

Edgar Filing: TENET INFORMATION SERVICES INC - Form 8-K

TENET INFORMATION SERVICES INC

Form 8-K

June 09, 2003

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) June 9, 2003 (May 23, 2003)

TENET INFORMATION SERVICES, INC.
(Exact Name of Registrant as Specified in Charter)

Utah (State or Other Jurisdiction of Incorporation)	0-18113 (Commission File Number)	87-0405405 (I.R.S. Employer Identification No.)
--	--	---

53 West 9000 South Sandy, Utah (Address of Principal Executive Offices)	84070 (Zip Code)
---	---------------------

Registrant's telephone number, including area code: (801) 568-0899

ITEM 2. Acquisition or Disposition of Assets

On May 23, 2003, Tenet Information Services, Inc. ("Tenet") sold all of the assets of its Consulting Division to Delta Healthcare Consulting Group, Inc. ("Delta"), a company formed by Frank C. Overfelt, pursuant to the terms and conditions of the Agreement For Sale and Purchase of Assets among Tenet Information Services, Inc, Delta Healthcare Consulting Group, Inc., and Frank Overfelt, dated May 23, 2003 (the "Purchase Agreement").

The disposed assets included (i) all equipment and hardware, furniture, contracts and license agreements, customer listings and records, marketing materials, and other assets primarily used in Tenet's Consulting Division and (ii) a license of the IntelliChart software, all as more specifically defined in the Purchase Agreement (the "Acquired Assets").

In exchange for the Acquired Assets, Delta delivered to Tenet (i) a \$25,698.53 promissory whereby Delta will pay \$2,000 per quarter beginning August 14, 2003 to Tenet, with interest at the rate of 8% per annum (the "Note") and (2) a certificate of cancellation of indebtedness that cancelled and extinguished the following obligations that Tenet owed to either Mr. Frank Overfelt or to International HealthCare Consulting Group:

(1) All amounts payable by Tenet to Overfelt in connection with Overfelt's employment with Tenet (including, without limitation, all compensation payable, or reimbursements for expenses, or accrued benefits) for periods prior to April

Edgar Filing: TENET INFORMATION SERVICES INC - Form 8-K

1, 2003;

(2) Any amounts payable by Tenet to Overfelt in connection with Overfelt's employment with Tenet for any period after May 2, 2003 and prior to May 23, 2003; and

(3) All indebtedness owed by Tenet to Overfelt and International HealthCare Consulting Group (the outstanding principal amount of which is approximately \$54,029.95).

The Note is secured by (i) a pledge and security agreement of all shares of Tenet's Common Stock held by Mr. Overfelt and certain children of Mr. Overfelt and (ii) a guaranty by Mr. Overfelt.

Prior to the closing of the Purchase Agreement, Mr. Overfelt was an employee, officer, and director of Tenet. Upon the closing on May 23, 2003, Mr. Overfelt resigned as an employee, officer, and director of Tenet to devote his full-time efforts to Delta.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(b) Pro forma Financial Information

The following pro forma condensed consolidated financial statements are presented to illustrate the effects of the sale of the Consulting Division (the "Disposition") on the historical financial position and operating results of Tenet.

The following pro forma condensed consolidated balance sheet of Tenet at March 31, 2003 gives effect to the Disposition as if it had occurred on that date. The pro forma condensed consolidated statements of operations for the nine months ended March 31, 2002 and 2003 and for the years ended June 30, 2001 and 2002 give effect to the Disposition as if it had occurred as of the beginning of the earliest period presented.

The pro forma condensed consolidated financial statements have been derived from, and should be read in conjunction with, Tenet's historical consolidated financial statements, including the accompanying notes. Those financial statements are included in the Quarterly Report on Form 10-QSB for the nine months ended March 31, 2003 and the Annual Report on Form 10-KSB for the year ended June 30, 2002.

The pro forma condensed consolidated financial statements are presented only for informational purposes. As a result, the accompanying pro forma condensed consolidated financial statements are also not necessarily indicative of the financial position or results of operations of Tenet that would have occurred had the Disposition been consummated as of the dates indicated.

Tenet Information Services, Inc. and Subsidiary
Pro Forma Condensed Consolidated Balance Sheet
March 31, 2003
(Unaudited)

as of March 31, 2003

Edgar Filing: TENET INFORMATION SERVICES INC - Form 8-K

	Tenet (a)	Pro forma adjustments (b)	Pro forma Tenet
ASSETS			
Current Assets			
Cash	\$ 116,265	\$ -0-	\$ 116,265
Accounts receivable	138,236	(97,219) (1,2)	41,017
Work performed in excess of billings	42,216	(6,847) (3)	35,369
Total current assets	296,717	(104,066)	192,651
Property and Equipment			
Equipment	136,058	(22,950) (3)	113,108
Less: Accumulated depreciation	(120,031)	17,157 (3)	(102,874)
Net property and equipment	16,027	(5,793)	10,234
Other Assets			
Trademarks & deposits	3,575	(1,425) (3)	2,150
Total other assets	3,575	(1,425)	2,150
Total Assets	\$ 316,319	\$ (111,284)	\$ 205,035

See accompanying Notes to Pro Forma Condensed Consolidated Balance Sheet

page 3

Tenet Information Services, Inc. and Subsidiary
Pro Forma Condensed Consolidated Balance Sheet
March 31, 2003
(Unaudited)

LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable	\$ 149,305	\$ (89,168) (4,5)	\$ 60,137
Accrued expenses	83,366	(29,680) (4,5)	53,686
Accrued interest	10,649	-0-	10,649
Amounts due to related parties	48,071	(4,952) (5)	43,119
Deferred revenue	132,325	-0-	132,325
Billings in excess of costs and estimated earnings on Uncompleted contracts	106,635	(56,325) (4)	50,310
Total Liabilities	530,351	(180,125)	350,226
Stockholders' Equity			
Common stock, \$0.001par value,	19,336	-0-	19,336
Additional paid-in capital	4,853,896	-0-	4,853,896

Edgar Filing: TENET INFORMATION SERVICES INC - Form 8-K

Retained deficit	(5,087,264)	68,841 (6)	(5,018,423)

Total stockholders' equity	(214,032)	68,841	(145,191)

Total Liabilities and Stockholders' Equity	\$ 316,319	\$ (111,284)	\$ 205,035
=====			

See accompanying Notes to Pro Forma Condensed Consolidated Balance Sheet

page 4

Tenet Information Services, Inc. and Subsidiary
Notes To Pro Forma Condensed Consolidated Balance Sheet
As of March 31, 2003
(Unaudited)

- (a) Reflects Tenet's historical financial position at March 31, 2003.
- (b) Pro forma adjustments to record the Disposition as of March 31, 2003 reflect:
- (1) consideration paid by Delta to Tenet in the form of a note receivable in the amount of \$27,500;
 - (2) the exclusion of \$124,719 in receivables related to the Consulting Business. The receivables were collected by Tenet before the consummation of the transaction to sell the assets to Delta;
 - (3) the exclusion of various assets related to the Consulting Business;
 - (4) the exclusion of various liabilities related to the Consulting Business;
 - (5) consideration paid by Delta to Tenet in the form of debt forgiveness of i) accounts payable of \$38,551 of expenses owed by Tenet to Overfelt, ii) accrued expenses of \$10,527 of vacation and compensation amounts owed by Tenet to Overfelt, and iii) amounts due to related parties of \$4,952 in a note payable owed by Tenet to a company owned by Overfelt for a total forgiveness of debt by Delta of \$54,030;
 - (6) the gain recognized on the consummation of the transactions.

page 5

Tenet Information Services, Inc. and Subsidiary
Pro Forma Condensed Consolidated Statements of Operations
For the Year Ended June 30, 2002
(Unaudited)

	Tenet (a)	Pro forma adjustments (b)	Pro forma Tenet

Revenue	\$ 717,005	\$ (249,463)	\$ 467,542
Expenses			
Cost of Revenue	365,132	(139,927)	225,205

Edgar Filing: TENET INFORMATION SERVICES INC - Form 8-K

Selling, general, and administrative expenses	178,015	(196,163)	(18,148)
Software development	104,658	-0-	104,658
Total Expenses	647,805	(336,090)	311,715
Net Gain or Loss from Operations	69,200	86,627	155,827
Other Income / (Expense)			
Interest expense	(20,446)	-0-	(20,446)
Interest income	511	-0-	511
Total Other Income/(Expense)	(19,935)	-0-	(19,935)
Loss before income taxes and extraordinary item	49,265	86,627	135,892
Income taxes	-0-	-0-	-0-
Loss before extraordinary item	49,265	86,627	135,892
Forgiveness of debt	21,625	-0-	21,625
Net income	\$ 70,890	\$ 86,627	\$ 157,517

See accompanying Notes to Pro Forma Condensed Consolidated Statement of Operations
page 6

Tenet Information Services, Inc. and Subsidiary
Pro Forma Condensed Consolidated Statements of Operations
For the Nine Months Ended March 31, 2003
(Unaudited)

	Tenet (a)	Pro forma adjustments (b)	Pro forma Tenet
Revenue	\$ 663,061	\$ (239,692)	\$ 423,369
Expenses			
Cost of Revenue	355,002	(225,222)	129,780
Selling, general, and administrative expenses	204,207	(60,102)	144,105
Software development	88,254	-0-	88,254
Total Expenses	647,463	(285,324)	362,139

Edgar Filing: TENET INFORMATION SERVICES INC - Form 8-K

Net Gain or Loss from Operations	15,598	45,632	61,230
Other Income / (Expense)			
Interest expense	(13,811)	-0-	(13,811)
Interest income	-0-	-0-	-0-

Total Other Income/(Expense)	(13,811)	-0-	(13,811)

Loss before income taxes and extraordinary item	1,787	45,632	47,419
Income taxes	-0-	-0-	-0-

Loss before extraordinary item	1,787	45,632	47,419
Forgiveness of debt	-0-	-0-	-0-

Net income	\$ 1,787	\$ 45,632	\$ 47,419
=====			

See accompanying Notes to Pro Forma Condensed Consolidated

Statement of Operations
page 7

Tenet Information Services, Inc. and Subsidiary
Notes To Pro Forma Condensed Consolidated Statements of Operations
For the Nine Months Ended March 31, 2003 and
the Year Ended June 30, 2002
(Unaudited)

- (a) Reflects Tenet's historical operating results for the nine months ended March 31, 2003 and for the year ended March 31, 2002.
- (b) Pro forma adjustments to record the Disposition for the nine months ended March 31, 2003 and for the year ended March 31, 2002.

(c) Exhibits

Exhibit Number	Description
2.1	Agreement for Sale and Purchase of Assets among Tenet Information Services, Inc., Delta Healthcare Consulting Group, Inc., and Frank Overfelt, dated May 23, 2003.
10.1	Tenet Information Services, Inc. and Delta Healthcare Consulting Group, Inc. Agreement Regarding IntelliChart, dated effective May 23, 2003.

Edgar Filing: TENET INFORMATION SERVICES INC - Form 8-K

SIGNATURE

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 hereunto duly authorized.

TENET INFORMATION SERVICES, INC.

Date: June 9, 2003

/s/ Jerald L. Nelson

Jerald L. Nelson
Corporate Treasurer and Chairman of the Board of
Directors