

Edgar Filing: CARECENTRIC INC - Form DEFA14A

CARECENTRIC INC
Form DEFA14A
May 09, 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
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):

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:

INVESTOR NOTICE

If CareCentric proceeds with a proposed merger described previously, then it will file with the SEC a proxy statement and other relevant documents concerning the merger. Investors of CareCentric are urged to read the proxy statement when and if filed 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 will be set forth in the proxy statement, when and if filed.

Investors should read the proxy statement carefully when and if it becomes available before making any voting or investment decisions.

NEWS RELEASE

FOR IMMEDIATE RELEASE

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

Edgar Filing: CARECENTRIC INC - Form DEFA14A

CARECENTRIC REPORTS 1ST QUARTER 2003 FINANCIAL RESULTS

ATLANTA, GA (MAY 9, 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 March 31, 2003. CareCentric reported a 4.3% increase in revenues for the three months ended March 31, 2003 to \$5.5 million against revenues of \$5.3 million for the three months ended March 31, 2002. The Net Cash provided from Operating Activities during the three months ended March 31, 2003 of \$0.6 million represented a \$1.8 million improvement when compared against the Use of Net Cash in Operating Activities of \$1.2 million reported for the 1st quarter of 2002. Net Income for the three months ended March 31, 2003 was \$0.4 million, which represented an increase of \$1.0 million over the Net Loss of \$0.6 million reported for the three months ended March 31, 2002.

"Our first quarter results for 2003 when compared to the first quarter of 2002 confirms the level of operating stability the Company has achieved over the course of the last year," stated John R. Festa, President and CEO of CareCentric. "Our increase in revenues in the first quarter was generated largely by our maintenance service offerings while our new system sales ran more slowly than expected. New system sales trends have been slow to improve as our customers remain involved in managing implementation of HIPAA regulations, cost reduction efforts in response to the 15% reduction in reimbursement rates and general economic sluggishness."

Mr. Festa added, "While our comparative quarter results are good, our objectives going forward remain clear. We must excel in all areas of customer satisfaction and aggressively work towards the extension of our product enhancement

2

activities and development efforts for the new product platform. We continue to solicit our customers' input towards those objectives through the use of customer service satisfaction surveys and customer advisory boards. Additionally, we are focused on greater marketing efforts and the addition of more service offerings to our customers to improve their satisfaction and capabilities in the use of our products. "

"The Board remains pleased with the financial performance and the actions taken by the Company," said John Reed, Chairman of the Board of Directors. "The Company continues to push its objectives to new levels and despite the sales softness is continuing to meet its financial goals."

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

Edgar Filing: CARECENTRIC INC - Form DEFA14A

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.

3

CARECENTRIC, INC. CONSOLIDATED BALANCE SHEETS

	MARCH 31, 2003	DECEMBER 31, 2002
	-----	-----
	(unaudited)	(audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,183	
Accounts receivable, net of allowance for doubtful accounts of \$1,087 and \$1,307 respectively	4,318	
Prepaid expenses and other current assets	813	
Notes receivable	180	
Total current assets	----- 6,494	
Purchased software, furniture and equipment, net	931	
Intangible assets, net	4,026	
Long term notes receivable	313	
Total assets	----- \$ 11,764 =====	
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities:		
Line of credit	\$ 4,125	
Accounts payable	1,489	
Accrued compensation expense	480	
Accrued liabilities	6,125	
Customer deposits	1,380	
Unearned revenues	4,560	
Total current liabilities	----- 18,159	
Accrued liabilities, less current portion	-	
Note payable long-term	8,647	
Commitments and contingencies		
Shareholders' deficit		

Edgar Filing: CARECENTRIC INC - Form DEFA14A

Preferred Stock: 10 shares authorized	
Series B Preferred, \$.001 par value;	
5,600 issued and outstanding; liquidation value \$1.37	6
Series D Preferred, \$.001 par value;	
398 issued and outstanding; liquidation value \$3.14	-
Series E Preferred, \$.001 par value;	
210 issued and outstanding; liquidation value \$1.04	-
Common stock, \$.001 par value; 20 shares authorized; 4,371,350	
shares issued and outstanding at March 31, 2003 and	
December 31, 2002	4
Unearned compensation	(117)
Additional paid-in capital	20,430
Stock warrants	1
Accumulated deficit	(36,365)

Total shareholders' deficit	(15,042)

Total liabilities and shareholders' deficit	\$ 11,764
	=====

4

CARECENTRIC, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	THREE MONTHS ENDED MARCH 31,	
	2003	2002
	(unaudited)	(unaudited)
Net revenues	\$ 5,478	\$ 5,253
Costs and expenses:		
Cost of revenues	1,823	1,676
Selling, general and administrative	2,217	2,699
Research and development	835	947
Amortization and depreciation	394	425
	-----	-----
Total costs and expenses	5,269	5,747
	-----	-----
Income (loss) from operations	209	(494)
Other income (expense):		
Interest expense	(174)	(168)
Interest and other income	343	(2)
	-----	-----
Income (loss) before taxes	378	(664)
	-----	-----
Income tax benefit (expense)	(23)	-
Net Income (loss)	355	(664)

Edgar Filing: CARECENTRIC INC - Form DEFA14A

Cumulative Preferred Dividends	(155)	(180)
Net Income (loss) available to common shareholders	\$ 200	\$ (844)
Net Income (loss) per share - basic and diluted	\$ 0.08	\$ (0.15)
Net Income (loss) per share - basic and diluted available to common shareholders	\$ 0.05	\$ (0.19)
Weighted average common shares - basic and diluted	4,371	4,371

5

CARECENTRIC, INC.
CONSOLIDATED STATEMENTS OF CASH FLOW

	Three Months ended March 31,	
	2003	2002
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (loss)	\$ 200	\$ (844)
ADJUSTMENTS TO RECONCILE NET INCOME (LOSS) TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:		
Provision for doubtful accounts	-	157
Amortization and depreciation	394	425
Stock based compensation charge to earnings	17	23
CHANGES IN ASSETS AND LIABILITIES:		
Accounts receivable	314	(1,406)
Prepaid expenses and other current assets	(117)	19
Notes receivable	(120)	37
Accounts payable	(95)	447
Accrued compensation	(76)	(50)
Accrued liabilities	(138)	(167)
Customer deposits	(115)	26
Unearned revenues	337	126
Net cash provided by / (used in) operating activities	601	(1,207)

Edgar Filing: CARECENTRIC INC - Form DEFA14A

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of software, furniture and equipment	(6)	(19)
	-----	-----
Net cash provided by / (used in) investing activities	(6)	(19)
	-----	-----

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from notes payable	127	1
Increase (decrease) in line of credit	(400)	395
Payments on capital lease obligation	-	(9)
Proceeds from Consulting note receivable	35	96
	-----	-----
Net cash provided by / (used in) financing activities	(238)	1,482
Net change in cash and cash equivalents	357	256
Cash and cash equivalents, beginning of period	826	201
	-----	-----
Cash and cash equivalents, end of period	\$ 1,183	\$ 457
	=====	=====
Cash paid during period for interest	\$ 63	\$ 81