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TENET INFORMATION SERVICES INC
Form 10QSB
November 15, 2004

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

FORM 10-QSB

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended SEPTEMBER 30, 2004

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

For the transition period from _____ to _____

Commission File No.

0-18113

TENET INFORMATION SERVICES, INC.

(Exact name of small business issuer as specified in its charter)

UTAH

87-0405405

(State or other jurisdiction
of incorporation or organization)

(I.R.S. Employer
Identification No.)

3380 North El Paso, Street, Ste. G
Colorado Springs, Colorado 80907

(Address of principal executive office)

(719) 630-3800

(Issuer's telephone number)

NO CHANGE

(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 Exchange Act during the past 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.

(1) Yes X No
---- ----

(2) Yes X No
---- ----

As of September 30, 2004, the Company had 6,779,074 shares of common stock
issued and outstanding.

Transitional Small Business Disclosure Format (Check one) Yes No X

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Tenet Information Services, Inc.

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TENET INFORMATION SERVICES, INC.
(Formerly Let's Go Aero, Inc.)
Condensed Consolidated Balance Sheet
(Unaudited)
September 30, 2004

Assets	
Current assets:	
Cash	\$ 28,411
Accounts and notes receivable	42,414
Inventory, at lower of cost or market (Note 3)	49,272
Prepaid expenses	1,717

Total current assets	121,814

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Property and Equipment	139,422
Accumulated depreciation	(80,355)
Intangible assets	64,412
Accumulated amortization	(14,139)
Other assets	4,877

Total assets	\$ 236,031
	=====
Liabilities and Shareholders' Deficit	
Current liabilities:	
Accounts payable	\$ 137,382
Other current liabilities	231,747

Total current liabilities	369,129

Shareholders' deficit:	
Common stock	6,779
Additional paid-in capital	--
Retained loss	(139,877)

Total shareholders' deficit	(133,098)

	\$ 236,031
	=====

See accompanying notes to condensed consolidated financial statements

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TENET INFORMATION SERVICES, INC.
(Formerly Let's Go Aero, Inc.)
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended September 30,	
	2004	2003
	-----	-----
Sales and revenue	\$ 77,250	\$ 48,920
	-----	-----
Costs of revenue	38,417	24,341
Selling, general and administrative ..	135,413	50,165
	-----	-----
Total operating expenses	173,830	74,506
	-----	-----
Operating loss	(96,580)	(25,586)

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Other income (expense):		
Other income	24,333	--
Interest expense	(1,285)	(1,276)
	-----	-----
Loss before income taxes ..	(73,532)	(26,862)
	-----	-----
Income tax provision (Note 2)	--	--
	-----	-----
Net loss	\$ (73,532)	\$ (26,862)
	=====	=====
Basic and diluted income (loss) per share	\$ (0.01)	\$ (0.01)
	=====	=====
Number of weighted average common shares outstanding	6,779,079	3,435,148
	=====	=====

See accompanying notes to condensed consolidated financial statements

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TENET INFORMATION SERVICES, INC.
(Formerly Let's Go Aero, Inc.)
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended September 30,	
	2004	2003
	-----	-----
Net cash provided by (used in) operating activities	\$ (120,389)	\$ (11,068)
	-----	-----
Cash flows from investing activities:		
Purchase of equipment and other assets	(21,677)	--
Net cash provided by (used in) investing activities	(21,677)	--
	-----	-----
Cash flows from financing activities:		
Payment for long-term debt	(10,142)	--
Sale of common stock	--	8,396
	-----	-----
Net cash provided by financing activities	(10,142)	8,396
	-----	-----
Net change in cash	(152,208)	(2,672)
	-----	-----
Cash, beginning of period	180,619	6,192
	-----	-----
Cash, end of period	\$ 28,411	\$ 3,520
	=====	=====

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Supplemental disclosure of cash flow information:

Cash paid during the year for:

Income taxes	\$ --	\$ --
	=====	=====
Interest	\$ --	\$ --
	=====	=====

See accompanying notes to condensed consolidated financial statements

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TENET INFORMATION SERVICES, INC.
 (Formerly Let's Go Aero, Inc.)
 Notes to Condensed Consolidated Financial Statements
 (Unaudited)

Note 1: Basis of presentation

The condensed financial statements presented herein have been prepared by our Company in accordance with the accounting policies in its Form 10-KSB with financial statements dated June 30, 2004, and should be read in conjunction with the notes thereto.

In our opinion, all adjustments (consisting only of normal recurring adjustments) which are necessary to provide a fair presentation of operating results for the interim period presented have been made. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the year.

Financial data presented herein are unaudited.

Note 2: Income taxes

We record income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes". We have incurred net operating losses during all periods presented resulting in a deferred tax asset, which was fully allowed for; therefore, the net benefit and expense resulted in \$-0- income taxes.

Note 3: Inventory

Inventory consists of raw and finished inventory, which have been accounted for at lower of cost or market. We have made no provision for inventory obsolescence, as our management have deemed this unnecessary.

Raw materials	\$16,872
Finished goods	32,400

	\$49,272
	=====

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Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations.

Certain statements made herein are forward-looking statements under the Private Securities Litigation Reform Act of 1995. They include statements regarding the

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timing and expected benefits of the acquisition of LGA by Tenet. These statements are based on management's current expectations and estimates; actual results may differ materially due to certain risks and uncertainties. For example, the ability of LGA to achieve expected results may be affected by external factors such as competitive price pressures, conditions in the economy and industry growth, and internal factors, such as future financing of the acquired operations and the ability to control expenses.

Results of Operations

	1Q 04	1Q 03
	-----	-----
Revenue	77,250	48,920
Cost of Revenue	38,417	24,341
SGA	135,413	50,165
Net Loss	(73,532)	(26,862)

Sept. 30 Quarter 2004 Compared with Sept.30 Quarter 2003

During the first Quarter of Fiscal 2005, the Company had revenues of \$77,250, which represented an increase of \$28,330 or 34% over the comparable quarter's revenue of \$48,920. This increase is primarily attributable to increased sales of the Silent Hitch Pin during the Quarter.

Cost of revenue increased \$14,076 or 39% from \$24,341 in 2003 to \$38,417 in 2004.

Gross margin on product sales decreased to 37% for the current quarter from 50% during last years first Quarter. The decrease in gross margin is reflective of a shift in the mix of LGA's revenue. During the current Quarter, direct to consumer sales, when compared to total sales, declined relative to dealer and OEM sales.

SG&A expenses increased to \$135,413 for the current Quarter, compared to \$50,165 for last years comparable Quarter. The increase in SG&A expenses for the current Quarter includes the cost of the Tenet Information Services combination. Of the \$85,248 increase in SG&A expenses, approximately \$60,000 of this amount is attributable to accounting and legal expenses stemming from the Tenet transaction. The balance of SG&A's increase involved expenses the Company incurred for patent work, graphic design and website development.

Net loss for the current quarter was (\$73,532) or (\$0.01) per share as compared to (\$26,862) or (\$0.01) per share for the Quarter ending Sept. 30, 2003.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash position decreased from \$180,619 at June 30, 2004 to \$28,411 at September 30, 2004. During the first Quarter of fiscal 2005, the Company used \$120,389 of cash to fund its operating activities and \$21,677 for the purchase of tooling and patent related expenses.

During the quarter the Company finalized tooling for the GearDeck 17 System . Also during the Quarter, the Company finalized two patents applications for new technology stemming from a successful product development effort begun in 2003. Please review the GearDeck System at our website, www.letsgoaero.com.

LGA Capital Requirements

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The Company reported a working capital deficit of \$247,315 as of September 30, 2004, as compared with a deficit of \$168,011 as of June 30, 2004.

The Company will need to raise additional operating capital from either financing activities or from product licensing revenue at least through the end of the 2005 fiscal year. With the completion of the Tenet transaction, the Company's legal and accounting expenses are expected to decline when compared to Fiscal 2005's first quarter. The Company is currently increasing its product inventory and higher inventory levels will also increase the use of cash until the inventory is sold. Currently, LGA intends to add approximately \$150,000 of inventory to its books over the next 120 days. In addition, the Company will incur higher operating expenses into the future for, among other reasons, an increased focus on selling, for product warehousing costs and for the addition of personnel.

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The Company is working on several product licensing opportunities, that, if completed, have the potential to generate significant operating capital for our business. However, no assurance can be given as to whether these discussions will result in a completed transaction, nor can the Company give any assurances as to the timing or financial magnitude of these transactions.

The Company does have a financing commitment from an existing shareholder for the purchase of up to \$250,000 in new common stock. The Company will begin utilizing this financial commitment during the current Quarter. Do to the timing of anticipated inventory additions, the Company will need to raise capital, in addition to this existing financial commitment, from either financing or licensing sources in early calendar 2005.

The Company is experiencing an growing level of product interest from consumers, dealers and OEM's. The increased interest is primarily for our GearSpace, GearDeck and SHP product lines, along with GearCrate and GearWagon LG (Little Giant). GearCrate and GearWagon LG are the Company's two most recent patent pending additions to its product line and intellectual property. It will take time and capital to convert this interest into product sales and/or licensing revenue. Therefore, even though the Company anticipates higher sales revenue going forward, it is not able to forecast when its sales volume will be sufficient to support the Company's operating expenses. Therefore, for the next two quarters, in addition to the existing \$250,000 capital commitment, LGA will pursue raising additional operating capital from either finance or licensing related sources. There can be no assurance given as to whether we will be successful at generating the additional operating capital we will need from either of these sources.

While a portion of the current liabilities, approximately \$81,739, is owed to present officers and/or directors, there can be no assurances that these officers/directors will not seek payment in the near term.

Inflation has not had a significant impact on the Company's operations.

Item 3. Controls and Procedures.

Tenet does not have formal disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Exchange Act) as of September 30, 2004. Tenet's Chief Executive Officer and Treasurer have determined, however, that Tenet's and LGA's informal controls and procedures were adequate and effective to:

a. ensure that material information relating to Tenet and LGA was made known to

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them by others within those entities, particularly during the period in which this report was being prepared; and

b. provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Tenet's management plans to review its controls and procedures with the aim towards implementing more formal controls and procedures required by paragraph (b) of Rule 13a-15 or Rule 15d-15 under the Exchange Act during the first half of fiscal year 2005.

PART II OTHER INFORMATION

Item 1. Legal Proceedings.

None

Item 2. Unregistered Sales of Securities and Use of Proceeds.

Pursuant to the terms of the Acquisition Agreement - Stock for Stock entered into between Tenet and Let's Go Aero, Inc. ("LGA") dated July 14, 2004, and effective as of June 30, 2004, and described in detail in Tenet's Form 8-K filed July 21, 2004 Form 8-KA filed September 21, 2004 and Form 10-KSB filed October 13, 2004, all of the former shareholders and note holders of LGA are to tender their LGA shares and notes to Tenet for exchange, and Tenet is to issue new shares of its common stock to the former shareholders and note holders of LGA. A total of 5,762,214 shares of Tenet Common Stock is to be issued to 14 LGA shareholders and note holders. The value of the shares to be issued as of the date of the Acquisition Agreement was deemed to be approximately \$4,033,550 (based on the number of shares issued in exchange for the outstanding principal and interest due on the notes to be exchanged). As of September 30, 2004, *** shares and \$*** of converted promissory notes of LGA had been tendered and *** shares of Tenet Common Stock had been issued in exchange for those LGA shares and promissory notes under the terms of the Acquisition Agreement. The Tenet shares have been and will be issued pursuant to exemption from registration under Sections 3(b) and/or 4(2) of the Securities Act of 1933 and/or Regulation D promulgated thereunder.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submissions of Matters to a Vote of Security Holders.

None.

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Item 5. Other Information.

None.

Item 6. Exhibits.

(i) Exhibits

Exhibit

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No.	Description
31	Certification required under Section 302 of Sarbanes- Oxley Act of 2002
32	Certification required under Section 906 of Sarbanes- Oxley Act of 2002
	(ii) Reports on Form 8-K
	None

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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.

Dated: November 13, 2004

TENET INFORMATION
SERVICES, INC.

/s/ Marty Williams

Chairman of the Board of Directors
Marty Williams

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