

# SECURITIES AND EXCHANGE COMMISSION

## FORM 8-K/A

Current report filing [amend]

Filing Date: **1997-03-10** | Period of Report: **1997-02-12**  
SEC Accession No. **0000922423-97-000190**

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### FILER

#### **OAK TREE MEDICAL SYSTEMS INC**

CIK: **799426** | IRS No.: **020401674** | State of Incorpor.: **DE** | Fiscal Year End: **0531**  
Type: **8-K/A** | Act: **34** | File No.: **033-91432** | Film No.: **97553134**  
SIC: **8000** Health services

Mailing Address  
16504 STONEHAVE RD  
MIAMI LAKES FL 33014

Business Address  
2 GANNETT DRIVE SUITE 215  
WHITE PLAINS NY 10604  
3058228889

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

FORM 8-K/A

CURRENT REPORT

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

Date of Report (Date of earliest event reported) February 12, 1997  
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OAK TREE MEDICAL SYSTEMS, INC.  
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(Exact name of registrant as specified in its charter)

Delaware

0-16206

02-0401674  
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(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

(IRS Employer  
Identification No.)

2500 Westchester Avenue, Suite 306, Purchase, New York

10577  
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(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (914) 253-9494  
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(Former name or former address, if changed since last report.)  
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ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(b) Pro Forma Consolidated Financial Statements

(c) Exhibits

99.2 Press Release, dated February 27, 1997

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PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

These unaudited pro forma condensed consolidated financial statements give effect to the sale of certain operations of Oak Tree Medical Systems, Inc. (the "Company"), as set forth in Note 1 to these financial statements, as if this transaction had occurred, for balance sheet purposes, on November 30, 1996 and, for statement of operations purposes, as of June 1, 1995. These unaudited pro forma condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto, for the fiscal year ended May 31, 1996, included in Form 10-KSB, and its unaudited consolidated financial statements for the six months ended November 30, 1996, included in Form 10-QSB. The pro forma information is not necessarily indicative of the Company's future results.

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OAK TREE MEDICAL SYSTEMS, INC., AND SUBSIDIARIES  
 PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET  
 November 30, 1996  
 (000's)

ASSETS	Historical -----	Pro Forma Adjustment #1 -----	Pro Forma -----
CURRENT ASSETS			
Cash	\$ 661		\$ 661
Patient care receivables	5,029	\$(2,800)	2,229
Due from purchaser		100	100
Prepays and other current assets	78		78
	-----	-----	-----
TOTAL CURRENT ASSETS	5,768	(2,700)	3,068
Investments	5,000		5,000
Property and equipment	659	(50)	609
Other assets	153	(40)	113
Goodwill	1,222	(1,222)	
	-----	-----	-----
TOTAL ASSETS	\$ 12,802	\$(4,012)	\$ 8,790

LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts payable and accrued expenses	\$ 760	\$ (75)	\$ 685
Notes payable	1,628	(1,850)	(222)
Current maturities of long-term debt	329		329
Deferred income taxes payable	972		972
	-----	-----	-----
TOTAL CURRENT LIABILITIES	3,689	(1,925)	1,764
Long-term debt	231		231
Obligation to issue shares of common stock	350	(350)	
	-----	-----	-----
TOTAL LIABILITIES	4,270	(2,275)	1,995
	-----	-----	-----
STOCKHOLDERS' EQUITY			
Common stock	26	(4)	22
Additional paid-in capital	9,908	(696)	9,212
Deficit	(1,402)	(1,037)	(2,439)
	-----	-----	-----
TOTAL STOCKHOLDERS' EQUITY	8,532	(1,737)	6,795
	-----	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 12,802	\$ (4,012)	\$ 8,790
	=====	=====	=====

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OAK TREE MEDICAL SYSTEMS, INC., AND SUBSIDIARIES  
PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS  
For the Six Months Ended November 30, 1996  
(000's, Except per share data)

Pro Forma  
Historical Adjustment #2 Pro Forma

REVENUE	\$ 1,237	\$ (353)	\$ 884
SELLING, GENERAL AND ADMINISTRATION	(631)	183	(448)
INTEREST	(39)	40	1
DEPRECIATION AND AMORTIZATION	(63)	41	(22)
	-----	-----	-----
INCOME BEFORE INCOME TAXES	504	(89)	415
INCOME TAXES	(170)	27	(143)
	-----	-----	-----
NET INCOME	\$ 334	\$ (62)	\$ 272
	=====	=====	=====
INCOME PER COMMON SHARE	\$ 0.12		\$0.12
	=====	=====	=====
AVERAGE NUMBER OF SHARES	2710		2310
	=====	=====	=====

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OAK TREE MEDICAL SYSTEMS, INC., AND SUBSIDIARIES  
PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS  
For the Fiscal Year Ended May 30, 1996  
(000's, Except per share data)

	Historical	Pro Forma Adjustment #2	Pro Forma
	-----	-----	-----
REVENUE	\$ 4,664	\$ (4,364)	\$ 300
SELLING, GENERAL AND ADMINISTRATION	(3,107)	2,924	(183)
INTEREST	(131)	87	(44)
DEPRECIATION AND AMORTIZATION	(181)	142	(39)
	-----	-----	-----

INCOME BEFORE INCOME TAXES AND EXTRAORDINARY	1,245	(1,211)	34
INCOME TAXES	(375)	363	(12)
	-----	-----	-----
INCOME BEFORE EXTRAORDINARY	870	(848)	22
CANCELLATION OF DEBT	170		170
	-----	-----	-----
NET INCOME	\$ 1,040	\$ (848)	\$ 192
	=====	=====	=====
INCOME PER COMMON SHARE	\$ 0.39		\$0.08
	=====	=====	=====
AVERAGE NUMBER OF SHARES	2679		2279
	=====	=====	=====

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Note 1

On February 6, 1997, the Company: (1) sold substantially all the assets and assigned certain liabilities of the physical therapy and rehabilitation care centers and related medical practices in Orange Park (ACORN CORF I, Inc.) and Jacksonville (Riverside CORF, Inc.), Florida, and (2) sold all the outstanding shares of Oak Tree Receivables, Inc. ("Receivables"), a wholly-owned subsidiary of the Company. The purchase price consisted of \$200,000 in cash, \$100,000 payable upon closing by payment against a secured loan, \$50,000 on April 6, 1996 and \$50,000 on May 6, 1996.

The assets of Receivables consisted of certain patient care receivables and a secured loan. The Company also transferred to the lender, accounts receivable of \$700,000, which had been additional collateral under the secured loan. 40% of the collections in excess of amounts owed the lender, if any, will be returned to the Company.

In connection with the sale, the Company terminated an employment agreement and had 400,000 shares of common stock of the Company returned. The shares were valued at \$1.75 per share, the fair value of the shares. In addition, the Company was relieved of its obligation to issue additional 145,000

shares of the Company's common stock.

Adjustment (1) to record the pro forma sale

Total purchase price	
Due from purchaser	\$100
Note payable	100
Accounts payable	75
Note payable	1,750
Obligation to issue shares of common stock	350
Common stock	4
Additional paid-in capital	696
	-----
Total purchase price	3,075
	-----
Cost of sale	
Accounts receivable sold	2,100
Accounts receivable transferred	700
Property and equipment	50
CORF licenses	40
Excess of cost over fair value of assets acquired	1,222
	-----
Total cost of sale	4,112
	-----
Loss on sale	\$1,037
	=====

Adjustment (2) to remove operations of sold centers

Note 2

The pro forma condensed consolidated financial does not reflect the acquisition of certain physical therapy centers located in Long Island, New York, in December 1996 or the write-down of the investment as of February 28, 1997.

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.

By: /s/ William Kedersha

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Name: William Kedersha

Title: Chief Executive Officer

Date: March 7, 1997

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OAK TREE MEDICAL SYSTEMS, INC.  
2500 Westchester Avenue, Suite 306  
Purchase, NY 10577

FOR IMMEDIATE RELEASE

CONTACT:  
WILLIAM KEDERSHA, CEO  
OAK TREE MEDICAL SYSTEMS, INC.  
(914) 253-9494

PURCHASE, NEW YORK, February 27, 1997--Oak Tree Medical Systems, Inc. has announced that it intends to write-off, as of the close of its third fiscal quarter ending today, its investment in Accord Futronics, Inc., which has been valued on Oak Tree's balance sheet at \$5,000,000. Oak Tree received its interest in Accord in June 1995, in exchange for the transfer to Accord of the shares of a subsidiary of the Company holding 50,000 tons of gold ore, with an appraised value of \$5,000,000. The Company has determined to write-down the Accord interest because of the absence of current financial information for Accord and management's present inability to determine, after due investigation and inquiry, whether any value can be realized on the Accord interest.

Commenting on the write-off, William Kedersha, the Company's Chief Executive Officer, said: While prudent accounting practices require us at this time to remove the Accord interest from our balance sheet, we are not abandoning the asset. We intend to continue to pursue possibilities of realizing value on the Accord interest, although there can be no assurance that our efforts in this regard will be successful.

Oak Tree Medical Systems, Inc. owns or operates eight physical therapy clinics, and two hospital contracts, primarily in the New York metropolitan area.