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VICOM INC
Form 10-Q
May 15, 2002

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

FORM 10-Q

(MARK ONE)

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

FOR THE PERIOD ENDING MARCH 31, 2002

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND
EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER 0-1325

VICOM, INCORPORATED

(Exact name of registrant as specified in its charter)

MINNESOTA

(State or other jurisdiction of incorporation or organization)

41-1255001

(IRS Employer Identification No.)

9449 SCIENCE CENTER DRIVE, NEW HOPE, MINNESOTA 55428

(Address of principal executive offices)

TELEPHONE (763) 504-3000 FAX (763) 504-3060

www.vicominc.net Internet

(Registrant's telephone number, facsimile number, and Internet address)

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 and Exchange Act of 1934 during the preceding 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 ☐

On April 25, 2002 there were 11,036,934 shares outstanding of the registrant's common stock, par value \$.01 per share, and 200,146 outstanding shares of the registrant's convertible preferred stock.

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PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

VICOM, INCORPORATED AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended	
	March 31, 2002	March 31, 2001
	(unaudited)	(unaudited)
REVENUES	\$ 6,262,188	\$ 10,682,819
COSTS AND EXPENSES		
Cost of products and services	4,789,214	8,555,049
Selling, general and administrative	2,236,736	3,008,546
Total Costs and Expenses	7,025,950	11,563,595
LOSS FROM OPERATIONS	(763,762)	(880,776)
OTHER EXPENSE		
Interest expense	(365,835)	(292,438)
Income (expense)	19,676	45,090
Total Other Expense	(346,159)	(247,348)
LOSS BEFORE INCOME TAXES	(1,109,921)	(1,128,124)
PROVISION FOR INCOME TAXES	0	0
NET LOSS	(1,109,921)	\$ (1,128,124)
Preferred Stock Dividends	51,726	52,461
LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	(1,161,647)	(1,180,585)
LOSS PER SHARE - BASIC AND DILUTED	\$ (.10)	\$ (.14)
WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC AND DILUTED	10,639,224	8,024,447

See notes to condensed consolidated financial statements

VICOM, INCORPORATED AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS MARCH 31, 2002 AND DECEMBER 31, 2001

March 31, 2002

(unaudited)

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ASSETS

CURRENT ASSETS

Cash	\$ 976,469
Accounts receivable, net	2,017,332
Inventories, net	1,628,353
Other Current Assets	241,993

TOTAL CURRENT ASSETS 4,864,147

PROPERTY AND EQUIPMENT, NET 3,906,236

OTHER ASSETS

Goodwill, net	2,748,879
Other	247,774

TOTAL OTHER ASSETS 2,996,653

TOTAL ASSETS \$ 11,767,036

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Wholesale line of credit	\$ 1,250,552
Current portion of long term debt	1,595,394
Current portion of capital lease obligations	322,215
Accounts payable	1,685,727
Accrued liabilities	810,751
Deferred service obligations and revenue	368,742

TOTAL CURRENT LIABILITIES 6,033,381

LONG TERM DEBT, NET 1,787,680

CAPITAL LEASE OBLIGATIONS, NET OF CURRENT PORTION 555,045

TOTAL LIABILITIES 8,376,106

STOCKHOLDERS' EQUITY

Cumulative convertible preferred stock, no par value:

8% Class A (29,731 and 28,872 shares issued and outstanding)	446,752
10% Class B (8,700 shares issued and outstanding)	87,000
10% Class C (139,510 shares issued and outstanding)	1,800,447
14% Class D (40,000 shares issued and outstanding)	417,500
Common stock, no par value (10,835,376 and 10,679,450 shares issued; 10,774,983 and 10,604,113 shares outstanding)	3,486,224
Stock subscriptions receivable	(610,000)
Options and warrants	25,108,752
Unamortized compensation	(1,059,735)
Accumulated deficit	(26,286,010)

TOTAL STOCKHOLDERS' EQUITY 3,390,930

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$ 11,767,036

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See notes to condensed consolidated financial statements.

VICOM, INCORPORATED AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THREE MONTHS ENDED MARCH 31, 2002 AND MARCH 31, 2001 (Unaudited)

OPERATING ACTIVITIES

Net loss	\$ (
Adjustments to reconcile net loss to net cash flows from operating activities	
Depreciation	
Amortization of deferred compensation	
Amortization of original issue discount	
Common stock issued for marketing services	
Loss on sales of property and equipment	
Discount on preferred stock related to warrants	
Changes in operating assets and liabilities:	
Accounts receivable, net	
Inventories, net	
Other current assets	
Other assets	
Wholesale line of credit	
Accounts payable and accrued liabilities	
Deferred service obligations and revenue	
Net cash flows from operating activities	

INVESTING ACTIVITIES

Purchases of property and equipment	
Proceeds from sale of property and equipment	
Issuance of note receivable	
Collections on notes receivable	
Net cash flows from investing activities	

FINANCING ACTIVITIES

Deferred finance costs	
Proceeds from long-term debt and warrants issued with long term debt	
Payments on long term debt	
Payments on capital lease obligations	
Proceeds from issuance of stock and warrants	
Stock issuance costs	
Redemption of preferred stock	
Preferred stock dividends	
Net cash flows from financing activities	

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INCREASE (DECREASE) IN CASH	
CASH	
Beginning of period	
End of period	\$

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest, net of amortization of original issue discount	\$
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SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES

Stock options issued below fair market value	
Issuance of preferred stock for acquisition of assets	
Warrants issued with debt	

See notes to condensed consolidated financial statements

VICOM, INCORPORATED AND SUBSIDIARIES NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) MARCH 31, 2002 and 2001

NOTE 1 - UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The information furnished in this report is unaudited and reflects all adjustments which are normal recurring adjustments and, which in the opinion of management, are necessary to fairly present the operating results for the interim periods. The operating results for the interim periods presented are not necessarily indicative of the operating results to be expected for the full fiscal year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REVENUES AND COST RECOGNITION

Vicom, Inc. and subsidiaries (the Company) earns revenues from four sources:

- 1) Video and computer technology products which are sold but not installed,
- 2) Voice, video and data communication products which are sold and installed,
- 3) Service revenues related to communication products which are sold and both installed and not installed, and
- 4) MultiBand user charges to multiple dwelling units.

Revenues from video and computer technology products, which are sold but not installed, are recognized when delivered and the customer has accepted the terms and has the ability to fulfill the terms.

Customer contracts for both the purchase and installation of voice and data networking technology products and certain video technologies products on one sales agreement, as installation of the product is essential to the functionality of the product. Revenues and costs on the sale of products where installation is involved are recognized under the percentage of completion method. Costs are expensed as incurred. The amount of revenue recognized is the portion that the cost expended to date bears to the anticipated total contract cost, based on current estimates to complete. Contract costs include all labor and materials unique to or installed in the project, as well as subcontract costs. Costs and estimated earnings in excess of billings are classified as current assets; billings in excess of costs and estimated earnings are classified as current liabilities.

Service revenues related to technology products including consulting, training

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and support are recognized when the services are provided. The Company, if the customer elects, enters into equipment maintenance agreements for products sold once the original manufacturer's warranty has expired. Revenues from all equipment maintenance agreements are recognized on a straight-line basis over the terms of each contract. Costs for services are expensed as incurred.

MultiBand user charges are recognized as revenues in the period the related services are provided.

Warranty costs incurred on new product sales are substantially reimbursed by the equipment suppliers.

GOODWILL

Goodwill represents the excess of acquisition costs over the fair value of identifiable net assets acquired and was amortized using the straight-line method over ten years. The carrying value of goodwill is reviewed if the facts and circumstances suggest that it may be impaired. If the review indicates that goodwill will not be recoverable, as determined based on the undiscounted cash flows of the assets acquired over the remaining amortization period, the Company's carrying value of goodwill is reduced by the estimated shortfall of cash flows. The Company did not record any impairment charges related to goodwill and property and equipment during the three months ended March 31, 2002 and 2001. Amortization was \$0 and \$83,769 for the three months ended March 31, 2002 and 2001.

NET LOSS PER SHARE

Basic net loss per common share is computed by dividing the loss attributable to common stockholders by the weighted average number of common shares outstanding for the reporting period. Diluted net loss per common share is computed by dividing loss attributable to common stockholders by the sum of the weighted average number of common shares outstanding plus all additional common stock that would have been outstanding if potentially dilutive common shares related to common share equivalents (stock options, stock warrants, convertible preferred shares, and issued but not outstanding restricted stock) had been issued. All options, warrants, convertible preferred shares, and restricted stock outstanding during the three months ended March 31, 2002 and 2001 were anti-dilutive.

NOTE 3 - LIQUIDITY

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern that contemplates the realization of assets and satisfaction of liabilities in the normal course of business. For the three months ended March 31, 2002 and 2001, the Company incurred net losses of \$1,109,921 and \$1,128,124, respectively. At March 31, 2002, the Company had an accumulated deficit of \$26,286,010. The Company's ability to continue as a going concern is dependent on it ultimately achieving profitability and/or raising additional capital. Management intends to obtain additional debt or equity capital to meet all of its existing cash obligations and fund commitments on planned MultiBand projects, however, there can be no assurance that the sources will be available or available on terms favorable to the Company. Management anticipates that the impact of the actions listed below, will generate sufficient cash flows to pay current liabilities, long-term debt and capital lease obligations and fund the Company's future operations:

1. Continued reduction of operating expenses by controlling payroll, professional fees and other general and administrative expenses.
2. Solicit additional equity investment in the Company by either issuing preferred or common stock.

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3. Continue to market MultiBand services and acquire additional multi-dwelling unit customers.
4. Control capital expenditures by contracting MultiBand services and equipment through a landlord-owned equipment program.

NOTE 4 - NOTES PAYABLE

During the three months ended March 31, 2002, the Company borrowed \$600,000 from a member of the board of directors. The notes are unsecured, due through March 2005 with interest at 12% payable monthly. In connection with these notes, the Company issued 120,000 (four to five year) warrants to purchase common stock at price of \$1.50 per share. The proceeds of \$600,000 were allocated between the loans and the warrants based on the relative fair values of the securities at the time of issuance. The warrants were valued using the Black Scholes calculation. The resulting original issue discount, the fair value of the warrant, is being amortized over the life of the debenture using the straight-line method, which approximates the interest method.

NOTE 5 - STOCK WARRANTS

Stock warrants activity is as follows for the three months ended March 31, 2002:

	NUMBER OF WARRANTS	WEIGHTED AVERAGE EXERCISE PRICE
	-----	-----
WARRANTS OUTSTANDING - DECEMBER 31, 2001	9,565,450	2.37
GRANTED	122,000	1.51
CANCELED OR EXPIRED	0	0
EXERCISED	0	0
	-----	-----
WARRANTS OUTSTANDING - MARCH 31, 2002	9,687,450	\$ 2.37
	=====	=====

The warrants granted during the three months ended March 31, 2002 were awarded for common stock and in connection with notes payable.

NOTE 6 - BUSINESS SEGMENTS

Following is Company business segment information for the three months ended March 31, 2002 and 2001:

	Vicom	CTU	MultiBand	Total
	-----	-----	-----	-----
Quarter ended March 31, 2002:				
Revenues	0	6,161,581	100,607	6,262,188
Loss from operations	(424,480)	(87,275)	(252,007)	(763,762)
Identifiable assets	3,231,228	5,374,184	3,161,624	11,767,036
Depreciation and amortization	343,828	119,917	135,966	599,711
Capital expenditures	0	39,820	65,713	105,533
Quarter ended March 31, 2001:				
Revenues	0	10,617,741	65,078	10,682,819
Loss from operations	(170,053)	(147,619)	(563,104)	(880,776)
Identifiable assets	3,949,643	10,284,074	3,252,168	17,485,885

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Depreciation and amortization	293,891	124,100	104,909	522,900
Capital expenditures	51,726	61,205	1,081,725	1,194,656

NOTE 7 - SUBSEQUENT EVENT

During April 2002, the Company expanded its credit facility with Convergent Capital Partners I, L.P. to \$2,500,000. In addition, the principal repayment was extended to begin in August 2005. The credit facility is secured by Company assets and the facility agreement requires the Company to maintain collateral requirements and minimum quarterly earnings before income taxes, depreciation and amortization requirements, the latter requirement beginning in the Company's fourth fiscal quarter of 2002. All other terms remain the same.

FORWARD-LOOKING STATEMENTS

From time to time, the Company may publish forward-looking statements relating to such matters as anticipated financial performance, business prospects, product pricing, management for growth, integration of acquisitions, technological developments, new products, and similar matters. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements including those made in this statement. In order to comply with the terms of the Private Securities Litigation Reform Act, the Company notes that a variety of factors could cause the Company's actual results and experience to differ materially from the anticipated results or Company's forward-looking statements.

The risks and uncertainties that may affect the operations, performance, developments and results of the Company's business include the following: national and regional economic conditions; pending and future legislation affecting IT and telecommunications industries; market acceptance of the Company's products and services; the Company's products and services; the Company's continued ability to provide integrated communication solutions for customers in a dynamic industry; and other competitive factors.

Because these and other factors could affect the Company's operating results, past financial performance should not necessarily be considered as a reliable indicator of future performance and anticipated future period results.

ITEM 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

GENERAL

Vicom, Incorporated (Vicom) is a Minnesota corporation formed in September 1975. Vicom is the parent corporation of two wholly-owned subsidiaries, Corporate Technologies, USA, Inc. (CTU), and MultiBand, Inc. (MultiBand).

Vicom completed an initial public offering in June 1984. In November 1992, Vicom became a non-reporting company under the Securities Exchange Act of 1934. In July 2000, Vicom regained its reporting company status. In December, 2000, Vicom stock began trading on the NASDAQ stock exchange under the symbol VICM.

Vicom's website is located at: www.vicominc.net.

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Vicom recently expanded its efforts to establish itself within the rapidly evolving telecommunications and computer industries. Effective December 31, 1998, Vicom acquired the assets of the Midwest region of Enstar Networking Corporation (ENC), a data cabling and networking company. In late 1999, in the context of a forward triangular merger, Vicom, to expand its range of computer products and related services, purchased the stock of Ekman, Inc. d/b/a Corporate Technologies, and merged Ekman, Inc. into the newly formed surviving corporation, Corporate Technologies, USA, Inc. (CTU). CTU provides voice, data and video systems and services to business and government. MultiBand, Inc. was incorporated in February 2000. MultiBand, Inc provides voice, data and video services to multiple dwelling units (MDU's).

As of March 31, 2002, CTU was providing telephone equipment and service to approximately 1,000 customers, with approximately 10,000 telephones in service. In addition, CTU provides computer products and services to approximately 3,000 customers. MultiBand, as of March 31, 2002, had approximately 700 customers. Telecommunications systems distributed by Vicom are intended to provide users with flexible, cost-effective alternatives as compared to systems available from major telephone companies, including those formerly comprising the Bell System and from other interconnect telephone companies.

CTU provides a full range voice, data and video communications systems and service, system integration, training and related communication sales and support activities for commercial, professional and institutional customers, most of which are located in Minnesota, North Dakota, and South Dakota. CTU purchases products and equipment from NEC America, Inc. (NEC), Siemens Enterprise Networks (Siemens), Cisco Systems, Inc. (Cisco), Nortel Networks Corp. (Nortel), Tadiran Telecommunications, Inc. (Tadiran), and other manufacturers of communications and electronic products and equipment. CTU uses these products to design telecommunications systems to fit its customers' specific needs and demands.

SELECTED CONSOLIDATED FINANCIAL DATA

	DOLLAR AMOUNTS AS A PERCENTAGE OF REVENUES THREE MONTHS ENDED	
	March 31, 2002 (unaudited)	MARCH 31, 2001 (unaudited)
REVENUES	100%	100%
COST OF PRODUCTS & SERVICES	76.4%	80.1%
GROSS MARGIN	23.6%	19.9%
SELLING, GENERAL & ADMINISTRATIVE	35.7%	28.1%
OPERATING LOSS	-12.1%	-8.2%

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INTEREST EXPENSE & OTHER, NET	-5.5%	-2.4%
LOSS BEFORE TAXES	-17.7%	-10.6%
INCOME TAX	0	0.0%
NET LOSS	-17.7%	-10.6%

The following table sets forth, for the period indicated, the gross margin percentages for Corporate Technologies USA, Inc. and MultiBand, Inc.

	THREE MONTHS ENDED	
	MARCH 31, 2002	MARCH 31, 2001
GROSS MARGIN PERCENTAGES:		
CORPORATE TECHNOLOGIES USA, INC.	22.9%	20.1%
MULTIBAND, INC.	.6%	-19.4%

RESULTS OF OPERATIONS

REVENUES

Revenues decreased 41.38% to \$6,262,188 in the quarter ended March 31, 2002, as compared to \$10,682,819 for the quarter ended March 31, 2001.

Vicom Inc. has recorded no revenue since the first quarter of fiscal 2001 as all sales operations were transferred to Corporate Technologies, USA, Inc. (CTU).

Revenues for (CTU) decreased 41.8% in the first quarter of fiscal 2002 to \$6,161,581 as compared to \$10,601,335 in the first quarter of fiscal 2001. This decrease in CTU's revenues resulted primarily from CTU's desire to increase gross margins versus maintaining top line revenues.

Revenues for MultiBand, Inc. increased 35.3% to \$100,607 as compared to \$45,078 in the first quarter of fiscal 2001. This increase is due to expansion of MultiBand services to two additional properties.

GROSS MARGIN

The Company's gross margin decreased 30.77% or \$654,796 to \$1,472,974 for the quarter ended March 31, 2002, as compared to \$2,127,770 for the similar quarter last year. This decrease in gross margin is due to the substantial decrease in revenues. For the quarter ended March 31, 2002, as a percent of total revenues, gross margin was 23.6% as compared to 19.9% for the similar period last year. This increase in gross margin percentage is primarily due to an increase in service sales which have better margins than equipment sales.

Gross margin for Corporate Technologies USA, Inc. decreased by 32.58% to \$1,435,399 for the quarter ended March 31, 2002, as compared to \$2,129,163 in the first quarter of fiscal 2001. This decrease is due to the aforementioned decrease in revenues.

Gross margin for MultiBand, Inc. for the quarter ended March 31, 2002 increased 39.70% to \$37,575 as compared to (\$12,651) in the first quarter of fiscal 2001 reflecting on the increase of revenue being billed.

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SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses decreased 25.65% to \$2,236,736 in the quarter ended March 31, 2002, compared to \$3,008,546 in the prior year quarter. Selling, general and administrative expenses were, as a percentage of revenues, 35.7% for the quarter ended March 31, 2002 and 28.1% for the similar period a year ago. This decrease is primarily attributable to reductions in payroll and overall cost reduction efforts by management.

INTEREST EXPENSE

Interest expense was \$365,835 for the quarter ended March 31, 2002, versus \$292,438 for the similar period a year ago, reflecting an increased Company debt load due to acquisition related debt, warrant valuation and increased borrowings. Amortization of original issue discount was \$210,983 and \$0 for the three months ended March 31, 2002 and 2001.

NET LOSS

In the first quarter of fiscal 2002, the Company incurred a net loss of \$1,109,921 compared to a net loss of \$1,128,124 for the first fiscal quarter of 2001. A decline in operating losses for the first quarter of 2002 versus the similar period a year ago was offset by an increase in interest expense primarily due to amortization of original issue discount.

LIQUIDITY AND CAPITAL RESOURCES

Available working capital, for the three months ended March 31, 2002, decreased over the similar period last year due to , in part, certain debt maturities shifting from long term debt to short term debt during the quarter. Vicom experienced a decrease in accounts payable for the period ended March 31, 2002 versus last year's period, primarily due to a significant reduction in revenues which led to a payables decrease. Accounts receivable decreased for the period ended March 31, 2002, compared to the prior year period, due to a significant decrease in revenues.

Inventories decreased slightly over last year's prior period inventories due to the aforementioned revenue decreases. Net borrowings under notes and installment obligations payable increased materially for the three months ended March 31, 2002 compared to the prior year's period due to financing with an investor, the proceeds of which were used in part to finance MultiBand, Inc.'s project build-out.

Management of Vicom believes that, for the near future, cash generated by sales of stock, and existing credit facilities, in aggregate, are adequate to meet the anticipated liquidity and capital resource requirements of its Corporate Technologies USA, Inc. business for the next twelve months. Significant continuation of the Company's MultiBand, Inc.'s build-out is highly dependent on securing additional financing for future projects. Management believes that while future build-out financing is available, there is no guarantee that said financing will be obtained.

CAPITAL EXPENDITURES

The Company used \$105,533 for capital expenditures during the three months ended March 31, 2002, as compared to \$1,194,656 in the similar period last year. Capital expenditures consisted of equipment acquired for internal use and for MultiBand build-out projects as compared to the same period last year when MultiBand build-out costs for construction totaled \$1,081,725. The Company

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has started a new business approach with having the building owners buy the equipment and pay MultiBand a reduced management fee.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Impairment of Long-Lived Assets

The Company's long-lived assets include property, equipment and leasehold improvements. The estimated fair value of these assets is dependent on the Company's future performance. In assessing for potential impairment for these assets, the Company considers future performance. If these forecasts are not met, the Company may have to record an impairment charge not previously recognized, which may be material. During the three months ended March 31, 2002 and 2001, the Company did not record any impairment losses related to long-lived assets.

Impairment of Goodwill

We periodically evaluate acquired businesses for potential impairment indicators. Our judgments regarding the existence of impairment indicators are based on legal factors, market conditions and operational performance of our acquired businesses. Future events could cause us to conclude that impairment indicators exist and that goodwill associated with our acquired businesses is impaired. Any resulting impairment loss could have a material adverse impact on our financial condition and results of operations. During the three months ended March 31, 2002 and 2001, the Company did not record any impairment losses related to goodwill.

Inventories

We value our inventory at the lower of the actual cost or the current estimated market value of the inventory. We regularly review inventory quantities on hand and record a provision for excess and obsolete inventory. Rapid technological change, frequent new product development, and rapid product obsolescence that could result in an increase in the amount of obsolete inventory quantities on hand characterize our industry.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Vicom is not subject to any material interest rate risk as any current lending agreements are at a fixed rate of interest.

PART II. OTHER INFORMATION

ITEM 4. LEGAL PROCEEDINGS

As of March 31, 2002, Vicom was not engaged in any legal proceedings whose anticipated results would have a material adverse impact on the Company.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

10.14 Employment Agreement of Steven M. Bell dated
January 1, 2002
10.15 Employment Agreement of James Mandel dated
January 1, 2002

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(b) Reports on Form 8-K.

None.

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.

VICOM, INC.

Registrant

Date: May 15, 2002

By: /s/ James L. Mandel

James L. Mandel
CHIEF EXECUTIVE OFFICER

Date: May 15, 2002

By: /s/ Steven M. Bell

Steven M. Bell
CHIEF EXECUTIVE OFFICER
(PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER)