

Edgar Filing: TSI INC /MT/ - Form 10QSB

TSI INC /MT/
Form 10QSB
September 27, 2002

U.S. Securities and Exchange Commission
Washington, D.C. 20549

Gentlemen,

We are transmitting herewith Form 10-QSB for the quarter ended March 31, 2002
for TSI, Inc.

TSI, Inc.

s/Lori Olson
Lori Olson,
Accountant

U.S. Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

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

For the quarterly period ended March 31, 2002

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from to

Commission file number 0-2054

TSI, INC.

(Exact name of small business issuer as specified in its charter)

Montana 81-0267738
(State or other jurisdiction of (IRS Employer Identification No.)
incorporation or organization)

128 Second Street South, Great Falls, Montana 59401
(Address of principal executive offices)

(406) 727-2600
(Issuer's telephone number)

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Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 ☐

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

APPLICABLE ONLY TO CORPORATE ISSUERS

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

Class	Outstanding at March 31, 2002
\$.05 Par Value Common Stock	10,474,010 Shares

Transitional Small Business Disclosure Format (Check One): Yes ☐ ; No ☒

TSI, INC.

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MARCH 31, 2002

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TSI, INC.

CONSOLIDATED BALANCE SHEET

AS OF MARCH 31, 2002

ASSETS

Current Assets

Cash	\$ 22,725,595
Marketable Securities, at Fair Value	1,969,919
Receivables - Net	71,817
Prepaid Expenses	1,800

Total Current Assets	24,769,131
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Other Assets

Noncurrent Investments, at Fair Value	508,970
Other Assets	2,238

Property, Plant and Equipment, Net	687,173
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TOTAL ASSETS	\$ 25,967,512
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities

Accounts Payable and Accrued Liabilities	\$ 386,318
Income Taxes Payable	211,738
Deferred Income Taxes	118,600
Due to Parent Company	254,868

Total Current Liabilities	971,524
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Provision For Estimated Title and Escrow Losses	838,133
Minority Interests	390,300
Excess of Fair Value of Net Assets Acquired Over Cost	21,920
Deferred Income Taxes	97,600

Stockholders' Equity

Common Stock - \$.05 Par Value, 30,000,000 shares authorized, 10,483,142 shares issued	524,157
Additional Paid-In Capital	13,165,957
Retained Earnings	3,658,287
Accumulated Other Comprehensive Income	312,793
Treasury Stock, at Cost	(13,159)

Total Stockholders' Equity	23,648,035
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

\$ 25,967,512

See Notes to Consolidated Financial Statements

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TSI, INC.

STATEMENTS OF INCOME

For The Three Months
Ended
March 31,
2002 2001

Operating Revenues	\$ 556,982	\$3,578,692
Operating Expenses		
Salaries and Payroll		
Costs	206,348	211,067
Depreciation	20,898	21,462
Other Expenses	155,783	196,069
Total Expenses	383,029	428,598
	173,953	3,150,094
Amortization of Deferred Credit	2,055	2,055
Minority Portion of (Income)	(2,213)	(9,078)
	173,795	3,413,071
Income Tax Expense	(55,700)	(1,275,000)
Net Income	118,095	1,868,071
Other Comprehensive Income (Loss)		
Increase (Decrease) in Unrealized Holding Gains, Net of Income Taxes	43,470	(1,838,478)
Comprehensive Income	\$ 161,565	\$ 29,593

See Notes to Consolidated Financial Statements

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CONSOLIDATED

STATEMENTS OF CASH FLOWS

	For The Three Months Ended March 31,	
	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Cash Provided By Operating Activities	\$ 129,703	\$ 333,117
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Purchases of Furniture and Equipment	-	(4,276)
Cash Used for Purchases of Marketable Securities Available For Sale	(339,828)	(2,372,957)
Cash Received Upon Dispositions of Marketable Securities Available For Sale	645,592	6,543,446
Net Cash (Used) By Investing Activities	305,764	4,166,213
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Purchases of Treasury Stock	(1,941)	(5,863)
Cash Provided From Parent Company	151,150	3,400
Net Cash Provided By Financing Activities	149,209	(2,463)
NET INCREASE IN CASH	584,676	4,496,867
CASH - BEGINNING OF PERIOD	22,140,919	16,867,357
CASH - END OF PERIOD	\$22,725,595	\$21,364,224

See Notes to Consolidated Financial Statements

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TSI, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2002

In the opinion of management, all adjustments necessary (consisting of only normal recurring accruals) have been made to the unaudited financial statements to present fairly the financial position as of March 31, 2002 and the results of the Company's operations for the three months

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ended March 31, 2002 and 2001 and cash flows for the three months ended March 31, 2002 and 2001.

The results of operations for the three months ended March 31, 2002 and 2001 are not indicative of the results to be expected for the full year.

The consolidated financial statements include the accounts of the company, its wholly owned subsidiaries and its majority owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

M Corp owns approximately 92% of the Company's issued and outstanding common stock.

The Company adopted the provisions of Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities (SFAS No. 115) effective January 1, 1994. In accordance with SFAS No. 115 the Company's portfolios, current and noncurrent, are carried at fair value in the Company's balance sheet at March 31, 2002. The net unrealized holding gain at March 31, 2002, net of the estimated income tax effects and minority interests in the unrealized holding gains, is included in Accumulated Other Comprehensive Income at March 31, 2002 in accordance with the provisions of Financial Accounting Standards No. 130.

Slaes to outside concerns, interest revenues and segemnt operating profit for the Company's reportable segements were as follows for the period ended March 31, 2002:

	Sales to Outside Concerns	Interest Revenues	Segment Operating Profit
Financial Holding Company	\$ 30,208	\$ 10,888	\$ 23,808
Title Insurance Operations	394,979	21,111	114,618
Rental Properties	101,851	-	37,582
Consolidated	\$ 527,038	\$ 31,999	\$ 176,008

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TSI, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE INCOME STATEMENT

MARCH 31, 2002

A summary of the period to period changes in items included in the statements of income is shown below.

COMPARISON
OF

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THREE MONTHS
ENDED
MARCH 31,
2002 AND 2001
INCREASES (DECREASES)

Revenues	\$ (3,021,710)	(84.4%)
Expenses	(45,569)	(10.6%)
Net Income	(1,749,975)	(93.7%)

Revenues decreased \$3,021,710 in the first quarter of 2002 as compared with the first quarter of 2001 due primarily to a decrease in the security sales (\$2,872,963). Other factors include: decrease in rent of \$14,035 (12.1%), a decrease in interest and dividends of \$158,078 (65.0%), increase in title revenue of \$44,451 (13.8%), and a decrease in other revenues of \$21,084 (83.1%). Operating expenses decreased \$45,569 in the first quarter of 2002 as compared with the first quarter of 2001 due to the decrease in salaries of \$4,718 (2.2%) and depreciation of \$565 (2.6%). The provision for income tax expense decreased by \$1,219,300 (94.7%) in the first quarter of 2002 as compared with the first quarter of 2001 due primarily to the substantial decrease in pretax income.

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TSI, INC.

PART II

OTHER INFORMATION

MARCH 31, 2002

ITEM 1 LEGAL PROCEEDINGS

None

ITEM 2 CHANGES IN SECURITIES AND USE OF PROCEEDS

None

ITEM 3 DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5 OTHER INFORMATION

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None

ITEM 6 EXHIBITS AND REPORTS ON FORM 8-K

None

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SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TSI, INC.
Registrant

Date: September 27, 2002 s/D. Mellinger
D. Mellinger,
Assistant Secretary-Treasurer

Date: September 27, 2002

s/Lori Olson
Lori Olson,
Accountant

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CERTIFICATION

I, Paul J. McCann, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of TSI, Inc.
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

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3. Based on my knowledge, the financial statements, and other financial information included in quarterly annual report, fairly present in all material respects the financial condition, results of operations and cash flows of TSI, Inc. as of, and for, the periods presented in this annual report.
4. TSI, Inc.'s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for TSI, Inc. We have:
 - a. designed such disclosure controls and procedures to ensure that material information relating to TSI, Inc., including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared.
 - b. evaluated the effectiveness TSI, Inc. disclosure controls and procedures as of a date with 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. TSI, Inc.'s other certifying officers and I have disclosed, based on our most recent evaluation, to TSI, Inc. auditors and the audit committee of TSI, Inc. board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies in the design or operation of internal controls which could adversely affect TSI, Inc.'s ability to record, process, summarize and report financial data, and I have identified for Diversified Realty, Inc.'s auditors any material weaknesses in internal controls; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in TSI, Inc.'s internal control; and
6. TSI, Inc.'s other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: September 27, 2002

s/Paul J. McCann
Paul J. McCann

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Diversified Realty, Inc. on Form 10-QSB for the period ending March 31, 2002 as filed with the Securities

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and Exchange Commission on the date hereof (the "Report"), I, Paul J. McCann, Representative of Diversified Realty, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Subanes-Oxley Act of 2002, that:

1. The report fully compiles with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of Diversified Realty, Inc.

Date: September 27, 2002

s/Paul J. McCann
Paul J. McCann,
Representative