common shareholders	$15,282	$16,079	$30,423	$34,133
Foreign currency translation gain (loss), net of tax of zero	319	(1,953)	(343)	(814)
Net unrealized (loss) gain from available-for-sale securities, net of tax of zero	(863)	65	933	1,992
Reclassification to statements of operations of (gain) loss from available-for-sale securities, net of tax of zero	(837)	84	(1,328)	(603)
Total comprehensive income attributable to common shareholders	$13,901	$14,275	$29,685	$34,708

See notes to condensed consolidated financial statements

COHEN & STEERS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY AND REDEEMABLE NONCONTROLLING INTEREST (Unaudited)
Six Months Ended June 30, 2013 and 2012
(in thousands)

	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss), Net of Tax	Treasury Stock	Total Stockholders Equity	Redeemable Noncontrolling Interest	Shares of Common Stock, Net
Beginning balance, January 1, 2012	$ 462	$ 402,573	$ (83,063)	$ (225)	$ (89,235)	$ 230,512	$ 4,796	43,168
Dividends	—	—	(16,159)	—	—	(16,159)	—	—
Issuance of common stock	7	284	—	—	—	291	—	822
Repurchase of common stock	—	—	—	—	(8,389)	(8,389)	—	(249)
Tax benefits associated with restricted stock units—net	—	2,842	—	—	—	2,842	—	—
Issuance of restricted stock units	—	1,112	—	—	—	1,112	—	—
Amortization of restricted stock units—net	—	9,007	—	—	—	9,007	—	—
Net income (loss)	—	—	34,133	—	—	34,133	(848)	—
Other comprehensive income, net of tax	—	—	—	575	—	575	—	—
Distributions to redeemable noncontrolling interest	—	—	—	—	—	—	(1,121)	—
Contributions from redeemable noncontrolling interest	—	—	—	—	—	—	30,064	—
Foreign currency translation adjustment on redeemable noncontrolling interest	—	—	—	—	—	—	33	—
Ending balance, June 30, 2012	$ 469	$ 415,818	$ (65,089)	$ 350	$ (97,624)	$ 253,924	$ 32,924	43,741
Beginning balance, January 1, 2013	$ 470	$ 429,377	$ (117,889)	$ 2,341	$ (97,719)	$ 216,580	$ 53,188	43,763
Dividends	—	—	(18,204)	—	—	(18,204)	—	—

Issuance of common stock	7	286	—	—	—	293	—	715
Repurchase of common stock	—	—	—	—	(7,902)	(7,902)	—	(241)
Tax benefits associated with restricted stock units—net	—	2,122	—	—	—	2,122	—	—
Issuance of restricted stock units	—	1,140	—	—	—	1,140	—	—
Amortization of restricted stock units—net	—	10,708	—	—	—	10,708	—	—
Forfeitures of vested restricted stock units	—	(10)	—	—	—	(10)	—	—
Net income (loss)	—	—	30,423	—	—	30,423	(6,413)	—
Other comprehensive loss, net of tax	—	—	—	(738)	—	(738)	—	—
Contributions from redeemable noncontrolling interest	—	—	—	—	—	—	36,498	—
Redemptions of redeemable noncontrolling interest	—	—	—	—	—	—	(10,664)	—
Ending balance, June 30, 2013	$ 477	$ 443,623	$ (105,670)	$ 1,603	$ (105,621)	$ 234,412	$ 72,609	44,237

See notes to condensed consolidated financial statements

COHEN & STEERS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(in thousands)

	Six Months Ended June 30, 2013	2012
Cash flows from operating activities:		
Net income	$24,010	$33,285
Adjustments to reconcile net income to net cash used in operating activities:		
Stock compensation expense	10,752	9,041
Amortization, deferred commissions	1,575	1,041
Depreciation and amortization	2,687	2,834
Deferred rent	969	(267)
Loss from trading securities - net	9,339	748
Equity in earnings of affiliates	(109)	(643)
Gain from available-for-sale securities - net	(1,328)	(603)
Deferred income taxes	1,092	3,316
Foreign currency loss	930	564
Changes in operating assets and liabilities:		
Accounts receivable	(2,296)	(7,986)
Due from broker	(13,088)	(7,474)
Deferred commissions	(1,746)	(1,415)
Securities owned	(12,532)	(47,405)
Other assets	996	431
Accrued compensation	(12,011)	(9,239)
Securities sold but not yet purchased	(14,685)	1,662
Income tax payable	1,145	1,392
Other liabilities and accrued expenses	3,885	4,245
Net cash used in operating activities	(415)	(16,473)
Cash flows from investing activities:		
Proceeds from redemptions (purchases) of equity investments	683	(43)
Purchases of investments, available-for-sale	(5,464)	(13,904)
Proceeds from sales of investments, available-for-sale	17,756	17,067
Purchases of property and equipment	(2,826)	(1,559)
Net cash provided by investing activities	10,149	1,561
Cash flows from financing activities:		
Excess tax benefits associated with restricted stock units	1,981	2,817
Issuance of common stock	250	255
Repurchase of common stock	(7,902)	(8,389)
Dividends to stockholders	(17,703)	(15,747)
Redemptions of redeemable noncontrolling interest	(10,664)	(1,121)
Contributions from redeemable noncontrolling interest	36,498	30,064
Net cash provided by financing activities	2,460	7,879
Net increase (decrease) in cash and cash equivalents	12,194	(7,033)
Effect of foreign exchange rate changes	(141)	(518)
Cash and cash equivalents, beginning of the period	95,412	127,824
Cash and cash equivalents, end of the period	$107,465	$120,273

See notes to condensed consolidated financial statements

COHEN & STEERS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)
(UNAUDITED)

Supplemental disclosures of cash flow information:
For the six months ended June 30, 2013 and 2012, the Company paid taxes, net of tax refunds, of approximately $13,784,000 and $11,644,000, respectively.
Supplemental disclosures of non-cash investing and financing activities:
In connection with its stock incentive plan, for the six months ended June 30, 2013 and 2012, the Company issued fully vested restricted stock units in the amount of $639,000 and $701,000, respectively. For the six months ended June 30, 2013 and 2012, the Company declared restricted stock unit dividend equivalents in the amount of approximately $501,000 and $412,000, respectively.

COHEN & STEERS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Organization and Description of Business

Cohen & Steers, Inc. (“CNS”) was organized as a Delaware corporation on March 17, 2004. CNS was formed to be the holding company for Cohen & Steers Capital Management, Inc. (“CSCM”), a New York corporation, and to allow for the issuance of common stock to the public.

The condensed consolidated financial statements set forth herein include the accounts of CNS and its direct and indirect subsidiaries. CNS’s wholly-owned subsidiaries are CSCM, Cohen & Steers Securities, LLC (“Securities”), Cohen & Steers Asia Limited and Cohen & Steers UK Limited; Cohen & Steers Europe S.P.R.L. (formerly known as Cohen & Steers Europe S.A.) is a wholly-owned subsidiary of Cohen & Steers UK Limited (collectively, the “Company”). All material intercompany balances and transactions have been eliminated in consolidation.

Through CSCM, a registered investment adviser under the Investment Advisers Act of 1940 (the “Advisers Act”), the Company serves institutional and individual investors around the world. Founded in 1986, the Company is a leading global investment manager with a long history of innovation and a focus on real assets, including real estate, infrastructure and commodities. Its clients include Company-sponsored open-end and closed-end mutual funds, U.S. and non-U.S. pension plans, endowment funds, foundations and subadvised funds for other financial institutions. Through Securities, its registered broker/dealer, the Company provides distribution services for certain of its funds.

2. Basis of Presentation and Significant Accounting Policies

The condensed consolidated financial statements of the Company included herein are unaudited and have been prepared in accordance with the instructions to Form 10-Q pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the interim results have been made. The Company’s condensed consolidated financial statements and the related notes should be read together with the consolidated financial statements and the related notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2012.

Accounting Estimates—The preparation of the condensed consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the dates of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Management believes the estimates used in preparing the condensed consolidated financial statements are reasonable and prudent. Actual results could differ from those estimates.

Reclassifications—Certain prior year amounts have been reclassified to conform to the current year presentation. The amounts related to these reclassifications are not material to the Company’s condensed consolidated financial statements.

Consolidation—The Company consolidates operating entities deemed to be voting interest entities if the Company owns a majority of the voting interest. The equity method of accounting is used for investments in non-controlled affiliates in which the Company’s ownership ranges from 20 to 50 percent, or in instances in which the Company is able to exercise significant influence but not control. The Company also consolidates any variable interest entities (“VIEs”) in which the Company is the primary beneficiary. The Company provides for noncontrolling interests in consolidated subsidiaries for which the Company’s ownership is less than 100 percent.

A VIE is an entity in which either (a) the equity investment at risk is not sufficient to permit the entity to finance its own activities without additional financial support or (b) the group of holders of the equity investment at risk lack certain characteristics of a controlling financial interest. The primary beneficiary is the entity that has the obligation to absorb a majority of the expected losses or the right to receive the majority of the residual returns. Investments and redemptions or amendments to the governing documents of the respective entities could affect an entity's status as a

VIE or the determination of the primary beneficiary. The Company assesses whether entities in which it has an interest are VIEs upon initial involvement and at each reporting date. The Company assesses whether it is the primary beneficiary of any VIEs identified

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by evaluating its economic interests in the entity held either directly by the Company and its affiliates or indirectly through employees. See Note 4 for further discussion about the Company's investments.

Cash and Cash Equivalents—Cash equivalents consist of short-term, highly liquid investments, which are readily convertible into cash and have original maturities of three months or less.

Due from Broker—The Company conducts business, primarily through its consolidated seed investments, with brokers for certain of its investment activities. The clearing and custody operations for these investment activities are performed pursuant to agreements with prime brokers. The due from broker balance represents cash and cash equivalents balances at brokers and net receivables and payables for unsettled security transactions.

Investments—Management of the Company determines the appropriate classification of its investments at the time of purchase and re-evaluates such determination at each statement of financial condition date.

Securities owned and securities sold but not yet purchased are classified as trading securities and are measured at fair value based on quoted market prices, market prices obtained from independent pricing services engaged by management or as determined by the Company's valuation committee. Unrealized gains and losses are recorded as gain (loss) from trading securities—net reported in the Company's condensed consolidated statements of operations.

Investments classified as equity investments are accounted for using the equity method, under which the Company recognizes its respective share of the investee's net income or loss for the period. As of June 30, 2013, the Company's equity investments consisted of interests in funds which measure their underlying investments at fair value and report a net asset value on a recurring basis. The carrying amounts of these investments approximate their fair value.

Investments classified as available-for-sale are comprised of equity securities, investment-grade preferred instruments and investments in Company-sponsored open-end and closed-end mutual funds. These investments are carried at fair value based on quoted market prices or market prices obtained from independent pricing services engaged by management, with unrealized gains and losses, net of tax, reported in accumulated other comprehensive income. The Company periodically reviews each individual security position that has an unrealized loss, or impairment, to determine if that impairment is other than temporary. If the Company believes an impairment of a security position is other than temporary, the loss will be recognized in the Company's condensed consolidated statements of operations. An other than temporary impairment is generally presumed to have occurred if the available-for-sale investment has an unrealized loss continuously for 12 or more months.

From time to time, the funds consolidated by the Company enter into derivative contracts to hedge market and credit risks of the underlying portfolios utilizing options, total return swaps, credit default swaps and futures contracts. These instruments are measured at fair value with gains and losses recorded as gain (loss) from trading securities—net in the Company's condensed consolidated statements of operations. The fair values of these instruments are recorded in other assets or other liabilities and accrued expenses in the Company's condensed consolidated statements of financial condition.

Additionally, from time to time, the Company enters into foreign exchange contracts to hedge its currency exposure related to client receivables. These instruments are measured at fair value with gains and losses recorded in other non-operating income in the Company's condensed consolidated statements of operations. The fair values of these contracts are recorded in other assets or other liabilities and accrued expenses in the Company's condensed consolidated statements of financial condition.

Goodwill and Intangible Assets—Goodwill represents the excess of the cost of the Company's investment in the net assets of an acquired company over the fair value of the underlying identifiable net assets at the date of acquisition. Goodwill and indefinite lived intangible assets are not amortized but are tested at least annually for impairment by comparing the fair value to their carrying amounts. Finite lived intangible assets are amortized over their useful lives and are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. See Note 3 for further discussion about the Company’s goodwill and intangible assets.

COHEN & STEERS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(UNAUDITED)

Redeemable Noncontrolling Interest—Redeemable noncontrolling interest represents third-party interests in the Company's consolidated entities. This interest is redeemable at the option of the investors and therefore is not treated as permanent equity. Redeemable noncontrolling interest is remeasured at redemption value which approximates the fair value at each reporting period.
Investment Advisory and Administration Fees—The Company earns revenue by providing asset management services to institutional accounts and to Company-sponsored open-end and closed-end mutual funds. This revenue is earned pursuant to the terms of the underlying advisory contract, and is based on a contractual investment advisory fee applied to the assets in the client’s portfolio, net of applicable waivers. The Company also earns revenue from administration fees paid by certain Company-sponsored open-end and closed-end mutual funds, based on the average assets under management of such funds. This revenue is recognized as such fees are earned.
Distribution and Service Fees—Distribution and service fee revenue is earned as the services are performed, based on contractually-predetermined percentages of the average assets under management of the Company-sponsored open-end load mutual funds. Distribution and service fee revenue is recorded gross of any third-party distribution and service fee expense arrangements. The expenses associated with these third-party distribution and service fee arrangements are recorded as incurred. During the first quarter of 2013, the Company made payments of approximately $7.2 million associated with an additional compensation agreement entered into in connection with the offering of Cohen & Steers MLP Income and Energy Opportunity Fund, Inc., a closed end mutual fund. These payments were reflected as expenses in distribution and service fees on the accompanying condensed consolidated statements of operations for the six months ended June 30, 2013.
Portfolio Consulting and Other—The Company earns portfolio consulting and other fees by: i) providing portfolio consulting services in connection with model-based strategies accounts; ii) earning a licensing fee for the use of the Company's proprietary indices; and iii) providing portfolio monitoring services related to a number of unit investment trusts. This revenue is earned pursuant to the terms of the underlying contract, and the fee schedules for these relationships vary based on the type of services the Company provides for each relationship. This revenue is recognized as such fees are earned.
Stock-based Compensation—The Company recognizes compensation expense for the grant-date fair value of awards of equity instruments granted to employees. This expense is recognized over the period during which employees are required to provide service. The Company also estimates forfeitures.
Income Taxes—The Company records the current and deferred tax consequences of all transactions that have been recognized in the condensed consolidated financial statements in accordance with the provisions of the enacted tax laws. Deferred tax assets are recognized for temporary differences that will result in deductible amounts in future years. Deferred tax liabilities are recognized for temporary differences that will result in taxable income in future years. The Company records a valuation allowance, when necessary, to reduce deferred tax assets to an amount that more likely than not will be realized. The effective tax rate for interim periods represents the Company’s best estimate of the effective tax rate expected to be applied to the full fiscal year.
Currency Translation and Transactions—Assets and liabilities of subsidiaries having non-U.S. dollar functional currencies are translated at exchange rates at the applicable condensed consolidated statement of financial condition date. Revenue and expenses are translated at average exchange rates during the period. The gains or losses resulting from translating non-U.S. dollar functional currency into U.S. dollars are included in the Company's condensed consolidated statements of comprehensive income. Gains or losses resulting from non-U.S. dollar currency transactions are included in other non-operating income in the condensed consolidated statements of operations.
Comprehensive Income—The Company reports all changes in comprehensive income in the condensed consolidated statements of comprehensive income. Comprehensive income includes net income or loss attributable to common

shareholders, unrealized gains and losses from available-for-sale securities (net of tax), foreign currency translation gains and losses (net of tax) and reclassification to statements of operations of gains and losses from available-for-sale securities (net of tax).

Recently Issued Accounting Pronouncements—In July 2013, the Financial Accounting Standards Board ("FASB") issued new guidance on the presentation of unrecognized tax benefits when a net operating loss carryforward, a similar tax

COHEN & STEERS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(UNAUDITED)

loss, or a tax credit carryfoward exists. An entity is required to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward unless a net operating loss carryforward, a similar tax loss or a tax credit carryforward is not available as of the reporting date or the entity does not intend to use the deferred tax asset for this purpose (provided that the tax law permits a choice). This new guidance will be effective for the Company's first quarter of 2014. The Company does not anticipate that the adoption of this new guidance will have a material impact on the Company's condensed consolidated financial statements.

In February 2013, the FASB issued new guidance requiring an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. An entity is also required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income. This new guidance was effective for the Company's first quarter of 2013. The adoption of this new guidance did not have a material impact on the Company's condensed consolidated financial statements.

In January 2013, the FASB issued new guidance to clarify the scope of the offsetting disclosures associated with derivative and hedging transactions, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions. This new guidance was effective for the Company's first quarter of 2013. The adoption of this new guidance did not have a material impact on the Company's condensed consolidated financial statements.

In October 2012, the FASB issued new guidance to make certain technical corrections to the FASB Accounting Standards Codification ("Codification"), which identifies when the use of fair value should be linked to the definition of fair value in Codification Topic 820, Fair Value Measurements and Disclosures (“ASC 820”). The amendments affect various Codification topics and include source literature amendments, guidance clarification and reference corrections and relocated guidance. The amendments that will not have transition guidance were effective upon issuance and the amendments that are subject to the transition guidance were effective for the Company's first quarter of 2013. The adoption of this new guidance did not have a material impact on the Company's condensed consolidated financial statements.

In July 2012, the FASB issued new guidance to simplify how entities test indefinite-lived intangible assets for impairment. The new guidance permits an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount as a basis for determining whether it is necessary to perform the second step to measure the amount of the impairment loss, if any. This new guidance was effective for the Company's first quarter of 2013. The adoption of this new guidance did not have a material impact on the Company's condensed consolidated financial statements.

In December 2011, the FASB issued new guidance to create new disclosure requirements about the nature of an entity's rights of offset and related arrangements associated with its financial instruments and derivative instruments. This new guidance was effective for the Company's first quarter of 2013. The adoption of this new guidance did not have a material impact on the Company's condensed consolidated financial statements.

3. Goodwill and Intangible Assets

Goodwill

Goodwill represents the excess of purchase price over the net tangible assets and identifiable intangible assets of an acquired business. At June 30, 2013 and December 31, 2012, goodwill was approximately $19,950,000 and $20,122,000, respectively. The Company’s goodwill decreased by $172,000 in the six months ended June 30, 2013 as a result of foreign currency revaluation.

COHEN & STEERS, INC. AND SUBSIDIARIES
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Intangible Assets
The following table details the gross carrying amounts and accumulated amortization for the intangible assets at June 30, 2013 and December 31, 2012 (in thousands):

	Remaining Amortization Period (In Months)	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net
June 30, 2013:				
Amortized intangible assets:				
Client relationships	66	$1,543	$(1,047)	$496
Non-amortized intangible assets:				
Mutual fund management contracts	—	1,250	—	1,250
Total		$2,793	$(1,047)	$1,746
December 31, 2012:				
Amortized intangible assets:				
Client relationships	72	$1,543	$(1,003)	$540
Non-amortized intangible assets:				
Mutual fund management contracts	—	1,250	—	1,250
Total		$2,793	$(1,003)	$1,790

Amortization expense related to the intangible assets was approximately $22,000 for both the three months ended June 30, 2013 and 2012, respectively, and approximately $44,000 for both the six months ended June 30, 2013 and 2012, respectively. Estimated future amortization expense is as follows (in thousands):

Periods Ending December 31,	Estimated Amortization Expense
2013	$45
2014	89
2015	89
2016	89
2017	89
Thereafter	95
Total	$496

4. Investments
The following is a summary of the Company's investments as of June 30, 2013 and December 31, 2012 (in thousands):

	June 30, 2013	December 31, 2012
Securities owned	$99,638	$97,155

Equity investments	7,532	8,106
Investments, available-for-sale	14,010	25,322