

ERESOURCE CAPITAL GROUP INC
Form 8-K/A
August 10, 2001

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C.

FORM 8-K/A

(Amendment No. 1)

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 19, 2001

eResource Capital Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other
jurisdiction of
incorporation)

1-8662
(Commission File Number)

23-2265039
(IRS Employer
Identification Number)

3353 Peachtree Road , N.E., Suite 130 Atlanta, Georgia
(Address of principal executive offices)

30326
(Zip Code)

Registrant's telephone number, including area code: (404) 760-2570

This Report on Form 8-K/A amends and restates in their entirety Items 7(a) and 7(b) of the Current Report on Form 8-K filed on June 29, 2001 by the registrant (the Company) with respect to, among other things, the Company's acquisition of Logisoft Computer Products Corp. (LCP). In accordance with Item 7 of Form 8-K, the financial statements required thereby are being filed with this Report.

Statements in this report about anticipated or expected future revenue or growth or expressions of future goals or objectives are forward-looking statements within the meaning of Section 21E of the Securities Act of 1934, as amended. All forward-looking statements in this release are based upon information available to the Company on the date of this release. Any forward-looking statements involve risks and uncertainties, including those risks described in the Company's filings with the Securities and Exchange Commission, that could cause actual events or results to differ materially from the events or results described in the forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on these forward-looking statements.

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

(a) Financial Statements of Business Acquired.

Included in this Current Report (See Index to Financial Statements attached hereto) are the combined and consolidated financial statements of Team Sports Entertainment, Inc. (TSE) (formerly known as Logisoft Corp.), for the years ended December 31, 2000 and 1999, together with the notes thereto, which have been audited by the independent accounting firm of Bonadio & Co., LLP, whose opinion thereon is included herein, and the unaudited financial statements of TSE and subsidiary for the three months ended March 31, 2001 and 2000.

(b) Pro Forma Financial Information.

Included in this Current Report (See Index to Financial Statements attached hereto) are the following unaudited pro forma financial statements, together with the notes thereto (the Unaudited Pro Forma Condensed Consolidated Financial Statements):

- (i) Unaudited pro forma consolidated balance sheet as of March 31, 2001;
- (ii) Unaudited pro forma condensed consolidated statement of operations for the nine months ended March 31, 2001; and
- (iii) Unaudited pro forma condensed consolidated statement of operations for the year ended June 30, 2000.

(c) Exhibits

- 2.1 The Agreement and Plan of Merger dated June 5, 2001 between the Company, Logisoft Acquisition and the individuals listed on Exhibit A to such agreement. (Certain of the exhibits and schedules to the Merger Agreement have been omitted from this Report pursuant to Item 601(b)(2) of Regulation S-B, and the Company agrees to furnish copies of such omitted exhibits and schedules supplementally to the SEC upon request.)(*)
- 2.2 Joinder to the Merger Agreement executed by LCP.(*)

(*) Incorporated by reference to the Current Report on Form 8-K filed by the Company on June 12, 2001.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

eResource Capital Group, Inc.

Date: August 10, 2001 By: /s/ WILLIAM
L. WORTMAN

William L. Wortman Vice President,
Treasurer and Chief Financial Officer

EXHIBIT INDEX

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February 8, 2001 (except for
the last two paragraphs of
Note 12 as to which the date
is March 30, 2001)

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of Logisoft Corp. and Subsidiaries:

We have audited the combined and consolidated balance sheets of Logisoft Corp. (a Delaware corporation) and Subsidiaries as of December 31, 2000 and 1999 and the related combined and consolidated statements of operations, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 combined and consolidated financial statements referred to above present fairly, in all material respects, the financial position of Logisoft Corp. and Subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows in each of the three years in the period ended December 31, 2000 in conformity with U.S. generally accepted accounting principles.

/s/ Bonadio & Co., LLP

Rochester, NY

LOGISOFT CORP. AND SUBSIDIARIES
COMBINED AND CONSOLIDATED BALANCE SHEETS

	December 31,	
	1999	2000
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$59,550	\$1,003,120
Short-term investments	2,107,799	
Accounts receivable, net of allowance of \$12,600 in 2000	1,003,495	590,723
Note receivable	240,000	
Loan receivable officer	6,909	226,331
Unbilled revenue	12,000	83,660
Inventory	6,542	56,209
Prepaid expenses and other current assets	4,884	209,451
Deferred tax asset	37,640	34,000
Total current assets	1,131,020	4,551,293
PROPERTY AND EQUIPMENT, net	367,041	1,072,076
INTANGIBLE ASSETS, net	11,424	1,823,465
OTHER ASSETS	60,784	
	\$1,509,485	\$7,507,618

LIABILITIES AND
STOCKHOLDERS EQUITY

CURRENT LIABILITIES:

Line-of-credit
\$350,000 \$
Current portion of long-term debt
9,428 100,110
Note payable officer
12,000
Accounts payable
628,000 847,895
Accrued expenses and other current
liabilities
389,529 484,229
Advanced billings
14,800 145,311

Total current liabilities
1,403,757 1,577,545
LONG-TERM DEBT, net of current
portion
199,736 362,635
DEFERRED TAX LIABILITY
19,354 40,000

Total liabilities
1,622,847 1,980,180

MINORITY INTEREST
1,002

STOCKHOLDERS EQUITY:

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Preferred stock, \$2.75 par value,
2,000,000 shares authorized, no shares
issued

Common stock, \$.0001 par value,
60,000,000 shares authorized,
12,000,000 and 30,958,875 shares
issued and outstanding, respectively
1,200 3,096

Additional paid-in-capital
264,550 8,788,899

Notes receivable (warrant exercise)
(350,000)

Accumulated deficit
(379,112) (2,914,557)

(113,362) 5,527,438
Less: Minority interest
(1,002)

Total stockholders' equity
(114,364) 5,527,438

\$1,509,485 \$7,507,618

The accompanying notes are an integral part of these statements.

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LOGISOFT CORP. AND SUBSIDIARIES
COMBINED AND CONSOLIDATED STATEMENTS OF OPERATIONS

Year Ended December 31,

	1998	1999	2000
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REVENUE:

E-commerce/retail	\$2,671,593	\$3,668,069	\$4,559,993
Strategic Internet services	216,776	614,098	1,643,958

Total revenue
2,888,369 4,282,167 6,203,951

COST OF REVENUE:

E-commerce/retail	2,292,412	3,195,703	3,952,025
Strategic Internet services	169,119	332,967	913,337

Total cost of revenue
2,461,531 3,528,670 4,865,362

Gross profit
426,838 753,497 1,338,589

OPERATING EXPENSES:

Sales and marketing	188,425	306,237	1,523,645
General and administrative	213,002	623,876	1,754,122
Research/product development	123,255		
Bad debt provision	101,583		
Stock based compensation	150,000	43,395	
Depreciation	18,811	22,657	115,449
Amortization	342	757	339,991

Total operating expenses	420,580	1,103,527	4,001,440
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Income (loss) from operations	6,258	(350,030)	(2,662,851)
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OTHER INCOME (EXPENSE):

Interest expense	(17,481)	(34,030)	(40,544)
Interest income	189,257		
Other	5,901	35	(7,414)

(11,580) (33,995) 141,299

Income (loss) before income taxes and minority interest
(5,322) (384,025) (2,521,552)
INCOME TAXES
(6,821) (5,989) (13,893)

Income (loss) before minority interest
(12,143) (390,014) (2,535,445)
MINORITY INTEREST
18,672 96,926 1,002

NET INCOME (LOSS)
\$6,529 \$(293,088) \$(2,534,443)

NET INCOME (LOSS) PER COMMON SHARE:

BASIC AND DILUTED
\$ \$(0.03) \$(0.09)



The accompanying notes are an integral part of these statements.

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LOGISOFT CORP. AND SUBSIDIARIES
 COMBINED AND CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY

	Common Stock Shares	Amount	Paid-Up Capital	Warrants Exercised	Notes Receivable	Retained Earnings (Accumulated Deficit)	Minority Interest	Total
BALANCE, December 31, 1997	7,500,000	\$ 750	\$	\$	\$ 23,045	\$	\$ 23,795	
Issuance of founders shares (November, 1998)	3,926,250	393	(393)					
Sale of shares (December, 1998)	225,000	22	99,978	100,000				
Minority interest in sale of shares		(44,000)	(44,000)					
Net income (loss)	(12,143)	18,672	6,529					
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BALANCE, December 31, 1998	11,651,250	1,165	99,585	10,902	(25,328)	86,324		
Sale of shares (January, 1999)	11,250	1	14,999	15,000				
Issuance of shares for services	337,500	34	149,966	150,000				
Minority interest in issuance of shares		(72,600)	(72,600)					
Net income (loss)	(390,014)	96,926	(293,088)					

BALANCE, December 31, 1999				
12,000,000	1,200	264,550	(379,112)	(1,002) (114,364)
Issuance of shares in merger				
18,434,553	1,844	6,218,156		6,220,000
Stock issuance costs				
	(240,650)		(240,650)	
Acquisition of eStorefronts minority interest				
	1,980,000		1,980,000	
Exercise of warrants to purchase common stock				
520,000	52	519,948	(350,000)	170,000
Other stock issuances				
4,322	3,500		3,500	
Stock based compensation				