

Edgar Filing: CARECENTRIC INC - Form DEFA14A

CARECENTRIC INC
Form DEFA14A
August 07, 2003

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant [X]
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-12

CARECENTRIC, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

[] Fee paid previously with preliminary materials.

Edgar Filing: CARECENTRIC INC - Form DEFA14A

[] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

News Release

FOR IMMEDIATE RELEASE

CONTACT: John R. Festa
President and CEO
(678) 264-4400

CARECENTRIC REPORTS
2ND QUARTER 2003 FINANCIAL RESULTS

ATLANTA, GA (AUGUST 7, 2003) - CARECENTRIC, INC. (OTC BULLETIN BOARD: CURA), a leading provider of management information systems to the home health care community, reports today its financial results for the calendar quarter ended June 30, 2003. Net Income for the three months ended June 30, 2003 was \$0.2 million, which represented an increase of \$0.2 million over the nominal Net Loss reported for the three months ended June 30, 2002. The Company reported a slight decrease in revenues of 3.8 % for the three months ended June 30, 2003 to \$5.6 million against revenues of \$5.8 million for the three months ended June 30, 2002. The Net Cash provided from Operating Activities during the three months ended June 30, 2003 of \$0.4 million represented a \$1.1 million improvement when compared against the Use of Net Cash from Operating Activities of \$0.7 million reported for the 2nd quarter of 2002.

"Our second quarter results for 2003 represents the fourth consecutive quarter of profitability," stated John R. Festa, President and CEO of CareCentric. "We are pleased to report that during the second quarter, the Company funded both its new product development efforts and \$0.8 million of bank debt payments from operating cash flow. These objectives were met while second quarter sales of new systems remained somewhat soft and six-month revenues of \$11.1 million are unchanged from six-month revenues reported in 2002. We have found," continued Mr. Festa, "that the combination of changing HIPAA regulations and the 15% reduction in reimbursement rates has caused delays in many of our customers' decisions to upgrade their IT systems."

Edgar Filing: CARECENTRIC INC - Form DEFA14A

Mr. Festa added, " We continue to work diligently on improving our customer service levels and collaborating with our customers to ensure our new product development efforts deliver a family of products which will strongly facilitate our customers' profitable management of their home care agencies and medical equipment provider businesses. We remain confident that our continuing enhancements to existing products and our expenditures for development of products leveraging new technology platforms will help grow our future revenues as regulatory cost reductions stabilize and the economy strengthens."

"The Board remains very pleased with the continuing financial performance of the Company," said John Reed, Chairman of the Board of Directors. "The investment of operating cash into new products and the repayment of bank debt is consistent with the best interests of both our customers and shareholders."

CareCentric provides information technology systems and services to over 1,500 customers. CareCentric provides freestanding, hospital-based and multi-office home health care providers (including skilled nursing, private duty, home medical equipment and supplies, IV pharmacy and hospice) complete information solutions that enable these home care operations to generate and utilize comprehensive and integrated financial, operational and clinical information. With offices nationwide, CareCentric is headquartered in Atlanta, Georgia.

Note regarding Private Securities Litigation Reform Act: Statements made in this press release which are not historical facts, including projections, statements of plans, objectives, expectations, or future economic performance, are forward looking statements that involve risks and uncertainties and are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. CareCentric's future financial performance could differ significantly from that set forth herein, and from the expectations of management. Important factors that could cause CareCentric's financial performance to differ materially from past results and from those expressed in any forward looking statements include, without limitation, the inability to obtain additional capital resources, variability in quarterly operating results, customer concentration, product performance and acceptance, long sales cycles, long and varying delivery cycles, CareCentric's dependence on business partners, emerging technological standards, risks associated with acquisitions and the risk factors detailed in CareCentric's Registration Statement on Form S-4 (File No. 333-96529) and from time to time in CareCentric's periodic reports filed with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates.

CARECENTRIC, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)

JUNE 30,

DECEMBER

Edgar Filing: CARECENTRIC INC - Form DEFA14A

| | 2003 | 2002 |
|--|----------------------|--------------------|
| | ----- (unaudited) | ----- (audited) |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,000 | \$ |
| Accounts receivable, net of allowance for doubtful accounts of \$969 and \$1,307 respectively | 4,042 | 4, |
| Prepaid expenses and other current assets | 733 | |
| Notes receivable | 128 | |
| | ----- | ----- |
| Total current assets | 5,903 | 6, |
| Purchased software, furniture and equipment, net | 819 | 1, |
| Intangible assets, net | 3,743 | 4, |
| Long term notes receivable | 380 | |
| | ----- | ----- |
| Total assets | \$ 10,845 | \$ 11, |
| | ===== | ===== |
| LIABILITIES AND SHAREHOLDERS' DEFICIT | | |
| Current liabilities: | | |
| Line of credit | \$ 3,325 | \$ 4, |
| Accounts payable | 1,487 | 1, |
| Accrued compensation expense | 477 | |
| Accrued liabilities | 6,074 | 6, |
| Customer deposits | 1,235 | 1, |
| Unearned revenues | 4,464 | 4, |
| | ----- | ----- |
| Total current liabilities | 17,062 | 18, |
| Accrued liabilities, less current portion | - | |
| Note payable long-term | 8,776 | 8, |
| Commitments and contingencies | | |
| Shareholders' deficit | | |
| Preferred Stock: 10,000,000 shares authorized | | |
| Series B Preferred, \$.001 par value; | | |
| 5,600,000 issued and outstanding; liquidation value \$1.39 | 6 | |
| Series D Preferred, \$.001 par value; | | |
| 398,000 issued and outstanding; liquidation value \$3.20 | - | |
| Series E Preferred, \$.001 par value; | | |
| 210,000 issued and outstanding; liquidation value \$1.04 | - | |
| Common stock, \$.001 par value; 20 shares authorized; | | |
| 4,371,350 shares issued and outstanding at June 30, 2003 and December 31, 2002 | 4 | |
| Unearned compensation | (99) | (|
| Additional paid-in capital | 20,430 | 20, |
| Stock warrants | 1,000 | 1, |
| Accumulated deficit | (36,334) | (36, |
| | ----- | ----- |
| Total shareholders' deficit | (14,993) | (15, |
| | ----- | ----- |
| Total liabilities and shareholders' deficit | \$ 10,845 | \$ 11, |
| | ===== | ===== |

CARECENTRIC, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands except per share data)

| | THREE MONTHS ENDED JUNE 30, | | SIX MONTHS END |
|--|-----------------------------|-------------|----------------|
| | 2003 | 2002 | 2003 |
| | (unaudited) | (unaudited) | (unaudited) |
| Net revenues | \$ 5,627 | \$ 5,848 | \$ 11,105 |
| Costs and expenses: | | | |
| Cost of revenues | 1,739 | 1,785 | 3,562 |
| Selling, general and administrative | 2,325 | 2,589 | 4,541 |
| Research and development | 877 | 942 | 1,713 |
| Amortization and depreciation | 394 | 423 | 789 |
| Total costs and expenses | 5,335 | 5,739 | 10,605 |
| Income (loss) from operations | 292 | 109 | 500 |
| Other income (expense): | | | |
| Interest expense | (210) | (153) | (383) |
| Interest and other income | 106 | 15 | 449 |
| Income (loss) before taxes | 188 | (29) | 566 |
| Income tax benefit (expense) | - | - | (23) |
| Net Income (loss) | 188 | (29) | 543 |
| Cumulative Preferred Dividends | (157) | 34 | (312) |
| Net Income (loss) available to common shareholders | \$ 31 | \$ 5 | \$ 231 |
| Net Income (loss) per share - basic and diluted | \$ 0.04 | \$ (0.01) | \$ 0.12 |
| Net Income (loss) per share - basic and diluted available to common shareholders | \$ 0.01 | \$ 0.00 | \$ 0.05 |
| Weighted average common shares - basic and diluted | 4,371,000 | 4,371,000 | 4,371,000 |

CARECENTRIC, INC.
CONSOLIDATED STATEMENTS OF CASH FLOW
(in thousands)

| | THREE MONTHS ENDED JUNE 30, | | SIX MONTHS |
|---|-----------------------------|-------------|-------------|
| | 2003 | 2002 | 2003 |
| | (unaudited) | (unaudited) | (unaudited) |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net Income (loss) | \$ 31 | \$ 5 | \$ 231 |
| ADJUSTMENTS TO RECONCILE NET INCOME (LOSS) TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES: | | | |
| Provision for doubtful accounts | - | 87 | - |
| Amortization and depreciation | 394 | 423 | 789 |
| Stock based compensation charge to earnings | 18 | 18 | 35 |
| CHANGES IN ASSETS AND LIABILITIES: | | | |
| Accounts receivable | 276 | (764) | 589 |
| Prepaid expenses and other current assets | 79 | 60 | (37) |
| Notes receivable | (66) | 15 | (186) |
| Accounts payable | (2) | (338) | (97) |
| Accrued compensation | (3) | 39 | (79) |
| Accrued liabilities | (50) | (248) | (189) |
| Customer deposits | (145) | (1,010) | (260) |
| Unearned revenues | (96) | 989 | 241 |
| Net cash provided by / (used in) operating activities | 436 | (724) | 1,037 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Purchase of software, furniture and equipment | - | (13) | (6) |
| Net cash provided by / (used in) investing activities | - | (13) | (6) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Proceeds from notes payable | 129 | 756 | 256 |
| Increase (decrease) in line of credit | (800) | (85) | (1,200) |
| Payments on capital lease obligation | - | 9 | - |
| Proceeds from Consulting note receivable | 52 | 71 | 87 |
| Net cash provided by / (used in) financing activities | (619) | 751 | (857) |

Edgar Filing: CARECENTRIC INC - Form DEFA14A

| | | | |
|--|----------|--------|----------|
| Net change in cash and cash equivalents | (183) | 14 | 174 |
| Cash and cash equivalents, beginning of period | 1,183 | 457 | 826 |
| Cash and cash equivalents, end of period | \$ 1,000 | \$ 471 | \$ 1,000 |
| Cash paid during period for interest | \$ 28 | \$ 74 | \$ 91 |

1640564

INVESTOR NOTICE

CareCentric has filed with the SEC a proxy statement and other relevant documents concerning a proposed merger with an investor group led by John E. Reed that could have the effect of taking CareCentric private. CareCentric has entered into an Agreement and Plan of Merger dated June 4, 2003 by and among CareCentric, Borden Associates, Inc., John E. Reed, Stewart B. Reed and James A. Burk. The merger agreement has been filed with the SEC as an exhibit to the proxy statement. Investors of CareCentric are urged to read the proxy statement, the merger agreement, and any other relevant documents filed with the SEC because they will contain important information. You will be able to obtain the documents free of charge at the website maintained by the SEC at www.sec.gov. In addition, you may obtain documents filed with the SEC by CareCentric free of charge by requesting them in writing from Ana McGary at CareCentric, Inc., 2625 Cumberland Parkway, Suite 310, Atlanta, GA 30339 or by telephone at (678) 264-4400.

CareCentric, its directors and executive officers and certain of their employees and the investor group described previously may be deemed to be participants in the solicitation of proxies from the stockholders of CareCentric in connection with the merger, if consummated. These participants may have interests in the merger, if consummated, including interests resulting from holding options or shares of CareCentric common stock. Information about the interests of directors and executive officers of CareCentric, the investor group, and their ownership of securities of CareCentric are set forth in the proxy statement.

Investors should read the proxy statement carefully before making any voting or investment decisions.