

TRI-S SECURITY CORP
Form 8-K
April 10, 2009

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of report (Date of earliest event reported): April 10, 2009 (April 8, 2009)

Tri-S Security Corporation

(Exact name of registrant as specified in its charter)

Georgia
(State or other jurisdiction
of incorporation)

0-51148
(Commission File Number)

30-0016962
(IRS Employer
Identification No.)

30022

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Royal Center One, 11675 Great Oaks Way, Suite 120, Alpharetta,
Georgia

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (678) 808-1540

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

See the disclosure set forth in Item 4.02 of this Current Report which is incorporated into this Item 2.02 by this reference.

Item 4.02 Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review.

On April 8, 2009, the audit committee (the Audit Committee) of Tri-S Security Corporation (the Company) determined, upon advice of management, that the Company's consolidated financial statements and related disclosures included in the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30, and September 30, 2008 (collectively, the Previously Issued Financial Statements), should be restated because they contain errors as addressed in Financial Accounting Standards Board Statement of Financial Accounting Standards No. 154, *Accounting Changes and Error Corrections*. Accordingly, the Previously Issued Financial Statements and the earnings releases issued by the Company for the quarters ended March 31, June 30, and September 30, 2008, and for the quarter and year ended December 31, 2008 (collectively, the Earnings Releases), should not be relied upon. The Company intends to restate the Previously Issued Financial Statements to correct these errors by amending its Quarterly Reports for the quarters ended March 31, June 30, and September 30, 2008. The Audit Committee has discussed the matters disclosed in this Item 4.02 with the Company's independent registered accounting firm.

The errors in the Previously Issued Financial Statements relate to an incorrect payroll accrual for the quarters ended March 31, June 30, and September 30, 2008. As a result of this incorrect accrual, payroll expense and net loss were understated, and gross profit was overstated, in the Previously Issued Financial Statements and Earnings Releases. The following tables present the impact of the errors on previously reported amounts and the corrected amounts for the quarters ended March 31, June 30, and September 30, 2008, and for the quarter and year ended December 31, 2008.

Tri-S Security Corporation and Subsidiaries

Statements of Operations

Unaudited

(In thousands, except per share data)

| | Quarter Ended March 31, 2008 | | Quarter Ended March 31, 2008 | | Quarter Ended June 30, 2008 | | Quarter Ended June 30, 2008 | |
|---|------------------------------------|------------|------------------------------------|---------------------------|-----------------------------------|--------------|-----------------------------------|------------|
| | As Previously Reported | Adjustment | As Corrected | As Previously Reported | Adjustment | As Corrected | As Previously Reported | Adjustment |
| Revenues | \$ 26,465 | \$ | \$ 26,465 | \$ 38,346 | \$ | \$ 38,346 | | |
| Cost of revenues: | 24,241 | 313 | 24,554 | 35,101 | 328 | 35,429 | | |
| Gross profit | 2,224 | (313) | 1,911 | 3,245 | (328) | 2,917 | | |
| Selling, general and administrative | 3,129 | 1 | 3,130 | 3,305 | 1 | 3,306 | | |
| Operating loss | (905) | (314) | (1,219) | (60) | (329) | (389) | | |
| Other expense | (863) | | (863) | (1,481) | | (1,481) | | |
| Loss before income taxes | (1,768) | (314) | (2,082) | (1,541) | (329) | (1,870) | | |
| Income tax expense (benefit) | 47 | | 47 | (55) | | (55) | | |
| Net loss | \$ (1,815) | \$ (314) | \$ (2,129) | \$ (1,486) | \$ (329) | \$ (1,815) | | |
| Basic and diluted net income (loss) per common share | \$ (0.43) | | \$ (0.51) | \$ (0.35) | | \$ (0.43) | | |
| Basic and diluted weighted average number of common shares | 4,203 | | 4,203 | 4,203 | | 4,203 | | |

Note:

1- Includes amortization of intangible assets.

Tri-S Security Corporation and Subsidiaries

Statements of Operations

Unaudited

(In thousands, except per share data)

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| | <i>Note</i> | Quarter Ended Sept. 30, 2008 | | Quarter Ended Dec. 31, 2008 | | Quarter Ended Dec. 31, 2008 | |
|--|-------------|------------------------------|------------|-----------------------------|------------------------|-----------------------------|--------------|
| | | As Previously Reported | Adjustment | As Corrected | As Previously Reported | Adjustment | As Corrected |
| Revenues | | \$ 40,697 | \$ | \$ 40,697 | \$ 35,824 | \$ | \$ 35,824 |
| Cost of revenues: | | 37,167 | 290 | 37,457 | 33,642 | 795 | 34,437 |
| Gross profit | | 3,530 | (290) | 3,240 | 2,182 | (795) | 1,387 |
| Selling, general and administrative | 2 | 8,033 | 1 | 8,034 | 6,002 | 1 | 6,003 |
| Operating loss | | (4,503) | (291) | (4,794) | (3,820) | (796) | (4,616) |
| Other expense | | (1,307) | | (1,307) | (1,266) | | (1,266) |
| Loss before income taxes | | (5,810) | (291) | (6,101) | (5,086) | (796) | (5,882) |
| Income tax benefit | | (24) | | (24) | (55) | | (55) |
| Net loss | | \$ (5,786) | \$ (291) | \$ (6,077) | \$ (5,031) | \$ (796) | \$ (5,827) |
| Basic and diluted net income (loss) per common share | | \$ (1.38) | | \$ (1.45) | \$ (1.20) | | \$ (1.39) |
| Basic and diluted weighted average number of common shares | | 4,203 | | 4,203 | 4,203 | | 4,203 |

Note:

2- Includes Goodwill Impairment and amortization of intangible assets.

Tri-S Security Corporation and Subsidiaries

Statements of Operations

Unaudited

(In thousands, except per share data)

| | <i>Note</i> | Twelve Months Ended Dec. 31, 2008 As Previously Reported | Adjustment | Twelve Months Ended Dec. 31, 2008 As Corrected |
|--|-------------|--|------------|---|
| Revenues | | \$ 141,332 | \$ | \$ 141,332 |
| Cost of revenues: | | 130,151 | 1,726 | 131,877 |
| Gross profit | | 11,181 | (1,726) | 9,455 |
| Selling, general and administrative | <i>1</i> | 20,469 | 4 | 20,473 |
| Operating loss | | (9,288) | (1,730) | (11,018) |
| Other expense | | (4,917) | | (4,917) |
| Loss before income taxes | | (14,205) | (1,730) | (15,935) |
| Income tax benefit | | (87) | | (87) |
| Net loss | | \$ (14,118) | \$ (1,730) | \$ (15,848) |
| Basic and diluted net income (loss) per common share | | \$ (3.36) | | \$ (3.77) |
| Basic and diluted weighted average number of common shares | | 4,203 | | 4,203 |
| Note: | | | | |

1- Includes Goodwill Impairment and amortization of intangible assets.

SIGNATURE

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.

TRI-S SECURITY CORPORATION

By: /s/ Nicolas V. Chater
Nicolas V. Chater, Chief Financial Officer

Dated: April 10, 2009