THOMASVILLE BANCSHARES INC
Form 10QSB
November 14, 2002

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

(Mark One)

 X QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
--- EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2002.

OR

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE
--- SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____________ to ____________

Commission File No. 0-25929

THOMASVILLE BANCSHARES, INC.
(Exact name of small business issuer as specified in its charter)

Georgia	58-2175800
(State of Incorporation)	(I.R.S. Employer Identification No.)

301 North Broad Street, Thomasville, Georgia 31792
(Address of Principal Executive Offices)

(229) 226-3300
(Issuer's Telephone Number, Including Area Code)

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 Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

APPLICABLE ONLY TO CORPORATE ISSUERS: Indicate the number of shares outstanding of each of the issuer's classes of common equity as of the latest practicable date.

Common stock, $1.00 par value per share 1,443,558 shares issued and outstanding as of November 12, 2002.

Transitional small business disclosure format (check one):
Yes   No X

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

THOMASVILLE BANCSHARES, INC.
THOMASVILLE, GEORGIA
CONSOLIDATED BALANCE SHEETS

ASSETS	September 30, 2002 (Unaudited)	December 31, 2001 (Unaudited)
Cash and due from banks	$ 4,989,928	$ 6,223,676
Federal funds sold	5,938,485	356,202
Total cash and cash equivalents	$ 10,928,413	$ 6,579,878
Investment securities:		
Securities available-for-sale, at market value	8,216,235	7,135,162
Loans, net	149,576,024	134,335,739
Property & equipment, net	4,213,563	3,694,814
Goodwill and tradename, net	3,486,454	- -
Other assets	1,965,764	1,522,783
Total Assets	$178,386,453	$153,268,376

LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Deposits		
Non-interest bearing deposits	$ 15,582,594	$ 16,562,792
Interest bearing deposits	132,661,715	116,150,265
Total deposits	$148,244,309	$132,713,057
Borrowings	13,479,031	6,000,000
Other liabilities	732,223	666,206
Total Liabilities	$162,455,563	$139,379,263
Commitments and contingencies		
Shareholders' Equity:		
Common stock, $1.00 par value, 10 million shares authorized, 1,480,000 and 1,395,000 shares issued and outstanding at Sept 30, 2002 and December 31, 2001, respectively	$ 1,480,000	$ 1,395,000
Paid-in-capital	9,427,708	8,200,908
Retained earnings	4,977,308	4,265,111
Accumulated other comprehensive income	45,874	28,094

Total Shareholders' Equity	$ 15,930,890	$ 13,889,113
Total Liabilities and Shareholders' Equity	$178,386,453	$153,268,376

Refer to notes to the consolidated financial statements.

THOMASVILLE BANCSHARES, INC.
THOMASVILLE, GEORGIA
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	For the three months ended September 30, 2002	2001
Interest income	$2,582,733	$2,615,578
Interest expense	1,122,276	1,301,883
Net interest income	$1,460,457	$1,313,695
Provision for possible loan losses	40,000	60,000
Net interest income after provision for possible loan losses	$1,420,457	$1,253,695
Other income		
Money management fees	$ 264,365	$ - -
Gain on sale of mortgage loans	5,516	483
Gain on sale of assets	11,593	- -
Service charges	44,741	40,953
Other fees	180,387	148,078
Total other income	$ 506,602	$ 189,514
Salaries and benefits	$ 624,634	$ 427,430
Advertising and public relations	42,850	28,743
Depreciation and amortization	104,502	77,171
Legal and professional	126,172	33,305
Repairs and maintenance	56,776	39,921
Regulatory fees and assessments	21,137	17,657
Other operating expenses	297,866	170,403
Total operating expenses	$1,273,937	$ 794,630
Net income before taxes	$ 653,122	$ 648,579
Income taxes	202,165	201,420
Net income	$ 450,957	$ 447,159
Basic income per share	$ .30	$ .32

Diluted income per share	$ .30	$ .31

Refer to notes to the consolidated financial statements.

THOMASVILLE BANCSHARES, INC.
THOMASVILLE, GEORGIA
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	For the nine months ended September 30,	
	2002	2001
Interest income	$7,440,354	$8,048,758
Interest expense	3,186,981	4,027,688
Net interest income	$4,253,373	$4,021,070
Provision for possible loan losses	150,000	205,000
Net interest income after provision for possible loan losses	$4,103,373	$3,816,070
Other income		
Money management fees	$ 264,365	$ - -
Gain on sale of mortgage loans	9,928	4,473
Gain on sale of assets	12,872	10,254
Service charges	122,912	109,776
Other fees	464,734	426,173
Total other income	$ 874,811	$ 550,676
Salaries and benefits	$1,529,604	$1,232,376
Depreciation and amortization	259,692	221,015
Legal and professional	191,696	90,523
Repairs and maintenance	137,318	120,783
Regulatory fees and assessments	60,942	53,121
Other operating expenses	773,355	518,507
Total operating expenses	$3,065,822	$2,317,313
Net income before taxes	$1,912,362	$2,049,433
Income taxes	630,165	713,420
Net income	$1,282,197	$1,336,013
Basic income per share	$ .88	$ .92
Diluted income per share	$ .85	$ .89

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Refer to notes to the consolidated financial statements.

THOMASVILLE BANCSHARES, INC.
THOMASVILLE, GEORGIA
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the nine-month period ended September 30, 2002	2001
Cash flows from operating activities:	$ 1,310,064	$ 1,857,942
Cash flows from investing activities:		
Increase in goodwill, tradename	$ (3,494,607)	$ - -
Decrease in other real estate owned	- -	137,844
Purchase of fixed assets	(770,288)	(252,911)
Maturities, paydowns, securities, AFS	3,750,000	14,400,000
Purchase of securities, AFS	(4,808,432)	(9,007,343)
(Increase) in loans	(15,390,285)	(17,661,400)
Net cash used by investing activities	$(20,713,612)	$(12,383,810)
Cash flows from financing activities:		
Increase in borrowings	$ 7,479,031	$ 4,000,000
Payment of cash dividends	(570,000)	(488,250)
Options, restricted stock	61,800	44,115
Exercise of stock options	150,000	- -
Issuance of common stock	1,100,000	- -
Increase in deposits	15,531,252	341,722
Net cash provided by financing activities	$ 23,752,083	$ 3,897,587
Net increase in cash and cash equivalents	$ 4,348,535	$ (6,628,281)
Cash and cash equivalents, beginning of period	6,579,878	17,115,813
Cash and cash equivalents, end of period	$ 10,928,413	$ 10,487,532

Refer to notes to the consolidated financial statements.

THOMASVILLE BANCSHARES, INC.
THOMASVILLE, GEORGIA
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2001 AND 2002

Common Stock				Accumulated	
Shares	Par Value	Paid in Capital	Retained Earnings	Other Comprehensive Income	Total

Balance, December 31, 2000	1,395,000	$ 1,395,000	$ 8,112,061	$3,071,334	$ 1,853	$12,580,248
Comprehensive Income:						
Net income, nine-month period ended Sept 30, 2001	- -	- -	- -	1,336,013	- -	1,336,013
Net unrealized gains on securities, nine-month period ended Sept 30, 2001	- -	- -	- -	- -	63,725	63,725
Total comprehensive income	- -	- -	- -	1,336,013	63,725	1,399,738
Stock options, restricted stock	- -	- -	44,115	- -	- -	44,115
Dividends paid	- -	- -	- -	(488,250)	- -	(488,250)
Balance, Sept 30, 2001	1,395,000	$ 1,395,000	$ 8,156,176	$3,919,097	$ 65,578	$13,535,851

Balance, Dec 31, 2001	1,395,000	$ 1,395,000	$ 8,200,908	$4,265,111	$ 28,094	$13,889,113
Comprehensive Income:						
Net income, nine-month period ended Sept 30, 2002	- -	- -	- -	1,282,197	- -	1,282,197
Net unrealized gains on securities, nine-month period ended Sept 30, 2002	- -	- -	- -	- -	17,780	17,780
Total comprehensive income	- -	- -	- -	1,282,197	17,780	1,299,977

Issuance of stock	55,000	55,000	1,045,000	- -	- -	1,100,000
Exercise of options	30,000	30,000	120,000	- -	- -	150,000
Stock options, restricted stock	- -	- -	61,800	- -	- -	61,800
Dividends paid	- -	- -	- -	(570,000)	- -	(570,000)
Balance, Sept 30, 2002	1,480,000	$ 1,480,000	$ 9,427,708	$4,977,308	$ 45,874	$15,930,890

Refer to notes to the consolidated financial statements.

THOMASVILLE BANCSHARES, INC.
THOMASVILLE, GEORGIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
SEPTEMBER 30, 2002

NOTE 1 - BASIS OF PRESENTATION

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-month and nine-month periods ended September 30, 2002 are not necessarily indicative of the results that may be expected for the year ending December 31, 2002. These statements should be read in conjunction with the consolidated financial statements and footnotes thereto included in Form 10-KSB for the year ended December 31, 2001.

NOTE 2 - SUMMARY OF ORGANIZATION

Thomasville Bancshares, Inc., Thomasville, Georgia (the "Company"), was organized in January, 1995 for a then proposed de novo bank, Thomasville National Bank, Thomasville, Georgia (the "Bank"). The Bank commenced operations on October 2, 1995. The Bank is primarily engaged in the business of obtaining deposits and providing commercial, consumer and real estate loans to the general public. The Bank operates from two banking offices, both in Thomasville, Georgia. The Bank's depositors are each insured up to $100,000 by the Federal Deposit Insurance Corporation (the "FDIC"), subject to certain limitations imposed by the FDIC. Beginning in calendar year 2002, the Bank offers trust and brokerage services to its customers through a newly established subsidiary, TNB Financial Services, Inc. ("TNBFS"). On July 1, 2002, the Company acquired all of the outstanding stock of Joseph Parker & Company, Inc. ("JPC"), a firm which provides investment advisory services and presently has over $200 million under management.

NOTE 3 - RECENT ACCOUNTING PRONOUNCEMENTS

Statement of Financial Accounting Standards No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13 and Technical Corrections" ("FASB 145") updates and clarifies certain existing accounting pronouncements. FASB Statements No. 4 and 64 require all gains and losses arising from the extinguishment of debt to be aggregated and classified as extraordinary items, net of tax effect. FASB No. 145 provides additional guidance in classifying gains and losses arising from the extinguishment of debt. FASB Statement No. 44 establishes accounting requirements for the effects of transition to the provisions of the Motor Carrier Act of 1980. Because the transition has been completed, FASB Statement No. 44 is no longer necessary. FASB Statement No. 145 amends FASB Statement No. 13 and requires that certain lease modifications that have economic effects similar to those of sale-leaseback transactions be accounted for in the same manner as sale-leaseback transactions. FASB 145 also makes a few technical corrections to existing pronouncements. FASB 145 is effective for transactions occurring after May 15, 2002. The adoption of FASB 145 by the Company did not have a material impact on the Company's financial position or results of operations.

Statement of Financial Accounting Standards No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("FASB 146") addresses financial accounting and reporting for costs associated with exit or disposal activities. FASB 146 nullifies Emerging Issues Task Force Issue No. 94-3 because FASB 146 requires that liabilities assumed for costs associated with an exit or disposal activity be recognized when such liabilities are incurred rather than when the entity commits to an exit plan. FASB 146 is effective for transactions initiated after December 31, 2002. The adoption of FASB 146 by the Company is not expected to have a material impact on the Company's financial position or results of operations.

Statement of Financial Accounting Standards No. 147, "Acquisition of Certain Financial Institutions" (FASB "147") provides guidance on accounting for the acquisition of certain financial institutions. FASB 147 addresses and resolves inconsistencies between FASB Statements No. 72 and 142. The provisions of FASB 147 are effective after September 30, 2002. The adoption of FASB 147 by the Company is not expected to have a material impact on the Company's financial position or results of operations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Total consolidated assets increased by $25.1 million to $178.4 million during the nine-month period ended September 30, 2002. Cash and cash equivalents increased by $4.3 million to $10.9 million, investment securities increased by $1.1 million to $8.2 million, loans increased by $15.3 million to $149.6 million, and all other assets increased by $4.4 million to $9.6 million. For the nine-month period ended September 30, 2002, total deposits increased by $15.5 million to $148.2 million, borrowings increased by $7.5 million to $13.5 million, and all other liabilities increased by $.1 million to $.7 million; the capital accounts increased by $2.0 million to $15.9 million.

Liquidity And Sources Of Capital

Liquidity is the Company's ability to meet all deposit withdrawals immediately, while also providing for the credit needs of customers. The September 30, 2002 financial statements evidence a satisfactory liquidity position as total cash and cash equivalents amounted to $10.9 million, representing 6.1% of total assets. Investment securities, which amounted to $8.2 million, or 4.6% of total assets, provide a secondary source of liquidity because they can be converted into cash in a timely manner. In addition, the Company's ability to increase deposits and borrow funds is part of its liquidity strategy. For the nine-month period ended September 30, 2002 deposits increased by $15.5 million, or 15.6% annualized; borrowings increased by $7.5 million, representing an annualized rate of 166.2%. The Company's management closely monitors and maintains appropriate levels of interest earning assets and interest bearing liabilities so that maturities of assets are such that adequate funds are provided to meet customer withdrawals and loan demand. The Company is not aware of any trends, demands, commitments, events or uncertainties that will result in or are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way.

The Bank maintains an adequate level of capitalization as measured by the following capital ratios and the respective minimum capital requirements by the Bank's primary regulator, the Office of the Comptroller of the Currency ("OCC").

	Bank's September 30, 2002	Minimum required by regulator
Leverage ratio	8.0%	4.0%
Risk weighted ratio	11.2%	8.0%

As evidenced above, the Bank's capital ratios are well above the OCC's required minimums.

Results of Operations

For the three-month periods ended September 30, 2002 and 2001, net income amounted to $450,957 and $447,159, respectively. On a per share basis, both basic and diluted income for the three-month period ended September 30, 2002 amounted to $.30. For the three-month period ended September 30, 2001, basic and diluted income per share amounted to $.32 and $.31, respectively. The factors primarily affecting the change in net income for the three-month periods ended September 30, 2002 and September 30, 2001 are discussed below:

a. Net interest income increased by approximately $147,000, while average earning assets increased by approximately $26.5 million. The relatively small increase in net interest income as compared to the increase in average earning assets is due to narrowing interest margins, which are a result of a slowing economy and monetary policy actions undertaken by the Federal Reserve Board.

b. Net overhead expense, defined as non-interest expense less non-interest income, increased 26.8% during the three-month period ended September 30, 2002 compared to the three-month period ended September 30, 2001, from $605,116 to $767,335. This was due primarily to the increase in professional expenses associated with the acquisition of Joseph Parker & Company, Inc. ("JPC"). JPC provides investment advisory services to high net worth individuals and to pensions and retirement plans.

Net income for the nine-month period ended September 30, 2002 amounted to $1,282,197, or $.85 per diluted share. For the nine-month period ended

September 30, 2001, net income amounted to $1,336,013, or $.89 per diluted share. Below are several pertinent facts to consider when comparing the results obtained during the nine-month period ended September 30, 2002 with the nine-month period ended September 30, 2001:

a. Average total earning assets increased from $128.2 million at September 30, 2001 to $153.0 million at September 30, 2002. The net increase of $24.8 million represents a 19.3% increase over a twelve-month period.

b. The yield on earning assets declined from 8.37% for the nine-month period ended September 30, 2001 to 6.48% for the nine-month period ended September 30, 2002. This decline is mainly in response to the Federal Reserve Board's monetary policy actions reducing short-term rates. Despite the increase in average earning assets described immediately above, the decline in the yield on average earning assets caused interest income to decline from $8,048,758 for the nine-month period ended September 30, 2001 to $7,440,354 for the nine-month period ended September 30, 2002.

c. Net interest income represents the difference between interest received on interest earning assets and interest paid on interest bearing liabilities. The following table presents the main components of interest earning assets and interest bearing liabilities for the nine-month period ended September 30, 2002.

(Dollars in 000's)

Interest Earning Assets/ Bearing Liabilities	Average Balance	Interest Income/ Cost	Yield/ Cost
Federal funds sold	$ 3,589	$ 54	2.01%
Securities	7,625	259	4.53%
Loans	141,802	7,127	6.70%
Total	$ 153,016	$ 7,440	6.48%
Deposits and borrowings	$ 134,088	$ 3,187	3.17%
Net interest income		$ 4,253	
Net yield on earning assets			3.71%

Net interest income increased from $4,021,070 for the nine-month period ended September 30, 2001 to $4,253,373 for the nine-month period ended September 30, 2002, a net increase of $232,303, or 5.8%. Net yield on earning assets decreased from 4.18% for the nine-month period ended September 30, 2001 to 3.71% for the nine-month period ended September 30, 2002; the decrease is attributable to two factors:

(i) The average cost of funds decreased by 164 basis points to 3.17%; and,

(ii) the average yield on earning assets decreased by 189 basis points to 6.48%. The net yield on earning assets decreased because the decline in the average yield on earning assets outpaced the decline in the average cost of funds.

d. Other income increased from $550,676 for the nine-month period ended September 30, 2001 to $874,811 for the nine-month period ended September

30, 2002. Other income as a percent of average total assets increased from .50% for the nine-month period ended September 30, 2001 to .70% for the nine-month period ended September 30, 2002. The increase is due primarily to non-interest income earned from fees charged by JPC for investment advisory services. Absent those fees, non-interest income as a percent of average assets would have been .49%.

e. Total operating expenses increased from $2,317,313 for the nine-month period ended September 30, 2001 to $3,065,822 for the nine-month period ended September 30, 2002. As a percentage of average total assets, total operating expenses increased from 2.11% for the nine-month period ended September 30, 2001 to 2.46% for the nine-month period ended September 30, 2002. As discussed earlier, professional expenses associated with the acquisition of JPC, combined with JPC's normal operating expense, caused the majority of the increase in the Company's operating expenses. Absent those expenses, operating expenses as a percent of average assets would have been 2.22% for the nine months ended September 30, 2002.

At December 31, 2001, the allowance for loan losses amounted to $1,564,769. At September 30, 2002, the allowance amounted to $1,673,275. As a percentage of gross loans, the allowance decreased from 1.15% to 1.10% during the nine-month period ended September 30, 2002. Management considers the allowance for loan losses to be adequate and sufficient to absorb estimated future losses; however, there can be no assurance that charge-offs in future periods will not exceed the allowance for loan losses or that additional provisions to the allowance will not be required.

The Company is not aware of any current recommendation by the regulatory authorities which, if implemented, would have a material effect on the Company's liquidity, capital resources, or results of operations.

Recent Developments

On July 1, 2002, the Company acquired all of the outstanding stock of JPC, a firm which provides investment advisory services and presently has over $200 million under management. The Company established a $4.0 million line of credit ("LOC") with an unrelated financial institution and utilized $2.0 million of the LOC as partial payment for the JPC acquisition. The LOC is dated June 27, 2002 and matures June 27, 2014. The stated interest rate is prime less one percent, payable quarterly. The acquisition of JPC created two intangible assets: goodwill in the amount of $3,005,441 and tradename in the amount of $489,166.

On October 25, 2002, the Company completed its tender offer for shares of its common stock. The Company repurchased a total of 36,442 shares at a purchase price of $20.00 per share.

Item 3. Controls and Procedures

The Company's Chief Executive Officer has evaluated the Company's disclosure controls and procedures as of a date within 90 days prior to the date of this filing, and concluded that these controls and procedures are effective. There have been no significant changes in internal controls or in other factors that could significantly affect these controls subsequent to the date of this evaluation.

Disclosure controls and procedures are the Company's controls and other procedures that are designed to ensure that information it is required to disclose in the reports it files under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information the Company is required to disclose in the reports that it files under the Exchange Act is accumulated and communicated to management, including the principal executive and financial officers, as appropriate, to allow timely decisions regarding required disclosure.

PART II. OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds

On July 1, 2002, the Company completed its acquisition of Joseph Parker and Company, an investment advisory firm in Thomasville, Georgia ("JPC"). The Company paid the three former shareholders of JPC an aggregate of $2,000,000 in cash and 55,000 shares of the Company's common stock. The issuance of the common stock was exempt under Section 4(2) of the Securities Act of 1933, pursuant to the safe harbor set forth in Rule 506 of Regulation D promulgated thereunder. Each of the former shareholders of JPC represented to the Company that he was, at the time of the acquisition, an "accredited investor," as such term is defined under Regulation D, and that he acquired the shares for investment and not with a view to resale.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits: The following exhibit is filed with this report.

Exhibit Number	Description
99.1	Certification Pursuant to 18 U.S.C. Section 1350 As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act Of 2002.

(b) Reports on Form 8-K. There were no reports on Form 8-K filed during the quarter ended September 30, 2002.

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.

THOMASVILLE BANCSHARES, INC.
(Registrant)

Date: November 13, 2002 By: /s/ Stephen H. Cheney

Stephen H. Cheney

President and Chief Executive Officer
(principal executive and financial officer)

CERTIFICATION

I, Stephen H. Cheney, President and Chief Executive Officer of the registrant, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Thomasville Bancshares, 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 this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and I have:

    a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others employed by the registrant, particularly during the period in which this quarterly report is being prepared;

    b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarter report (the "Evaluation Date"); and

    c) presented in this quarterly report in conclusions about the effectiveness of the disclosure controls and procedures based on my evaluation as of the Evaluation Date;

5. I have disclosed, based on my most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant'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 the registrant's internal controls; and

6. I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the Evaluation Date, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 13, 2002

/s/ Stephen H. Cheney
Stephen H. Cheney
President and Chief Executive Officer
(principal executive and financial officer)

EXHIBIT INDEX

Exhibit Number	Exhibit Name
99.1	Certification of Chief Executive Officer and Chief Financial Officer.