

NVE CORP /NEW/  
Form 10-Q  
July 22, 2015

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2015**

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: **000-12196**

**NVE CORPORATION**

(Exact name of registrant as specified in its charter)

**Minnesota**

(State or other jurisdiction of incorporation or organization)

**41-1424202**

(I.R.S. Employer Identification No.)

**11409 Valley View Road, Eden Prairie, Minnesota**

(Address of principal executive offices)

**55344**

(Zip Code)

**(952) 829-9217**

(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 ☐ No

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 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).

[X] Yes [ ] No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]

Accelerated filer [X]

Non-accelerated filer [ ] (Do not check if a smaller reporting company) Smaller reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). [ ] Yes [X] No

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

**Common Stock, \$0.01 Par Value 4,866,181 shares outstanding as of July 17, 2015**

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BALANCE SHEETS**

	<b>(Unaudited) June 30, 2015</b>	<b>March 31, 2015*</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 12,290,435	\$ 9,437,262
Marketable securities, short-term	17,559,217	20,099,288
Accounts receivable, net of allowance for uncollectible accounts of \$15,000	3,039,738	2,963,974
Inventories	3,170,601	3,742,492
Deferred tax assets	147,219	102,052
Prepaid expenses and other assets	846,546	574,913
Total current assets	37,053,756	36,919,981
Fixed assets		
Machinery and equipment	8,629,333	8,604,926
Leasehold improvements	1,522,948	1,524,298
	10,152,281	10,129,224
Less accumulated depreciation	8,080,567	7,873,816
Net fixed assets	2,071,714	2,255,408
Marketable securities, long-term	70,432,372	70,913,807
Total assets	\$ 109,557,842	\$ 110,089,196
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable	\$ 386,555	\$ 358,818
Accrued payroll and other	568,821	1,127,136
Income taxes payable	1,475,474	-
Total current liabilities	2,430,850	1,485,954
Long-term deferred tax liabilities	138,201	275,708
Shareholders' equity		
Common stock, \$0.01 par value, 6,000,000 shares authorized; 4,866,181 issued and outstanding as of June 30, 2015 and 4,857,953 issued and outstanding as of March 31, 2015	48,662	48,580
Additional paid-in capital	20,875,163	20,850,762
Accumulated other comprehensive income	437,948	746,447
Retained earnings	85,627,018	86,681,745
Total shareholders' equity	106,988,791	108,327,534
Total liabilities and shareholders' equity	\$ 109,557,842	\$ 110,089,196

\*The March 31, 2015 Balance Sheet is derived from the audited financial statements contained in our Annual Report on Form 10-K for the fiscal year ended March 31, 2015.

See accompanying notes.

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**NVE CORPORATION**  
**STATEMENTS OF INCOME**  
**(Unaudited)**

	<b>Quarter Ended June 30</b>	
	<b>2015</b>	<b>2014</b>
<b>Revenue</b>		
Product sales	\$ 7,735,865	\$ 8,348,081
Contract research and development	585,054	104,954
Total revenue	8,320,919	8,453,035
Cost of sales	1,993,928	1,558,346
Gross profit	6,326,991	6,894,689
<b>Expenses</b>		
Selling, general, and administrative	484,764	629,650
Research and development	681,001	803,428
Total expenses	1,165,765	1,433,078
Income from operations	5,161,226	5,461,611
Interest income	485,798	548,554
Income before taxes	5,647,024	6,010,165
Provision for income taxes	1,843,798	1,973,055
Net income	\$ 3,803,226	\$ 4,037,110
Net income per share basic	\$ 0.78	\$ 0.83
Net income per share diluted	\$ 0.78	\$ 0.83
Cash dividends declared per common share	\$ 1.00	\$ -
<b>Weighted average shares outstanding</b>		
Basic	4,854,841	4,851,043
Diluted	4,860,848	4,867,459

**STATEMENTS OF COMPREHENSIVE INCOME**  
**(Unaudited)**

	<b>Quarter Ended June 30</b>	
	<b>2015</b>	<b>2014</b>
Net income	\$ 3,803,226	\$ 4,037,110
Unrealized (loss) gain from marketable securities, net of tax	(308,499)	94,848
Comprehensive income	\$ 3,494,727	\$ 4,131,958

See accompanying notes.

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**NVE CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

	<b>Quarter Ended June 30</b>	
	<b>2015</b>	<b>2014</b>
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 3,803,226	\$ 4,037,110
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	206,751	230,915
Excess tax benefits	(318,521)	-
Deferred income taxes	311,876	56,573
Changes in operating assets and liabilities:		
Accounts receivable	(75,764)	(1,459,679)
Inventories	571,891	(85,423)
Prepaid expenses and other assets	(271,633)	(149,273)
Accounts payable and accrued expenses	944,896	1,853,045
Net cash provided by operating activities	5,172,722	4,483,268
<b>INVESTING ACTIVITIES</b>		
Purchases of fixed assets	(23,057)	(27,710)
Purchases of marketable securities	136,978	(6,404,809)
Proceeds from maturities and sales of marketable securities	2,400,000	4,000,000
Net cash provided by (used in) investing activities	2,513,921	(2,432,519)
<b>FINANCING ACTIVITIES</b>		
Proceeds from sale of common stock	262,749	-
Excess tax benefits	318,521	-
Repurchase of common stock	(556,787)	-
Payment of dividends to shareholders	(4,857,953)	-
Net cash used in financing activities	(4,833,470)	-
Increase in cash and cash equivalents	2,853,173	2,050,749
Cash and cash equivalents at beginning of period	9,437,262	1,262,300
Cash and cash equivalents at end of period	\$ 12,290,435	\$ 3,313,049
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid during the quarter for income taxes	\$ -	\$ -

See accompanying notes.

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**NVE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Unaudited)**

**NOTE 1. DESCRIPTION OF BUSINESS**

We develop and sell devices that use spintronics, a nanotechnology that relies on electron spin rather than electron charge to acquire, store, and transmit information.

**NOTE 2. INTERIM FINANCIAL INFORMATION**

The accompanying unaudited financial statements of NVE Corporation are prepared consistent with accounting principles generally accepted in the United States and in accordance with Securities and Exchange Commission rules and regulations. In the opinion of management, these financial statements reflect all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of the financial statements. Although we believe that the disclosures are adequate to make the information presented not misleading, it is suggested that these unaudited financial statements be read in conjunction with the audited financial statements and the notes included in our latest annual financial statements included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2015. The results of operations for the quarter ended June 30, 2015 are not necessarily indicative of the results that may be expected for the full fiscal year ending March 31, 2016.

**NOTE 3. RECENTLY ISSUED ACCOUNTING STANDARDS**

In May 2014, the Financial Accounting Standards Board issued Accounting Standard Update ( ASU ) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the revenue recognition requirements in Accounting Standards Codification 605, *Revenue Recognition*. ASU 2014-09 is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. It also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for fiscal years beginning after December 15, 2017, including interim periods within that reporting period, which will be our first quarter of fiscal 2019. We have not yet evaluated the impact of ASU 2014-09 on our financial statements.

We have adopted all other applicable recently issued accounting pronouncements.

**NOTE 4. NET INCOME PER SHARE**

Net income per basic share is computed based on the weighted-average number of common shares issued and outstanding during each period. Net income per diluted share amounts assume conversion, exercise or issuance of all potential common stock instruments (stock options and warrants). Stock options totaling 7,000 for the quarter ended June 30, 2014 were not included in the computation of diluted earnings per share because the exercise prices were greater than the market price of the common stock. The following table reflects the components of common shares outstanding:

		<b>Quarter Ended June 30</b>	
		<b>2015</b>	<b>2014</b>
Weighted average common shares outstanding	basic	4,854,841	4,851,043
Effect of dilutive securities:			
Stock options		6,007	15,814
Warrants		-	602



Shares used in computing net income per share	diluted	4,860,848	4,867,459
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**Table of Contents****NOTE 5. MARKETABLE SECURITIES**

Marketable securities with remaining maturities less than one year are classified as short-term, and those with remaining maturities greater than one year are classified as long-term. The fair value of our marketable securities as of June 30, 2015, by maturity, were as follows:

<b>Total</b>	<b>&lt;1 Year</b>	<b>1 3 Years</b>	<b>3 5 Years</b>
\$ 87,991,589	\$ 17,559,217	\$ 47,260,141	\$ 23,172,231

As of June 30 and March 31, 2015, our marketable securities were as follows:

	<b>As of June 30, 2015</b>				<b>As of March 31, 2015</b>			
	<b>Adjusted Cost</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Fair Market Value</b>	<b>Adjusted Cost</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Fair Market Value</b>
Corporate bonds	\$ 85,929,786	\$ 724,435	\$ (36,779)	\$ 86,617,442	\$ 88,456,886	\$ 1,185,469	\$ (16,371)	\$ 89,625,984
Municipal bonds	1,373,962	185	-	1,374,147	1,383,839	3,272	-	1,387,111
<b>Total</b>	<b>\$ 87,303,748</b>	<b>\$ 724,620</b>	<b>\$ (36,779)</b>	<b>\$ 87,991,589</b>	<b>\$ 89,840,725</b>	<b>\$ 1,188,741</b>	<b>\$ (16,371)</b>	<b>\$ 91,013,095</b>

The following table shows the gross unrealized losses and fair value of our investments with unrealized losses, aggregated by investment category and length of time that individual securities had been in a continuous unrealized loss position as of June 30 and March 31, 2015:

	<b>Less Than 12 Months</b>		<b>12 Months or Greater</b>		<b>Total</b>	
	<b>Fair Market Value</b>	<b>Gross Unrealized Losses</b>	<b>Fair Market Value</b>	<b>Gross Unrealized Losses</b>	<b>Fair Market Value</b>	<b>Gross Unrealized Losses</b>
<b>As of June 30, 2015</b>						
Corporate bonds	\$ 12,352,085	\$ (26,489)	\$ 2,595,544	\$ (10,290)	\$ 14,947,629	\$ (36,779)
Municipal bonds	-	-	-	-	-	-
<b>Total</b>	<b>\$ 12,352,085</b>	<b>\$ (26,489)</b>	<b>\$ 2,595,544</b>	<b>\$ (10,290)</b>	<b>\$ 14,947,629</b>	<b>\$ (36,779)</b>
<b>As of March 31, 2015</b>						
Corporate bonds	\$ 3,015,900	\$ (163)	\$ 2,590,240	\$ (16,208)	\$ 5,606,140	\$ (16,371)
Municipal bonds	-	-	-	-	-	-
<b>Total</b>	<b>\$ 3,015,900</b>	<b>\$ (163)</b>	<b>\$ 2,590,240</b>	<b>\$ (16,208)</b>	<b>\$ 5,606,140</b>	<b>\$ (16,371)</b>

Gross unrealized losses totaled \$36,779 as of June 30, 2015, and were attributed to six corporate bonds out of a portfolio of 30 bonds. The gross unrealized losses were due to market-price decreases after the bonds were purchased.

All of the bonds we held had investment-grade credit ratings by Moody's or Standard and Poor's. For each bond with an unrealized loss, we expect to recover the entire cost basis of each security based on our consideration of factors including their credit ratings, the underlying ratings of insured bonds, and historical default rates for securities of comparable credit rating.

One corporate bond, with a fair market value of \$2,595,544, had been in continuous unrealized loss positions for 12 months or greater. For this security, we also considered the severity of unrealized loss, which was less than 1% of adjusted cost.

Because we expect to recover the cost basis of investments held, we do not consider any of our marketable securities to be other-than-temporarily impaired at June 30, 2015.



**Table of Contents****NOTE 6. INVENTORIES**

Inventories consisted of the following:

	<b>June 30, 2015</b>	<b>March 31, 2015</b>
Raw materials	\$ 776,051	\$ 738,169
Work in process	1,680,708	2,302,751
Finished goods	713,842	701,572
Total inventories	\$ 3,170,601	\$ 3,742,492

**NOTE 7. STOCK-BASED COMPENSATION**

There were no stock-based compensation expenses for the first quarters of fiscal 2016 or 2015.

**NOTE 8. INCOME TAXES**

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

We had no unrecognized tax benefits as of June 30, 2015, and we do not expect any significant unrecognized tax benefits within 12 months of the reporting date. We recognize interest and penalties related to income tax matters in income tax expense. As of June 30, 2015 we had no accrued interest related to uncertain tax positions. The tax years 1999 through 2014 remain open to examination by the major taxing jurisdictions to which we are subject.

**NOTE 9. FAIR VALUE MEASUREMENTS**

Generally accepted accounting principles establish a framework for measuring fair value, provide a definition of fair value and prescribe required disclosures about fair-value measurements. Generally accepted accounting principles define fair value as the price that would be received to sell an asset or paid to transfer a liability. Fair value is a market-based measurement that should be determined using assumptions that market participants would use in pricing an asset or liability. Generally accepted accounting principles utilize a valuation hierarchy for disclosure of fair value measurements. The categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The categories within the valuation hierarchy are described as follows:

**Level 1** Financial instruments with quoted prices in active markets for identical assets or liabilities. Our Level 1 financial instruments consist of publicly-traded marketable corporate debt securities, which are classified as available-for-sale. On the balance sheets, these securities are included in Marketable securities, short term and Marketable securities, long term. The fair value of our Level 1 marketable securities was \$86,617,442 at June 30, 2015 and \$89,625,984 at March 31, 2015.

**Level 2** Financial instruments with quoted prices in active markets for similar assets or liabilities. Level 2 fair value measurements are determined using either prices for similar instruments or inputs that are either directly or indirectly observable, such as interest rates. Our Level 2 financial instruments consist of municipal debt securities, which are classified as available-for-sale. On the balance sheets, these securities are included in Marketable securities, short term and Marketable securities, long term. The fair value of our Level 2 marketable securities was \$1,374,147 at June 30, 2015 and \$1,387,111 at March 31, 2015.

**Level 3** Inputs to the fair value measurement are unobservable inputs or valuation techniques. We do not have any financial assets or liabilities being measured at fair value that are classified as Level 3 financial instruments.



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### **NOTE 10. STOCK REPURCHASE PLAN**

On January 21, 2009 we announced that our Board of Directors authorized the repurchase of up to \$2,500,000 of our Common Stock, \$1,236,595 of which remained available as of June 30, 2015. The repurchase program may be modified or discontinued at any time without notice. We did not repurchase any of our Common Stock under the program during the quarter ended June 30, 2015.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

### **Forward-looking statements**

Some of the statements made in this Report or in the documents incorporated by reference in this Report and in other materials filed or to be filed by us with the Securities and Exchange Commission ( SEC ) as well as information included in verbal or written statements made by us constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are subject to the safe harbor provisions of the reform act. Forward-looking statements may be identified by the use of the terminology such as may, will, expect, anticipate, intend, believe, estimate, should, or continue, or the negatives of these terms or other variations on these words or comparable terminology. To the extent that this Report contains forward-looking statements regarding the financial condition, operating results, business prospects or any other aspect of NVE, you should be aware that our actual financial condition, operating results and business performance may differ materially from that projected or estimated by us in the forward-looking statements. We have attempted to identify, in context, some of the factors that we currently believe may cause actual future experience and results to differ from their current expectations. These differences may be caused by a variety of factors, including but not limited to our reliance on several large customers for a significant percentage of revenue, uncertainties related to possible renewal of agreements with large customers, uncertainties related to the economic environments in the industries we serve, uncertainties related to future contract research and development revenue, uncertainties related to future stock repurchases and dividend payments, and other specific risks that may be alluded to in this Report or in the documents incorporated by reference in this Report.

Further information regarding our risks and uncertainties are contained in Part I, Item 1A Risk Factors of our Annual Report on Form 10-K for the year ended March 31, 2015.

### **General**

NVE Corporation, referred to as NVE, we, us, or our, develops and sells devices that use spintronics, a nanotechnology that relies on electron spin rather than electron charge to acquire, store and transmit information. We manufacture high-performance spintronic products including sensors and couplers that are used to acquire and transmit data. We have also licensed our spintronic magnetoresistive random access memory technology, commonly known as MRAM.

### **Critical accounting policies**

A description of our critical accounting policies is provided in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended March 31, 2015. At June 30, 2015 our critical accounting policies and estimates continued to include investment valuation, inventory valuation, and deferred tax assets estimation.

**Table of Contents****Quarter ended June 30, 2015 compared to quarter ended June 30, 2014**

The table shown below summarizes the percentage of revenue and quarter-to-quarter changes for various items:

	<b>Percentage of Revenue</b>		<b>Quarter-</b>
	<b>Quarter Ended June 30</b>		<b>to-Quarter</b>
	<b>2015</b>	<b>2014</b>	<b>Change</b>
<b>Revenue</b>			
Product sales	93.0%	98.8%	(7.3)%
Contract research and development	7.0%	1.2%	457.4%
Total revenue	100.0%	100.0%	(1.6)%
Cost of sales	24.0%	18.4%	28.0%
Gross profit	76.0%	81.6%	(8.2)%
<b>Expenses</b>			
Selling, general, and administrative	5.8%	7.5%	(23.0)%
Research and development	8.2%	9.5%	(15.2)%
Total expenses	14.0%	17.0%	(18.7)%
Income from operations	62.0%	64.6%	(5.5)%
Interest and other income	5.9%	6.5%	(11.4)%
Income before taxes	67.9%	71.1%	(6.0)%
Provision for income taxes	22.2%	23.3%	(6.6)%
Net income	45.7%	47.8%	(5.8)%

Total revenue for the quarter ended June 30, 2015 (the first quarter of fiscal 2016) decreased 2% compared to the quarter ended June 30, 2014 (the first quarter of fiscal 2015). The decrease was due to a 7% decrease in product sales, partially offset by a 457% increase in contract research and development revenue.

The decrease in product sales from the prior-year quarter was due to decreased purchase volume by existing customers. Based on customer forecasts and a more aggressive pricing strategy in certain markets, we currently expect product sales for future quarters, including the remaining quarters in fiscal 2016, to be significantly less than product sales for the first quarter of fiscal 2016.

The increase in contract research and development revenue for the first quarter of fiscal 2016 was due to new contracts.

Gross profit margin decreased to 76% of revenue for the first quarter of fiscal 2016 compared to 82% for the first quarter of fiscal 2015, due primarily to a less profitable revenue mix caused by a large increase in contract research and development revenue.

Total expenses decreased 19% for the first quarter of fiscal 2016 compared to the first quarter of fiscal 2015, due to a 23% decrease in selling, general, and administrative expense and a 15% decrease in research and development expense. The decrease in selling, general, and administrative expense was primarily due to decreased performance-based compensation. The decrease in research and development expense was due to an increase in contract research and development activities, which caused us to reallocate resources to expensed research and development activities. Research and development expense can fluctuate significantly depending on staffing, project requirements, and contract research and development activities.

Interest income for the first quarter of fiscal 2016 decreased 11% due to a decrease in interest-bearing marketable securities. The decrease in marketable securities was because we used proceeds from maturing securities to help fund cash dividends, rather than reinvesting proceeds as we had generally done in the past.

The provision for income taxes was \$1,843,798 for the first quarter of fiscal 2016 compared to \$1,973,055 for the first quarter of fiscal 2015. The effective tax rate was 33% of income before taxes for the first quarters of fiscal 2016 and 2015.

The 6% decrease in net income in the first quarter of fiscal 2016 compared to the prior-year quarter was primarily due to decreased product sales and decreased interest income, partially offset by decreased expenses.



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### **Liquidity and capital resources**

#### ***Overview***

Cash and cash equivalents were \$12,290,435 at June 30, 2015 compared to \$9,437,262 at March 31, 2015. The \$2,853,173 increase in cash and cash equivalents during the quarter was due to \$5,172,722 in net cash provided by operating activities and \$2,513,921 net cash provided by investing activities, less \$4,833,470 net cash used in financing activities. We currently believe our working capital and cash generated from operations will be adequate for our needs at least for the next 12 months.

#### ***Operating Activities***

Inventories decreased \$571,891, primarily due to a reduction in work in process related to contract research and development revenue recognition timing.

Income taxes payable increased \$1,475,474 in the first quarter of fiscal 2016 because we had no estimated income tax payments due in the quarter.

#### ***Investing Activities***

Net cash provided by investing activities in the first quarter of fiscal 2016 was primarily due to marketable security maturities of \$2,400,000.

Purchases of fixed assets were \$23,057 in the first quarter of fiscal 2016 compared to \$27,710 in the first quarter of fiscal 2015. Our capital expenditures can vary significantly from quarter to quarter depending on our needs, equipment purchasing opportunities, and production expansion activities.

Free cash flow, which is net cash provided by operating activities less purchases of fixed assets, was \$5,149,665 for the first quarter of fiscal 2016.

#### ***Financing Activities***

Net cash used in financing activities in the first quarter of fiscal 2016 was primarily a \$4,857,953 cash dividend to shareholders.

In addition to the \$4,857,953 dividend paid in the first quarter of fiscal 2016, on July 22, 2015 we announced that our Board had declared a cash quarterly dividend of an additional **\$1.00** per share of common stock, or **\$4,866,181** based on shares outstanding as of July 17, 2015 to be paid August 31, 2015. We plan to fund such dividends through cash provided by operating activities and proceeds from maturities of marketable securities. All future dividends will be subject to Board approval and subject to the company's results of operations, cash and marketable security balances, estimates of future cash requirements, and other factors the Board may deem relevant. Furthermore, dividends may be modified or discontinued at any time without notice.

A program announced January 21, 2009 authorized the repurchase of up to \$2,500,000 of our Common Stock, \$1,236,595 of which remained available as of June 30, 2015. The repurchase program may be modified or discontinued at any time without notice. We did not repurchase any stock under the program in the first quarter of fiscal 2016.

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### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

As discussed in our Annual Report on Form 10-K for the fiscal year ended March 31, 2015, we are exposed to financial market risks, primarily marketable securities and, to a lesser extent, changes in currency exchange rates.

#### **Marketable Securities**

The primary objective of our investment activities is to preserve principal while at the same time maximizing after-tax yields without significantly increasing risk. To achieve this objective, we maintain our portfolio of cash equivalents and marketable securities in securities including municipal obligations, corporate obligations, and money market funds. Short-term and long-term marketable securities are generally classified as available-for-sale and consequently are recorded on the balance sheet at fair value with unrealized gains or losses reported as a separate component of accumulated other comprehensive income or loss, net of estimated tax. Our marketable securities as of June 30, 2015 had remaining maturities between five and 211 weeks. Marketable securities had a market value of \$87,991,589 at June 30, 2015, representing approximately 80% of our total assets. We have not used derivative financial instruments in our investment portfolio.

### **Item 4. Controls and Procedures.**

#### ***Disclosure Controls and Procedures***

Management, with the participation of the Chief Executive Officer and Chief Financial Officer, has performed an evaluation of our disclosure controls and procedures that are defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the Exchange Act) as of the end of the period covered by this Report. This evaluation included consideration of the controls, processes, and procedures that are designed to ensure that information required to be disclosed by us in the reports we file under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2015, our disclosure controls and procedures were effective.

#### ***Changes in Internal Controls***

During the quarter ended June 30, 2015, there was no change in our internal control over financial reporting that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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**PART II OTHER INFORMATION**

**Item 1. Legal Proceedings.**

In the ordinary course of business we may become involved in litigation. At this time we are not aware of any material pending or threatened legal proceedings or other proceedings contemplated by governmental authorities that we expect would have a material adverse impact on our future results of operation and financial condition.

**Item 1A. Risk Factors.**

There have been no material changes from the risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended March 31, 2015.

**Item 4. Mine Safety Disclosures.**

Not applicable.

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**Item 6. Exhibits.**

<b><u>Exhibit #</u></b>	<b><u>Description</u></b>
31.1	Certification by Daniel A. Baker pursuant to Rule 13a-14(a)/15d-14(a).
31.2	Certification by Curt A. Reynders pursuant to Rule 13a-14(a)/15d-14(a).
32	Certification by Daniel A. Baker and Curt A. Reynders pursuant to 18 U.S.C. Section 1350.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**NVE CORPORATION**

(Registrant)

**July 22, 2015**

Date

**/s/ DANIEL A. BAKER**

Daniel A. Baker

President and Chief Executive Officer

**July 22, 2015**

Date

**/s/ CURT A. REYNDERS**

Curt A. Reynders

Chief Financial Officer