

AEROSONIC CORP /DE/  
Form 11-K  
June 08, 2004

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 11-K**

(Mark One)

**S            Annual Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934**  
**For the Fiscal Year Ended December 31, 2002**

**OR**

**£            Transition Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934**  
**For the Transition Period ----- to -----**

**Commission File Number 1-11750**

**AEROSONIC CORPORATION 401(k) PLAN**

**Aerosonic Corporation**

**1212 North Hercules Avenue**

**Clearwater, Florida 33765**

**(Address of principal executive offices and Zip Code)**

**Registrant's telephone number, including area code: (727) 461-3000**

**Required Information**

**Financial Statements and Schedules**

Statements of Net Assets Available for Benefits as of December 31, 2002 and December 31, 2001.

Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2002.

Schedule I - Schedule of Assets Held for Investment Purposes as of December 31, 2002.

**Exhibit**

**Designation**

**Description**

**Method of Filing**

Exhibit 23

Consent of Tedder, James, Worden & Associates P.A.

Filed with this Report

Exhibit 32

Certification of Chief Financial Officer of the Plan

Administrator of the Aerosonic Corporation 401(k) Plan

Filed with this Report

**Signature**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrator of the Aerosonic Corporation 401(k) Plan has duly caused this Annual Report to be signed by the undersigned thereunto duly authorized.

**Aerosonic Corporation 401(k) Plan**

By: /s/ Gary E. Colbert

Chief Financial Officer, Secretary and

Treasurer of Aerosonic Corporation and

Agent for Service of Legal Process of the 401(k) Plan

June 8, 2004

**Aerosonic Corporation 401(k) Plan**

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\* All other schedules required by Section 2520.103-10 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable.

## **Independent Auditor's Report**

To the Board of Directors of the

Aerosonic Corporation 401(k) Plan:

We have audited the accompanying statements of net assets available for benefits of the Aerosonic Corporation 401(k) Plan (the "Plan") as of December 31, 2002 and 2001, and the related statement of changes in net assets available for benefits for the year ended December 31, 2002. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2002 and 2001, and the changes in net assets available for benefits for the year ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held for investment purposes at end of year is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Tedder, James, Worden & Associates, P.A.

Orlando, Florida

April 19, 2004

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AEROSONIC CORPORATION

401(K) PLAN

**Statements of Net Assets Available for Benefits**

December 31, 2002 and 2001

|  | <b>2002</b>  | <b>2001</b> |
|--|--------------|-------------|
| <b>Assets:</b>                         |              |             |
| Aerosonic Corporation common stock     | \$ 1,009,337 | 1,043,076   |
| Registered investment companies        | 2,715,830    | 3,496,724   |
| Money market funds                     | 482,726      | 340,018     |
| Participant loans                      | 194,942      | 187,256     |
| Total investments                      | 4,402,835    | 5,067,074   |
| <b>Receivables:</b>                    |              |             |
| Employer's contributions               | 175,343      | 176,713     |
| Participants' contributions            | 18,940       | 40,190      |
|  | 194,283      | 216,903     |
| Net assets available for plan benefits | \$ 4,597,118 | 5,283,977   |

The accompanying notes are an integral part of these financial statements.





## AEROSONIC CORPORATION

## 401(K) PLAN

**Statement of Changes in Net Assets Available for Benefits**

For the Year ended December 31, 2002

**Additions to (deductions from) net assets attributed to:**

## Investment income (loss):

|   |           |
|---|-----------|
| Interest and dividends                        | \$ 76,004 |
| Net depreciation in fair value of investments | (780,133) |
| Total investment loss                         | (704,129) |

## Contributions:

|                     |           |
|---------------------|-----------|
| Employer s          | 175,343   |
| Participants        | 424,352   |
| Total contributions | 599,695   |
| Total deductions    | (104,434) |

**Deductions from net assets attributed to:**

|                               |           |
|-------------------------------|-----------|
| Benefits paid to participants | (582,425) |
| Net decrease                  | (686,859) |

**Net assets available for plan benefits:**

|                   |              |
|-------------------|--------------|
| Beginning of year | 5,283,977    |
| End of year       | \$ 4,597,118 |

The accompanying notes are an integral part of these financial statements.

**Aerosonic Corporation 401 (k) Plan**

**Notes to Financial Statements**

**December 31, 2002 and 2001**

**1. Plan Description**

The following description of the Aerosonic Corporation 401(k) Plan (the "**Plan**") provides only general information. Participants of the Plan should refer to the Plan Agreement for a more complete description of the Plan.

*General*

The Plan is a defined contribution plan that covers the eligible employees of Aerosonic Corporation (the "**Company**") by allowing them a system of savings and salary deferral and by providing discretionary employer profit sharing contributions.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ( **ERISA** ). The Plan was established on February 1, 1993, and has been amended from time to time thereafter.

*Eligibility*

Employees become eligible to participate in the Plan beginning on January 1, April 1, July 1, or October 1, immediately following completion of three months of service and attaining age 21.

*Contributions*

Plan participants may voluntarily contribute, on a pre-tax basis, up to a maximum of 15% of their annual eligible compensation to the Plan. Participants also may rollover amounts representing distributions from other qualified defined benefit or defined contribution plans. The maximum allowable pre-tax voluntary contribution, as determined by the Internal Revenue Service was \$11,000 and \$10,500 for 2002 and 2001, respectively.

The Company may contribute, in cash or Company stock, an amount equal to 100% of the employee's participation up to a maximum percentage (currently 3%) of eligible compensation. The Company contributes a percentage, as determined by the Board of Directors annually, of total eligible employee compensation (based upon calendar year earnings) to the Plan.

***Participant Accounts***

Each participant's account is credited with the participant's contributions, their pro rata share of Company matching and additional discretionary contributions, and an allocation of Plan earnings or losses including market value adjustments on Plan investments. Company contributions are allocated to a participant's account based upon a combination of the participant's annual compensation and years of service, as described in the Plan document. Plan earnings (losses) are allocated to a participant's account based on the participant's account balance as a percent of total invested assets in each investment fund.

***Vesting***

Participants are immediately vested in their contributions to the Plan plus actual earnings and losses thereon. Participants become vested in employer contributions according to the following schedule:

| <b>Years of Service</b> | <b>Vesting percentage</b> |
|-------------------------|---------------------------|
| 2 but less than 3       | 33%                       |
| 3 but less than 4       | 67%                       |
| 4 or more               | 100%                      |

Participants become fully vested upon death, disability, attainment of normal retirement age, or upon termination of the Plan.

### ***Distribution of Participant Accounts***

Distributions of a participant's account are made upon retirement from the Company at age 65, in cases of financial hardship, termination from service with the Company, death, or disability. Upon request, an in-service distribution may be made at age 59½. Distributions are made in a single lump-sum payment, in whole shares of Company stock, or in cash, or partially in Company stock or partially in cash, as determined by the Plan Administrator and based upon the relative proportion in which Participant's account balance under the Plan consisted of stock or cash.

The Plan allows participants that are less than age 70½ to defer benefit payments until they cease employment.

### ***Forfeitures of Accounts***

Forfeitures of participant's non-vested balances are used to reduce employer contributions. During 2002 and 2001, forfeitures of \$12,189 and \$1,828, respectively, were used to reduce the employer's contributions.

### ***Participants Loans***

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum of the lesser of \$50,000 or 50% of their vested balance. A participant may not have more than one loan outstanding at any time. Loans are collateralized by the balance in the participant's account. All loans are repaid within a period of five years, except loans to acquire the participant's principal residence.

## **2. Summary of Significant Accounting Policies**

### ***Basis of Accounting***

The accompanying financial statements are prepared on the accrual basis of accounting, except for benefits paid, which are recorded when paid.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Investment Valuation and Income Recognition*

The Plan's investments are stated at fair value. The value of investments is determined using quoted market prices from national exchanges, which represent the net asset value of shares held by the Plan at year-end. Participant loans are valued at the amount of unpaid principal, which approximates fair value. Interest income is recognized when earned. Dividend income is recorded on the ex-dividend date. Realized gains and losses on investments are recognized upon the sale of the related investments and unrealized appreciation or depreciation is recognized at period end when the carrying values of the related investments are adjusted to their estimated fair market value. Purchases and sales of investments are recorded on a trade date basis.

*Net Appreciation (Depreciation) in Fair Value of Investments*

The Plan presents in the statement of changes in net assets available for benefits the net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation or depreciation on those investments.

***Risks and Uncertainties***

Investment securities are exposed to various risks, including those involving interest rates, the securities market, and credit conditions. Due to the level of risk associated with certain investment securities, changes in the values of such investment

securities may involve declines in value in the near term and in the long term, and such declines could have a material adverse effect upon participants' account balances, and the amounts reported in the statements of net assets available for benefits.

***Payment of Benefits***

Benefits are recorded when paid.

***Administrative Expenses***

The Plan provides that the Company may pay all or part of the administrative expenses of the Plan or administrative expenses can be charged against investment earnings before allocation to the participant accounts. The majority of the administrative expenses was paid by the Company for the benefit of the Plan and is not reflected in the accompanying financial statements.

**3. Investments**

The following presents investments that represent 5% or more of the Plan's net assets as of December 31:

|                                     | <b>2002</b> | <b>2001</b> |
|-------------------------------------|-------------|-------------|
| Aerosonic Corporation Common Stock  | \$1,009,337 | \$1,043,076 |
| The George Putnam Fund of Boston    | 705,814     | *           |
| Bear Stearns S&P Stars Portfolio    | 590,332     | 1,105,033   |
| Putnam Money Market Fund            | 482,726     | 340,018     |
| Putnam U.S. Government Income Trust | 433,197     | 403,689     |
| Putnam New Opportunities Fund       | 409,624     | 563,839     |



|  |         |         |
|--|---------|---------|
| Bear Stearns Intrinsic Value Portfolio | 346,834 | 441,534 |
| Putnam Global Equity Fund              | 230,029 | 272,663 |
| Putnam Balanced Retirement Fund        | *       | 709,966 |

\* Did not constitute 5% or more of plan assets for the year presented.

The Plan's investments (including gains and losses on investments bought and sold, as well as those held during the year), declined in value by \$780,133 during the year ended December 31, 2002, as follows:

|                                    |              |
|------------------------------------|--------------|
|                                    | <b>2002</b>  |
| Registered investment companies    | \$ (802,173) |
| Aerosonic Corporation Common Stock | 22,040       |
|                                    | \$           |
|                                    | (780,133)    |

#### 4. Tax Status

The Plan has received a favorable determination letter from the Internal Revenue Service dated July 19, 1994, which states that the Plan qualifies under the applicable provisions of the Internal Revenue Code and that it is therefore exempt from federal income taxes. The Plan was amended and restated effective January 1, 2001 to incorporate changes required under the IRS "GUST" provisions. The Company received a favorable determination letter from the Internal Revenue Service dated August 1, 2002. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

#### 5. Plan Termination

Although the Company has not expressed any intent to do so, the Company has the right, under the Plan agreement, to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts. All such vested interests shall be non-forfeitable.

**6. Concentrations of Credit Risk**

Financial instruments which potentially subject the Plan to concentrations of credit risk consist of the Plan's investments. Management maintains the Plan's investments with what management believes to be high credit quality financial institutions and attempts to limit the amount of credit exposure to any particular investment.

**7. Party-In-Interest**

Section 3(14) of ERISA defines a party-in- interest to include, among others, fiduciaries or employees of the Plan, any person who provides services to the Plan, or an employer whose employees are covered by the Plan. Certain Plan investments are shares of registered investment companies managed by Putnam Fiduciary Trust Company. Putnam Fiduciary Trust Company is the trustee as defined by the Plan. Therefore, these transactions qualify as party-in-interest transactions.

**8. Reconciliation of Financial Statements to the Form 5500**

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 as of December 31, 2002 and 2001:

|  | <b>2002</b>  | <b>2001</b>  |
|--|--------------|--------------|
| Net assets available for benefits per the financial statements | \$ 4,597,118 | \$ 5,283,977 |
| Less contributions receivable:                                 |              |              |
| Participants   | (18,940)     | (40,190)     |
| Employer's   | (175,343)    | (176,713)    |
|  | \$ 4,402,835 | \$ 5,067,074 |

The following is a reconciliation of contributions per the financial statements to the Form 5500 for the year ended

December 31,  
2002:

|   |            |
|---|------------|
| Contributions<br>per the<br>financial<br>statements | \$ 599,695 |
| Add 2001<br>contributions<br>receivable:            |            |
| Participants  | 40,190     |
| Employer's  | 176,713    |
| Less 2002<br>contributions<br>receivable            |            |
| Participants  | (18,940)   |
| Employer's  | (175,343)  |
| Contributions<br>per the Form<br>5500               | \$ 622,315 |

Contributions per the Form 5500 represent all contributions received as of December 31, 2002. The receivable balances reflect payments due but not yet paid to the trustee as of December 31, 2002 and 2001.

## Schedule 1

## AEROSONIC CORPORATION

## 401(K) PLAN

## Schedule of Assets Held for Investment Purposes at End of Year

December 31, 2002

EIN# 35-1927379

Plan # 001

| (a)  | (b)   | (c)        | (d)              | (e) |
|--|---|------------|------------------|-----|
| Identity of issue,<br>borrower, lesser or similar<br>party | Description of investment including<br>maturity date, rate of interest, collateral, par<br>or maturity date | Cost       | Current<br>value |     |
| * Aerosonic Corporation<br>Common Stock                    | Equity Securities of Aerosonic Corporation  | \$ 746,053 | \$ 1,009,337     |     |
| * Putnam Investments<br>Bear, Stearns & Company,<br>Inc.   | The George Putnam Fund of Boston<br>S&P Stars Portfolio   |            | 705,814          |     |
| * Putnam Investments                                       | Money Market Fund   |            | 482,726          |     |
| * Putnam Investments                                       | U.S. Government Income Trust  |            | 433,197          |     |
| * Putnam Investments<br>Bear, Stearns & Company,<br>Inc.   | New Opportunities Fund<br>Intrinsic Value Portfolio   |            | 409,624          |     |
| * Putnam Investments                                       | Global Equity Fund  |            | 346,834          |     |
| * Participant Loans  | Various maturities (interest rates from 5.0% to<br>10.5%)   | -          | 230,029          |     |
|  |   |            | 194,942          |     |



**CONSENT OF INDEPENDENT ACCOUNTANTS**

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 33-59064) of Aerosonic Corporation of our report dated April 19, 2004, relating to the financial statements of the Aerosonic Corporation 401(k) Plan, which appears in this Annual Report on Form 11-K.

/s/ Tedder, James, Worden & Associates, P.A.

Orlando, Florida

June 8, 2004



**AEROSONIC CORPORATION**

**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 Annual Report of the Aerosonic Corporation 401(k) Plan (the registrant ) on Form 11-K for the period ending December 31, 2002, as filed with the Securities and Exchange Commission on the date hereof (the report ), Aerosonic Corporation, as the Plan Administrator of the registrant, certifies pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to its knowledge:

(1)

The report fully complies 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 aspects, the financial condition and result of operations of the registrant.



June 8, 2004

Aerosonic Corporation

By: /s/ Gary E. Colbert

Gary E. Colbert

Chief Financial Officer

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