

Edgar Filing: TECHTEAM GLOBAL INC - Form 11-K

TECHTEAM GLOBAL INC
Form 11-K
June 26, 2003

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

FORM 11-K

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 from _____ to _____.

Commission File Number (File Number)

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

TECHTEAM GLOBAL, INC. 401 (k) RETIREMENT SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

TechTeam Global, Inc.
27335 W. 11 Mile Road
Southfield, MI 48034

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE
TechTeam Global, Inc. 401(k) Retirement Savings Plan
December 31, 2002 and 2001 and
Year ended December 31, 2002
with Report of Independent Auditors

TechTeam Global, Inc. 401(k) Retirement Savings Plan

Financial Statements and Supplemental Schedule

December 31, 2002 and 2001 and
Year ended December 31, 2002

Edgar Filing: TECHTEAM GLOBAL INC - Form 11-K

CONTENTS

Report of Independent Auditors..... 1

Financial Statements

Statements of Assets Available For Benefits..... 2

Statement of Changes in Assets Available For Benefits..... 3

Notes to Financial Statements..... 4

Supplemental Schedule

Schedule H, Line 4(i)--Schedule of Assets (Held at End of Year)..... 9

Other Information:

Signatures.....10

Exhibit 23.1 Certification.....11

Exhibit 23.2 Consent of Independent Auditors.....12

Report of Independent Auditors

Plan Administrator
TechTeam Global, Inc. 401(k) Retirement Savings Plan

We have audited the accompanying statements of assets available for benefits of the TechTeam Global, Inc. 401(k) Retirement Savings Plan as of December 31, 2002 and 2001 and the related statement of changes in 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. 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, information regarding the Plan's assets available for benefits at December 31, 2002 and 2001 and the changes in its assets available for benefits for the year ended December 31, 2002, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets

Edgar Filing: TECHTEAM GLOBAL INC - Form 11-K

(held at end of year) as of December 31, 2002 is presented for purposes of additional analysis and is not a required part of the 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. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young, LLP
Detroit, MI

June 6, 2003

1

TechTeam Global, Inc. 401(k) Retirement Savings Plan

Statements of Net Assets Available for Benefits

| | DECEMBER |
|------------------------------------|--------------|
| | 2002 |
| | ----- |
| ASSETS | |
| Investments: | |
| Mutual funds | \$ 5,886,345 |
| TechTeam Global, Inc. common stock | 4,312,386 |
| Participant loans | 197,587 |
| Cash | 63,082 |
| | ----- |
| | 10,459,400 |

Edgar Filing: TECHTEAM GLOBAL INC - Form 11-K

| | |
|-------------------------------|---------------|
| Contributions receivables: | |
| Participants | 52,151 |
| Employer | 10,825 |
| | ----- |
| Total receivables | 62,976 |
| | ----- |
| Assets available for benefits | \$ 10,522,376 |
| | ===== |

See accompanying notes.

TechTeam Global, Inc. 401(k) Retirement Savings Plan
Statement of Changes in Assets Available for Benefits
Year ended December 31, 2002

| | |
|---|-----------|
| ADDITIONS | |
| Investment Income: | |
| Dividend and interest | \$ 68,791 |
| Net appreciation in fair value of investments | 1,421,811 |
| | ----- |
| | 1,490,602 |
| | ----- |
| Contributions: | |
| Participants | 1,480,464 |
| Employer | 318,257 |
| | ----- |
| | 1,798,721 |
| | ----- |

Edgar Filing: TECHTEAM GLOBAL INC - Form 11-K

| | |
|--|---------------|
| Total additions | 3,289,323 |
| DEDUCTIONS | |
| Benefits paid to participants | 1,341,673 |
| Administrative fees | 55,080 |
| | ----- |
| Total deductions | 1,396,753 |
| | ----- |
| Net increase | 1,892,570 |
| Net assets available for benefits at beginning of year | 8,629,806 |
| | ----- |
| Net assets available for benefits at end of year | \$ 10,522,376 |
| | ===== |

See accompanying notes.

TechTeam Global, Inc. 401(k) Retirement Savings Plan

Notes to the Financial Statements

December 31, 2002

1. DESCRIPTION OF THE PLAN

The following description of TechTeam Global, Inc. (the Company) 401(k) Retirement Savings Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a complete description of the Plan's provisions.

Edgar Filing: TECHTEAM GLOBAL INC - Form 11-K

GENERAL

The Plan is a defined contribution plan covering all eligible full-time employees of the Company and its domestic subsidiaries. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

CONTRIBUTIONS

Participants may contribute up to 50% of pretax annual compensation, as defined in the Plan document, subject to the legislated limitations. Participants may also contribute amounts representing distributions from other qualified plans. The Company matches 35% of the first 4% of base compensation. Company contributions are made in the form of Company stock and cannot be redirected to other fund options.

A participant may direct their contributions to any of the Plan's fund options.

PARTICIPANT ACCOUNTS

Each participant's account is credited with the participant's contributions and allocations of the Company's contributions and Plan earnings. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the vested value of the participant's account.

VESTING

Participants are immediately vested in their contributions. Participants become fully vested in Company contributions upon completion of one year of service. Full vesting also occurs upon death, disability, or retirement at designated ages.

Edgar Filing: TECHTEAM GLOBAL INC - Form 11-K

FORFEITURES

During 2002, no forfeitures were used to reduce the Company's contribution to the Plan. At December 31, 2002 and 2001, forfeited account balances totaled \$66,724 and \$20,035, respectively.

LOANS TO PARTICIPANTS

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 account balance. Loan transactions are treated as a transfer from (to) the investment funds to (from) the loan fund. Loan terms range from 1-5 years or up to 25 years for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined quarterly by the Plan administrator. Principal and interest are paid ratably through monthly payroll deductions.

PAYMENT OF BENEFITS

On termination of service, a participant may receive a lump-sum amount equal to the value of his or her account, or upon death, disability or retirement, elect to receive annual installments over a ten-year period. The benefit to which a participant is entitled is the benefit that can be provided from the vested value of the participant's account.

PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of termination, the amount in each participant's account would become 100% vested and be distributed to each participant in accordance with distribution policies set forth in the Plan.

FEES AND EXPENSES

Administration fees are paid by the Plan.

Edgar Filing: TECHTEAM GLOBAL INC - Form 11-K

TechTeam Global, Inc. 401(k) Retirement Savings Plan

Notes to the Financial Statements

2. SUMMARY OF ACCOUNTING POLICIES

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates that affect the amounts reported and disclosed in the financial statements and accompanying notes. Actual results could differ from those estimates.

INVESTMENTS

Investments (including mutual funds, TechTeam Global, Inc. common stock and cash) are stated at fair value based on quoted market prices as of the close of business on the last day of the Plan year. Participant loans are valued at their outstanding balances, which approximate fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest and dividend income are recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

3. INVESTMENTS

Investments that represent 5% or more of fair value of the Plan's assets available for benefits are as follows:

| | DECEMBER 31, | |
|------------------------------------|--------------|--------------|
| | 2002 | 2001 |
| | ----- | |
| CCTC Stable Value Pension Fund | \$ 1,461,729 | \$ 1,256,866 |
| Fidelity Spartan US Equity Index | 598,278 | 848,725 |
| Fundamental Investors Fund | 823,186 | 1,174,299 |
| Strong Opportunity Fund | 875,177 | 1,277,785 |
| TechTeam Global, Inc. Stock Fund * | 4,312,386 | 1,771,665 |

*Denotes non-participant directed investment.

TechTeam Global, Inc. 401(k) Retirement Savings Plan

Notes to the Financial Statements

During 2002, the Plan's investments appreciated (depreciated) in fair value as determined by quoted market prices:

| | |
|----------------------------------|----------------|
| Mutual funds | \$ (1,167,634) |
| TechTeam Global, Inc. Stock Fund | 2,589,445 |
| | ----- |
| | \$ 1,421,811 |
| | ===== |

4. NONPARTICIPANT-DIRECTED INVESTMENT

Information about the significant components of changes in assets relating to the nonparticipant-directed investment is as follows:

| | |
|--------------------------------|------------|
| | 2002 |
| | ----- |
| Employer contributions | \$ 318,257 |
| Participant contributions | 92,349 |
| Net appreciation in fair value | 2,589,445 |
| Benefits paid to participants | (435,407) |
| Transfers Out | (23,923) |

5. TAX STATUS

The Plan has received a determination letter from the Internal Revenue Service dated February 3, 1993, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. The Plan has been amended subsequent to receipt of this letter. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended, is qualified and the related trust is tax exempt.

Supplemental Schedule

Edgar Filing: TECHTEAM GLOBAL INC - Form 11-K

TechTeam Global, Inc. 401(k) Retirement Savings Plan

EIN 38-2774613 Plan-001

Schedule H, Line 4(i)--Schedule of Assets (Held at End of Year)

December 31, 2002

| IDENTITY OF ISSUE, BORROWER OR SIMILAR PARTY | DESCRIPTION OF INVESTMENT INCLUDING MATURITY D RATE OF INTEREST, COLLATERAL, PAR OR MATURITY |
|---|---|
| American Funds | American Balanced Fund American Europacific Growth Fund Investment Company of America American Funds--New Perspective Fund |
| Calvert Funds | Calvert Income Fund Class A |
| * Circle Trust Company Funds | CCTC Stable Value Pension Fund |
| Fidelity Funds | Fidelity Blue Chip Growth Fund Fidelity Growth Company Fidelity Overseas Fund Fidelity Spartan US Equity Index Fundamental Investors Fund |
| Invesco Funds | Invesco High Yield Fund |
| Janus Funds | Janus Enterprise Fund Janus Investment Fund |
| Legg Mason Funds | Legg Mason Value Fund |
| Strong Funds | Strong Opportunity Fund |
| Van Kampen Funds | Van Kampen Emerging Growth A Fund |
| * Participants | Loans to participants at interest rates ranging from 8% to 11%, various maturity dates |
| Cash | |
| ** TechTeamGlobal, Inc. | TechTeam Global Stock Fund |
| Total | |

* Party-in-interest.

** Party-in-interest, non-participant directed funds.

There were no investment assets reportable as both acquired and disposed of within the plan year.

SIGNATURES

The Plan.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Trustee of the TechTeam Global, Inc. 401(k) Retirement Savings Plan has duly caused this annual Report to be signed on its behalf by the undersigned hereunto duly authorized, in the City of Southfield and the State of Michigan, this 25th day of June 2003.

TECHTEAM GLOBAL, INC.

By: /s/ Heidi K. Hagle

Vice President, Human Resources

Typed Name: Heidi K. Hagle

Title: Vice President, Human Resources

Exhibit Index

| Number ----- | Description ----- |
|-----------------|---------------------------------|
| 23.1 | Certification |
| 23.2 | Consent of Independent Auditors |