

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

TSI INC /MT/
Form 10QSB
September 03, 2003

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, 2003

☐ 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 59405
(Address of principal executive offices)

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

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, 2003
\$.05 Par Value Common Stock	10,468,976 Shares

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

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

TSI, INC.

INDEX

MARCH 31, 2003

Page Number

PART I

Condensed Financial Statements:

Balance Sheet - March 31, 2003	2
Statements of Income and Comprehensive Income - Three Months Ended March 31, 2003 and 2002	3
Statements of Cash Flows - Three Months Ended March 31, 2003 and 2002	4
Notes to Financial Statements	5
Management's Discussion and Analysis of the Statements of Income	6

PART II

Other Information	7
Signatures	8
Certifications	9-11

1

TSI, INC.
CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2003

ASSETS

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

Current Assets

Cash	\$22,689,834
Marketable Securities, at Fair Value	1,830,127
Receivables, Net	118,859
Deferred Income Tax Asset	20,675

Total Current Assets	\$24,659,495
----------------------	--------------

Other Assets

Noncurrent Investments, at Fair Value	630,360
Other Assets	2,238

Property, Plant and Equipment, Net	676,150
------------------------------------	---------

Total Assets	\$25,968,243
--------------	--------------

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities

Accounts Payable and Accrued Liabilities	\$ 265,009
Income Taxes Payable	68,445
Due to Parent Company	447,750

Total Current Liabilities	781,204
---------------------------	---------

Provision for Estimated Title and Escrow Losses	807,584
Minority Interests	393,337
Deferred Income Taxes	146,259
Excess of Fair Value of Net Assets Acquired Over Cost	13,700

Stockholders' Equity

Common Stock, \$.05 Par Value,
30,000,000 shares authorized,

10,468,976 shares issued	524,157
Additional Paid-In Capital	22,165,957

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

Retained Earnings	974,884
Accumulated Other Comprehensive Income	183,653
Treasury Stock, at Cost	(22,492)
Total Stockholders' Equity	23,826,159

Total Liabilities and Stockholders' Equity \$25,968,243

See Notes to Consolidated Financial Statements.

2

TSI, INC.

CONSOLIDATED STATEMENTS OF INCOME and COMPREHENSIVE INCOME

For The Three Months

Ended

March 31,	2003	and	2002
Operating Revenues	\$654,971		\$556,982
Operating Expenses			
Salaries and Payroll Costs	231,006		\$206,348
Depreciation	17,790		20,898
Other Expenses	287,367		155,783
Total Expenses	536,163		383,029
Amortization of Deferred Credit	2,055		2,055
Minority Portion Of (Income) Loss	(1,839)		(2,213)
	119,024		173,795

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

Income Tax Expense	(13,130)	(55,700)
--------------------	----------	----------

Net Income	105,894	118,095
------------	---------	---------

Other Comprehensive Income (Loss)

Increase (Decrease) in Unrealized
Holding Gains,

Net of Income Taxes	17,330	43,470
---------------------	--------	--------

Comprehensive Income (Loss)	\$123,224	\$161,565
--------------------------------	-----------	-----------

See Notes to Consolidated Financial Statements.

3

TSI, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Three Months Ended March 31,	2003	2002
---	------	------

CASH FLOWS FROM OPERATING ACTIVITIES

Net Cash Provided By Operating Activities	\$157,562	\$135,054
--	-----------	-----------

CASH FLOWS FROM INVESTING ACTIVITIES

Cash Received on Sales and
Redemptions of Property
and Equipment

--	--
----	----

Cash Purchases of
Furniture and Equipment

(14,206)	(5,351)
----------	---------

Cash Used For Purchases of
Marketable Securities
Available For Sale

(1,012,610)	(339,828)
-------------	-----------

Cash Received on
Dispositions of
Marketable Securities
Available for Sale

117,782	645,592
---------	---------

Net Cash Provided (Used) By Investing Activities	(909,834)	300,413
---	-----------	---------

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

CASH FLOWS FROM FINANCING ACTIVITIES

Cash Purchases of Treasury Stock	(1,700)	(1,941)
Cash Provided From Parent Company	105,857	151,150
Net Cash Provided (Used) By Financing Activities	104,157	149,209
NET INCREASE IN CASH	(647,315)	584,676
CASH - BEGINNING OF PERIOD	23,337,149	22,140,919
CASH - END OF PERIOD	22,689,834	22,725,595

See Notes to Consolidated Financial Statements.

4

TSI, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2003

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 Company's financial position as of March 31, 2003 and the results of the Company's operations and cash flows for the three months ended March 31, 2003 and 2002.

The results of operations for the three months ended March 31, 2003 and 2002 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, Great Falls, Montana, 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.

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

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, 2003. The net unrealized holding gain at March 31, 2003, 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, 2003 in accordance with the provisions of Financial Accounting Standards No. 130.

Sales to outside concerns, interest revenues and segment operating profit for the Company's reportable segments were as follows for the period ended March 31, 2003:

	Sales To Outside Concerns	Interest Revenues	Segment Operating Profit
Financial Holding Company	\$ 10,905	\$ 11,748	\$ (24,445)
Title Insurance Operations	519,782	18,806	166,713
Rental Properties	93,370	--	(23,460)
Consolidated	\$ 624,417	\$ 30,554	\$ 118,808

5

TSI, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE STATEMENTS OF INCOME

MARCH 31, 2003

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

COMPARISON OF
Three Months
Ended
March 31,

2003 and 2002

Increases

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

(Decreases)

Revenues	\$	97,989	17.6%
Operating Expenses	\$	153,134	39.9%
Net Income	\$	(12,202)	(10.3%)

Revenues increased \$97,989 in the first quarter of 2003 as compared with the first quarter of 2002 due primarily to an increase in title revenue of \$188,527 (51.5%) and losses in security sales of \$61,286 during first quarter 2003. Other factors include: decrease in rent of \$8,121 (7.9%), a decrease in interest and dividends of \$34,871 (40.9%), and an increase in other revenues of \$13,740 (3.2%). Operating expenses increased \$153,134 during the first quarter 2003 as compared with the first quarter of 2002, due to an increase in salaries of \$24,658 (11.9%), a decrease in depreciation of \$3,108 (14.9%), and an increase in other expenses by \$131,584 (107%). The provision for income tax expense decreased by \$42,569 (76.4%) in the first quarter of 2003 as compared with the first quarter of 2002.

6

TSI, INC.

PART II

OTHER INFORMATION

MARCH 31, 2003

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

None

ITEM 6 EXHIBITS AND REPORTS ON FORM 8-K

None

7

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: May 30, 2003

s/Angela Semenza
Angela Semenza
Assistant Secretary-Treasurer

Date: May 30, 2003

s/D. Mellinger
D. Mellinger,
Accountant

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

8

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 TSI, Inc. on Form 10-QSB for the period ending March 31, 2003 as filed with the Securities 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, to the best of my knowledge and belief, 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 TSI, Inc.

Date: May 30, 2003

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

9

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;
3. Based on my knowledge, the financial statements, and other financial information included in the quarterly 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 quarterly 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

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

and procedures as of a date within 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;

10

CERTIFICATION - continued

- 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 TSI, 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 quarterly 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.

Based on my knowledge all of the above is true and correct to the best of my belief, especially paragraph 3 above. I am not familiar with all SEC rules and procedures and have relied and am relying on our staff and accountants in that regard.

Date: May 30, 2003

s/Paul J. McCann
Paul J. McCann

11