

INSIGNIA SYSTEMS INC/MN
Form 10-K/A
July 15, 2004

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

FORM 10-K/A

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

For the year ended December 31, 2003

Commission File Number 1-13471

INSIGNIA SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Minnesota

41-1656308

(State or other jurisdiction of
incorporation or organization)

(IRS Employer Identification No.)

6470 Sycamore Court North
Maple Grove, MN 55369

(Address of principal executive offices)

Registrant's telephone number, including area code: (763) 392-6200

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: None

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
Common Stock, \$.01 par value

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 report(s)), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment of this Form 10-K.

Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2) of the Act. Yes No

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The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of the last business day of the second quarter (June 30, 2003) was approximately \$55,025,000 based upon the last sale price of the registrant's Common Stock on such date.

Number of shares outstanding of Common Stock, \$.01 par value, as of July 14, 2004, was 12,475,625.

DOCUMENTS INCORPORATED BY REFERENCE:

Insignia Systems, Inc. Proxy Statement to be filed for the Annual Meeting of Shareholders to be held on May 20, 2004 (Part III Items 10, 11, 12, 13 and 14)

EXPLANATORY NOTE

This Form 10-K/A is being filed by the Company for the purpose of amending the signature page to indicate that the Company's Chief Financial Officer is also the principal accounting officer. This amendment also includes as exhibits the new certifications required by Rule 12b-15.

TABLE OF CONTENTS

PART III.

| | <u>Page</u> |
|---|-------------|
| <u>Item 15.</u> Exhibits, Financial Statement Schedules and Reports on Form 8-K | 3 |
| <u>Signatures</u> | 6 |
| <u>Exhibits</u> | 7 |

Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

The following financial statements of Insignia Systems, Inc. are included in Item 8:

Reports of Independent Auditors
 Balance Sheets as of December 31, 2003 and 2002
 Statements of Operations for the years ended December 31, 2003, 2002 and 2001
 Statements of Shareholders' Equity for the years ended December 31, 2003, 2002 and 2001
 Statements of Cash Flows for the years ended December 31, 2003, 2002 and 2001
 Notes to Financial Statements

The following schedule of Insignia Systems, Inc. is included in Item 15:

Schedule II. Valuation and Qualifying Accounts

(a) Exhibits

| Exhibit Number | Description | Incorporation By Reference To |
|-------------------|--|---|
| 2 | Asset Purchase Agreement dated December 23, 2002 between Insignia Systems, Inc. and Paul A. Richards, Inc. | Exhibit 2 of the Registrant's Form 8-K filed December 31, 2002 |
| 3.1 | Articles of Incorporation of Registrant, as amended to date | Exhibit 3.1 of the Registrant's Registration Statement on Form S-18, Reg. No. 33-40765C |
| 3.2 | Bylaws, as amended to date | Exhibit 3.2 of the Registrant's Registration Statement on Form S-18, Reg. No. 33-40765C |
| 4.1 | Specimen Common Stock Certificate of Registrant | Exhibit 4.1 of the Registrant's Registration Statement on Form S-18, Reg. No. 33-40765C |
| 4.2 | Securities Purchase Agreement dated December 18, 2002 among Insignia Systems, Inc. and the Purchasers | Exhibit 4.1 of the Registrant's Form 8-K filed December 31, 2002 |

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| | | |
|------|---|--|
| 4.3 | Registration Rights Agreement dated December 18, 2002 among Insignia Systems, Inc. and the Purchasers | Exhibit 4.2 of the Registrant's Form 8-K filed December 31, 2002 |
| 4.4 | Form of Warrant dated December 18, 2002 between Insignia Systems, Inc. and the Holders | Exhibit 4.3 of the Registrant's Form 8-K filed December 31, 2002 |
| 4.5 | Amendment to Warrant dated December 29, 2003 between Insignia Systems, Inc. and the Holders | Filed with original Form 10-K for the year ended December 31, 2003 |
| 10.1 | Employment Agreement dated December 23, 2002 between Insignia Systems, Inc. and Paul A. Richards | Exhibit 10.1 of the Registrant's Form 8-K filed December 31, 2002 |
| 10.2 | Royalty Agreement dated December 23, 2002 between Insignia Systems, Inc. and Paul A. Richards, Inc. | Exhibit 10.2 of the Registrant's Form 8-K filed December 31, 2002 |

3

| Exhibit Number | Description | Incorporation By Reference To |
|----------------|--|--|
| 10.3 | The Company's 1990 Stock Plan, as amended | Exhibit 10.3 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2001 |
| 10.4 | Certificate of Amendment to 1990 Stock Option Plan | Exhibit 10.4 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2002 |
| 10.5 | Lease Agreement between Plymouth Partners II, and the Company, dated October 5, 1998 | Exhibit 10.6 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998 |
| 10.6 | Lease Agreement between 321 Corporation and the Company, dated October 31, 2002 | Exhibit 10.6 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2002 |

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| | | |
|-------|---|---|
| 10.7 | License Agreement between Thomas and Lawrence McGourty and the Company dated January 23, 1990, as amended | Exhibit 10.1 of the Registrant's Registration Statement on Form S-18, Reg. No. 33-40765C |
| 10.8 | Barcode License and Support Agreement between Thomas and Lawrence McGourty and the Company dated January 23, 1990 | Exhibit 10.2 of the Registrant's Registration Statement on Form S-18, Reg. No. 33-40765C |
| 10.9 | Employee Stock Purchase Plan, as amended | Exhibit 10.9 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2000 |
| 10.10 | Certificate of Amendment to Employee Stock Purchase Plan | Filed with original Form 10-K for the year ended December 31, 2003 |
| 10.11 | The Company's 2003 Incentive Stock Option Plan | Exhibit 4.1 of the Registrant's Registration Statement on Form S-8, Reg. No. 33-107087 |
| 10.12 | Amended Change in Control Severance Agreement with Scott F. Drill dated March 31, 2003 | Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 |
| 10.13 | Amended Change in Control Severance Agreement with Gary L. Vars dated March 31, 2003 | Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 |
| 10.14 | Change in Control Severance Agreement with Denni J. Lester dated February 24, 2003 | Exhibit 10.3 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 |
| 10.15 | Change in Control Severance Agreement with Thomas Wilkolak dated February 24, 2003 | Exhibit 10.4 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 |
| 14 | Code of Ethics | Filed with original Form 10-K for the year ended December 31, 2003 |
| 23.1 | Consent of Grant Thornton LLP | Filed with original Form 10-K for the year ended December 31, 2003 |
| 23.2 | Consent of Ernst & Young LLP | Filed with original Form 10-K for the year ended December 31, 2003 |
| 31.1 | Certification of Principal Executive Officer | Filed herewith |
| 31.2 | Certification of Principal Financial Officer | Filed herewith |
| 32 | Section 1350 Certification | Filed herewith |

(b) Reports on Form 8-K

The Company filed a report on Form 8-K on October 16, 2003 under Item 12 to report the financial information regarding the quarter ended September 30, 2003.

SCHEDULE II. Valuation and Qualifying Accounts

| Description | Balance at Beginning of Period | Charged to Costs and Expenses | Deductions Describe | Balance at End of Period |
|---|--------------------------------------|-------------------------------------|------------------------|--------------------------------|
| Year ended December 31, 2003 | | | | |
| Allowance for doubtful accounts | \$ 132,000 | \$ 35,000 | \$ 27,000 (1) | \$ 140,000 |
| Provision for obsolete inventory | 50,000 | 121,000 | 98,000 (3) | 73,000 |
| Year ended December 31, 2002 | | | | |
| Allowance for doubtful accounts | \$ 174,000 | \$ (53,000) | \$ (11,000) (1) | \$ 132,000 |
| Provision for obsolete inventory | 46,000 | 55,000 | 51,000 (3) | 50,000 |
| Year ended December 31, 2001 | | | | |
| Allowance for doubtful accounts | \$ 106,000 | \$ 72,000 | \$ 4,000 (1) | \$ 174,000 |
| Provision for normal returns and rebates | 16,000 | | 16,000 (2) | |
| Provision for obsolete inventory | 67,000 | 33,000 | 54,000 (3) | 46,000 |

(1) Uncollectible accounts written off, net of recoveries.

(2) Credited to income.

(3) Inventory scrapped and disposed of.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report on Form 10-K/A to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: July 14, 2004

/s/ Scott F. Drill

 Scott F. Drill
 President and CEO

Pursuant to the requirements of the Securities Exchange Act of 1934, this report on Form 10-K/A has been signed by the following persons on behalf of the registrant in the capacities and on the dates indicated.

| Signature | Title | Date |
|--|---|---------------|
| _____ /s/ Scott F. Drill _____ Scott F. Drill | President and Chief Executive Officer (principal executive officer) and Director | July 14, 2004 |
| _____ /s/ Denni J. Lester _____ Denni J. Lester | Vice President of Finance, Chief Financial Officer and Treasurer (principal financial and accounting officer) | July 14, 2004 |

