# FORM 8-K/A

Current report filing [amend]

Filing Date: **1999-07-27** | Period of Report: **1999-06-24**
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## FILER

| | | |
|---|---|---|
| **GLOBAL IMAGING SYSTEMS INC**<br>CIK:**1050167**\| IRS No.: **593247652** \| State of Incorp.:**DE** \| Fiscal Year End: **0331**<br>Type: **8-K/A** \| Act: **34** \| File No.: **000-24373** \| Film No.: **99671147**<br>SIC: **5990** Retail stores, nec | Mailing Address<br>*3820 NORTHDALE BLVD*<br>*SUITE 200A*<br>*TAMPA FL 33624* | Business Address<br>*3820 NORTHDALE BLVD*<br>*SUITE 200A*<br>*TAMPA FL 33624*<br>*8139605508* |

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A
AMENDMENT 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 24, 1999

GLOBAL IMAGING SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

| Delaware | 000-24373 | 59-3247752 |
|---|---|---|
| (State or other jurisdiction of incorporation or organization) | (Commission File Number) | (I.R.S. Employer Identification No.) |

| 3820 Northdale Blvd., Suite 200A, Tampa, FL | 33624 |
|---|---|
| (Address of principal executive offices) | (Zip Code) |

Registrant's telephone number, including area code: (813) 960-5508

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(Former name or address, if changed since last report)

Exhibit Index is on Page 25

On July 6, 1999, Global Imaging Systems, Inc. ("Global") filed a report on Form 8-K with respect to its acquisition of the stock of Lewan & Associates, Inc. ("Lewan"). At that time, it was impracticable to provide the financial statements and pro forma financial information required to be filed therewith relative to the acquired stock, and Global stated in such Form 8-K that it intended to file the required company financial statements and pro forma financial information as soon as practicable, but no later than 60 days from the due date of that filing. By this amendment to such Form 8-K, Global is amending and restating Item 7 thereof to include the required financial statement and pro forma information.

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

On June 24, 1999 Global acquired all of the issued and outstanding stock of Lewan pursuant to a Merger Agreement, dated as of June 24, 1999, by and among Global, Lewan Acquisition, Inc., Lewan and the shareholders of Lewan.

As consideration of the merger, Global paid Lewan's shareholders approximately $50,000,000 in cash, plus 288,704 shares of Global's common stock, par value $.01 per share. An additional amount of up to $15,000,000 in cash and approximately $5,000,000 in shares of Global's common stock may be paid based upon Lewan's future earnings. Global borrowed funds under its $250 million line of credit from First Union National Bank to pay the cash portion of the purchase price.

Lewan is engaged in the office automation industry, including the sales of copiers and computers, in the Colorado and southern Wyoming area.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(a) Financial Statements of Lewan & Associates, Inc.

Report of Independent Auditors.
Consolidated Balance Sheets as of December 31, 1998 and 1997.
Consolidated Statements of Income for the Years Ended December 31, 1998, 1997, and 1996.
Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 1998, 1997, and 1996.
Consolidated Statements of Cash Flows for the Years Ended December 31, 1998,

1997, and 1996.
Notes to Consolidated Financial Statements.
Unaudited Balance Sheet as of March 31, 1999.
Unaudited Statements of Income for the Three Months Ended March 31, 1999 and 1998.
Unaudited Statements of Cash Flows for the Three Months Ended March 31, 1999 and 1998.



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Lewan & Associates, Inc.:

We have audited the accompanying consolidated balance sheets of Lewan & Associates, Inc. (the Company) and subsidiary as of December 31, 1998 and 1997, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1998. 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 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, such consolidated financial statements present fairly, in all material respects, the financial position of the Company and subsidiary as of December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998 in conformity with generally accepted accounting principles.

/s/ Deloitte & Touche LLP

March 5, 1999, except for Note 8, as to which the
date is June 24, 1999



LEWAN & ASSOCIATES, INC.

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 1998 AND 1997

<TABLE>
<CAPTION>

| ASSETS | 1998 | 1997 |
|---|---|---|
| <S> | <C> | <C> |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 3,288,137 | $ 2,788,038 |
| Trade accounts receivable, net of allowance: 1998 - $138,000; 1997 - $125,000 | 9,451,065 | 8,882,515 |
| Other receivables | 207,568 | 289,245 |
| Inventories | 4,826,233 | 4,953,319 |
| Prepaid expenses | 4,177 | 354 |
| Deferred income taxes | 369,143 | 476,616 |
| Total current assets | 18,146,323 | 17,390,087 |
| RENTAL EQUIPMENT, net of accumulated depreciation: 1998 - $6,050,422; 1997 - $5,293,384 | 5,356,894 | 5,403,819 |
| PROPERTY AND EQUIPMENT, net | 2,071,986 | 1,840,867 |
| OTHER ASSETS | 88,661 | 93,099 |
| | $25,663,864 | $24,727,872 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |

| | | |
|---|---|---|
| Trade accounts payable | $ 4,966,608 | $ 5,554,352 |
| Accrued salaries, wages and benefits | 3,226,221 | 4,185,669 |
| Other accrued expenses | 637,386 | 1,002,717 |
| Deferred revenue | 2,884,349 | 3,420,958 |
| Current portion of long term debt | 430,492 | 492,216 |
| Total current liabilities | 12,145,056 | 14,655,912 |
| LONG-TERM DEBT | 237,071 | 291,722 |
| DEFERRED INCOME TAXES | 371,559 | 392,069 |
| COMMITMENTS AND CONTINGENCIES | | |
| STOCKHOLDERS' EQUITY: | | |
| Common stock, no par value: 399,200,000 shares authorized; 1,010,000 issued and outstanding | 613,570 | 613,570 |
| Retained earnings | 12,296,608 | 8,774,599 |
| Total stockholders' equity | 12,910,178 | 9,388,169 |
| | $25,663,864 | $24,727,872 |

</TABLE>

See notes to consolidated financial statements.



LEWAN & ASSOCIATES, INC.

CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 1998, 1997, AND 1996

<TABLE>
<CAPTION>

| <S> | 1998 <C> | 1997 <C> | 1996 <C> |
|---|---|---|---|
| REVENUES: | | | |
| Equipment and supplies sales | $46,266,314 | $43,331,634 | $43,489,491 |
| Service and rentals | 24,650,925 | 23,994,826 | 19,493,965 |
| Total revenues | 70,917,239 | 67,326,460 | 62,983,456 |
| COSTS AND OPERATING EXPENSES: | | | |
| Cost of equipment and supplies sales | 34,643,962 | 30,923,791 | 32,912,008 |
| Service and rentals cost | 12,334,546 | 12,268,035 | 8,687,108 |
| Selling, general and administrative expense | 18,413,989 | 19,119,519 | 17,926,423 |
| Total costs and operating expenses | 65,392,497 | 62,311,345 | 59,525,539 |
| INCOME FROM OPERATIONS | 5,524,742 | 5,015,115 | 3,457,917 |
| OTHER INCOME (EXPENSE): | | | |
| Interest income | 181,283 | 90,376 | 81,022 |
| Interest expense | (46,180) | (223,755) | (375,191) |
| INCOME BEFORE PROVISION FOR INCOME TAXES | 5,659,845 | 4,881,736 | 3,163,748 |
| PROVISION FOR INCOME TAXES | 2,137,836 | 1,813,758 | 1,165,101 |
| NET INCOME | $ 3,522,009 | $ 3,067,978 | $ 1,998,647 |

</TABLE>

See notes to consolidated financial statements.



LEWAN & ASSOCIATES, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996

<TABLE>
<CAPTION>

| | Common Stock Shares | Common Stock Amount | Retained Earnings | Total Stockholder's Equity |
|---|---|---|---|---|
| BALANCE, JANUARY 1, 1996 | 966,000 | $ 378,830 | $ 3,707,974 | $ 4,086,804 |
| Stock issued for compensation | 22,000 | 97,020 | | 97,020 |
| Net income | | | 1,998,647 | 1,998,647 |
| BALANCE, DECEMBER 31, 1996 | 988,000 | 475,850 | 5,706,621 | 6,182,471 |
| Stock issued for compensation | 22,000 | 137,720 | | 137,720 |
| Net income | | | 3,067,978 | 3,067,978 |
| BALANCE, DECEMBER 31, 1997 | 1,010,000 | 613,570 | 8,774,599 | 9,388,169 |
| Net income | | | 3,522,009 | 3,522,009 |
| BALANCE, DECEMBER 31, 1998 | 1,010,000 | $ 613,570 | $ 12,296,608 | $ 12,910,178 |

</TABLE>

See notes to consolidated financial statements.



LEWAN & ASSOCIATES, INC

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996

<TABLE>
<CAPTION>

| | 1998 | 1997 | 1996 |
|---|---|---|---|
| OPERATING ACTIVITIES: | | | |
| Net income | $ 3,522,009 | $ 3,067,978 | $ 1,998,647 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 3,480,932 | 2,548,949 | 2,397,081 |
| Allowance for doubtful accounts receivable | (39,955) | (21,522) | 61,418 |
| (Gain) loss on sale of property and equipment | 23,111 | (25,362) | 33,136 |
| Stock issued for compensation | | 137,720 | 97,020 |
| Deferred tax provision (benefit) | 86,963 | (61,862) | (12,995) |
| Other | 25,596 | 45,068 | 30,515 |
| Changes in operating assets and liabilities: | | | |
| Trade accounts receivable | (528,595) | (1,376,218) | 19,811 |
| Other receivables | 81,677 | (113,231) | (517,578) |
| Inventories | (3,917,115) | (4,334,092) | (3,913,475) |
| Prepaid expenses | (3,823) | 45,504 | (33,587) |
| Rental equipment | 1,224,413 | 687,058 | 1,056,693 |
| Other assets | 4,438 | (60,251) | 5,541 |
| Trade accounts payable | (587,744) | 825,695 | (524,609) |
| Other accrued expenses | (1,380,625) | 919,137 | 680,105 |
| Deferred revenue | (536,609) | 124,181 | 308,351 |
| Net cash provided by operating activities | 1,454,673 | 2,408,752 | 1,686,074 |
| INVESTING ACTIVITIES: | | | |
| Purchase of property and equipment | (871,499) | (683,433) | (927,552) |
| Proceeds from sale of property and equipment | 3,050 | 91,882 | 152,443 |
| Distributions from joint venture | 30,250 | 23,375 | 13,750 |
| Net cash used in investing activities | (838,199) | (568,176) | (761,359) |

| | | | |
|---|---|---|---|
| FINANCING ACTIVITIES: | | | |
| Proceeds from long-term debt | 725,041 | 1,816,353 | 1,953,410 |
| Principal payments on long-term debt | (841,416) | (2,687,364) | (1,570,232) |
| Net cash used in financing activities | (116,375) | (871,011) | 383,178 |
| INCREASE IN CASH AND CASH EQUIVALENTS | 500,099 | 969,565 | 1,307,893 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 2,788,038 | 1,818,473 | 510,580 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | $ 3,288,137 | $ 2,788,038 | $ 1,818,473 |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: | | | |
| Cash paid during the year for: | | | |
| Interest | $ 49,556 | $ 231,742 | $ 391,344 |
| Taxes | $ 2,070,614 | $ 1,935,131 | $ 1,278,727 |

</TABLE>

During the years ended December 31, 1998, 1997 and 1996 the Company transferred inventory totalling $4,044,201, $3,700,327 and $4,078,886, respectively, to rental equipment.

See notes to consolidated financial statements.



LEWAN & ASSOCIATES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996

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1. SIGNIFICANT ACCOUNTING POLICIES

Nature of Business - Lewan & Associates, Inc. sells, leases, services and provides training and support of office technology equipment to businesses, schools and municipalities from several locations throughout Colorado and Wyoming.

Consolidation - The consolidated financial statements include the accounts of Lewan & Associates, Inc. and its 55% owned subsidiary, Colorado Boulevard Partners (collectively, the "Company"). Colorado Boulevard Partner's only significant assets are a 50% interest in a corporate joint venture (the "Joint Venture") and a leasehold interest. The Joint Venture's only significant asset is a 100% interest in a partnership that owns an office building which the Company leases for its corporate headquarters. Colorado Boulevard Partners accounts for its investment in the Joint Venture utilizing the equity method and accordingly recognizes 50% of the net income (loss) of the Joint Venture as equity in earnings (loss) of Joint Venture. All intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents - The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Inventories - Inventories consist of finished goods available for sale and are stated at the lower of cost or market value using the average cost method. Inventories supplied by certain vendors are subject to priority claim rights on specific product lines.

Rental Equipment - The Company rents equipment to its customers under cancelable operating leases requiring certain minimum rentals, ranging in length from month-to-month to 60 months. Rental equipment is recorded at cost and depreciated to its estimated residual value using accelerated methods based upon the estimated useful life of the respective assets, which is five years. In accordance with industry practice, depreciation expense associated with rental equipment is included in cost of sales in the accompanying consolidated statements of income.

Property and Equipment - Depreciation and amortization on property and equipment is computed using accelerated and straight-line methods over the shorter of the estimated useful lives or the terms of the underlying leases of the related assets.

The Company evaluates the potential impairment of long-lived assets and long-lived assets to be disposed of in accordance with Statement of Financial Accounting Standards No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of. There were no impairments of the Company's long-lived assets in 1998, 1997 or 1996.

Income Taxes - The Company accounts for income taxes under Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes. Deferred income tax assets and liabilities are determined based upon differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws. In the event this difference results in a deferred tax asset, the Company evaluates the probability of being able to realize the future benefits indicated by such asset. A valuation allowance related to a deferred tax asset is recorded when it is more likely than not that some portion or all of the deferred tax asset will not be realized.



Revenue Recognition - Equipment sales are recognized at the time of customer acceptance. Supply sales to customers are recognized at the time of shipment. Customer service and support contract revenues are recognized ratably over the term of the underlying customer service or support contract. Other service revenues are recognized as earned. Deferred revenue consists of unearned customer service and support contract revenue, and payments collected in advance under cancelable operating leases and for supplies. Rental equipment revenues are recognized ratably over the lives of the underlying cancelable operating leases.

The Company has arrangements with several non-affiliated entities under which the Company receives commissions on certain sales of products by the entities to the Company's customers. Commission revenues are recognized upon shipment of the product to the customer.

Concentrations - Financial instruments which may subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and trade receivables. Credit risks relating to concentrations from accounts receivable are mitigated due to the large number of customers.

In 1998, 1997 and 1996, the Company purchased 26%, 26% and 27, respectively, of its equipment inventory for resale and resale supplies and parts from one vendor. Purchases from this vendor are based upon inventory requirements and no purchase commitments or blanket purchase orders exist at December 31, 1998.

Stock Issued for Services - Common stock was issued to certain officers of the Company in 1997 and 1996 for services and was valued at fair value as of the award date as determined by the Company's Board of Directors. No common stock was issued for services during 1998.

Use of Estimates - The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

2. PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows at December 31:

<TABLE>
<CAPTION>

| <S> | Estimated Lives <C> | 1998 <C> | 1997 <C> |
|---|---|---|---|
| Leasehold improvements | shorter of lease term or life | $ 959,286 | $ 933,392 |
| Furniture, fixtures and equipment | 3 to 7 years | 2,308,601 | 2,138,002 |
| Vehicles | 5 years | 134,950 | 57,916 |
| Computer equipment | 3 to 5 years | 485,034 | 517,304 |
| Leasehold interest | | 600,089 | 600,089 |
| | | 4,487,960 | 4,246,703 |
| Accumulated depreciation and amortization | | (2,415,974) | (2,405,836) |
| | | $ 2,071,986 | $ 1,840,867 |

</TABLE>



3. LONG-TERM DEBT

Long-term debt consists of the following at December 31:

| | 1998 | 1997 |
|---|---|---|
| Notes payable to bank, bearing interest at 7.75%, payable in monthly principal and interest installments of $26,031 through April 2000 | $392,571 | |
| Notes payable to bank, bearing interest at 7.75%, payable in monthly principal and interest installments of $12,898 through November 2000 | 274,992 | |
| Notes payable to bank, bearing interest at 8.75% to 10.25%, payable in monthly principal and interest installments of $39,375; repaid in February 1998 | | $303,348 |
| Notes payable to bank, bearing interest at 8.48% to 8.85%, payable in monthly principal and interest installments of $32,995 through July 1999; repaid in February 1998 | | 430,590 |
| Other - repaid in February 1998 | | 50,000 |
| Total long-term debt | 667,563 | 783,938 |
| Less current portion | 430,492 | 492,216 |
| Long-term debt, net of current maturities | $237,071 | $291,722 |

The notes payable to bank are collateralized by accounts receivable, equipment and inventories, to the extent not subject to priority claims. In March 1999, all outstanding debt was repaid.

4. INCOME TAXES

The components of the income tax provision are as follows for the years ended December 31:

| | 1998 | 1997 | 1996 |
|---|---|---|---|
| Current: | | | |
| Federal | $1,786,940 | $1,634,445 | $1,028,557 |
| State | 263,933 | 241,175 | 149,539 |
| | 2,050,873 | 1,875,620 | 1,178,096 |
| Deferred: | | | |
| Federal | 79,269 | (53,570) | (11,253) |
| State | 7,694 | (8,292) | (1,742) |
| | 86,963 | (61,862) | (12,995) |
| | $2,137,836 | $1,813,758 | $1,165,101 |



The effective tax rate differs from the statutory federal tax rate primarily due to state income taxes.

The Company's current deferred tax assets relate primarily to temporary differences associated with accrued liabilities and inventories. The noncurrent deferred tax liabilities primarily relate to temporary differences associated with property and equipment and its investment in the Joint Venture.

5. COMMITMENTS AND CONTINGENCIES

The Company leases office, retail and warehouse space under long-term lease agreements which are classified as operating leases. The Company subleases a portion of the office space under noncancelable operating leases. Future minimum lease commitments under all operating leases as of December 31, 1998 are as follows:

<TABLE>
<CAPTION>

| | Lease Commitment |
|---|---|
| 1999 | $1,113,208 |
| 2000 | 1,122,235 |
| 2001 | 1,052,573 |
| 2002 | 1,013,472 |
| 2003 | 858,586 |
| Total minimum lease payments | $5,160,074 |

</TABLE>

Minimum rental expense and sublease rental income related to land and building leases are as follows:

<TABLE>
<CAPTION>

| | 1998 | 1997 | 1996 |
|---|---|---|---|
| Minimum rental expense | $1,127,533 | $1,045,091 | $997,279 |
| Sublease rental income | (137,435) | (78,095) | (58,843) |
| Net rent expense | $ 990,098 | $ 966,996 | $938,436 |

</TABLE>

In connection with the Company's investment in the Joint Venture (Note 1), the Company has guaranteed debt of the Joint Venture aggregating $1,246,088 as of December 31, 1998.



6. RELATED PARTIES

Lewan & Associates, Inc. leases office machines and furniture from a partnership whose general partner is a significant shareholder of the Company. The leases have various expiration dates ranging from twenty four months to sixty months. These machines are used by the Company as rental machines for its customers. During 1998, 1997 and 1996, the Company paid rental fees to the partnership of $456,031, $363,481 and $363,905 respectively. In addition, the Company received $12,000, $12,000 and $11,000 in 1998, 1997 and 1996, respectively, from the partnership in payment for administrative services under the rental program.

Four of the properties leased by the Company for office, retail and warehouse space are owned partially or totally by shareholders of the Company. Lease payments for these properties amounted to approximately $783,096, $741,680 and $646,998, in 1998, 1997 and 1996, respectively.

Future minimum lease payments to related parties totaling $3,851,502 are included in Note 5.

7. EMPLOYEE BENEFITS

The Company has established a profit sharing plan (Plan) for qualified employees as well as an employees' thrift savings plan established under the provisions of Internal Revenue Code Section 401(k). Contributions to the profit sharing plan are made annually at the discretion of the Company's Board of Directors. In 1998, 1997 and 1996, contributions totaling $700,000, $1,000,000 and $850,000, respectively, were made to the Plan.

Additionally, the Company made a matching contribution of one dollar in 1998, 1997 and 1996, for every dollar the employees contributed to the 401(k) plan with a limit of $600 per employee in 1998, and $500 per employee in 1997 and 1996. Matching contributions to the 401(k) totaled $189,500, $153,000, and $144,740 in 1998, 1997 and 1996, respectively.

While the Company expects to continue the Plan indefinitely, it has reserved the right to modify, amend, or terminate the Plan. In the event of termination, the entire amount contributed under the Plan must be applied to the payment of benefits to the participants or their beneficiaries.

8. SUBSEQUENT EVENTS

In March 1999, the Company issued 40,000 shares of its common stock to an employee/officer/ shareholder as stock based compensation and recognized related expense of $590,400.

In March 1999, the Company sold its interest in its subsidiary Colorado Boulevard Partners to certain of the other partners in the partnership for a total of $200,000. The sale resulted in a loss of approximately $241,000.

The Company terminated its profit sharing plan effective May 31, 1999 and, in connection therewith, all participant accounts became 100% vested. The Company contributed $503,813 to the Plan during the period ended May 31, 1999.

On June 24, 1999, all outstanding common stock of the Company was acquired by Global Imaging Systems, Inc.

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LEWAN & ASSOCIATES, INC.
UNAUDITED INTERIM FINANCIAL STATEMENTS

The unaudited interim financial statements of Lewan & Associates ("Lewan") as of March 31, 1999 and for the three month periods ended March 31, 1999 and 1998 do not provide all disclosures included in the annual financial statements. These interim financial statements should be read in conjunction with the annual audited financial statements and the footnotes thereto. Results for the interim periods are not necessarily indicative of the results for the fiscal year ending December 31, 1999. In the opinion of management, the accompanying interim financial statements reflect all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the financial position and results of operations of Lewan.



Lewan & Associates, Inc.
Unaudited Balance Sheet
As of March 31, 1999

<TABLE>
<CAPTION>
ASSETS

| <S> | <C> |
|---|---|
| CURRENT ASSETS: | |
| Cash and cash equivalents | $ 3,871,380 |
| Trade accounts receivable | 8,353,347 |
| Other receivables | 832,519 |
| Inventories | 4,892,856 |
| Prepaid expenses | 31,648 |
| Deferred income taxes | 369,143 |
| Total current assets | 18,350,893 |
| RENTAL AND LEASED EQUIPMENT, net | 5,552,270 |
| PROPERTY AND EQUIPMENT, net | 1,512,794 |
| OTHER NON-CURRENT ASSETS | 118,134 |
| TOTAL ASSETS | $25,534,091 |

</TABLE>



Lewan & Associates, Inc.
Unaudited Balance Sheet
As of March 31, 1999

<TABLE>
<CAPTION>
LIABILITIES AND STOCKHOLDERS' EQUITY
<S> <C>

CURRENT LIABILITIES:

| | |
|---|---|
| Trade accounts payable | $ 5,849,251 |
| Accrued salaries, wages and benefits | 2,695,451 |
| Accrued expenses | 731,085 |
| Deferred revenue | 2,950,040 |
| Total current liabilities | 12,225,827 |
| STOCKHOLDERS' EQUITY: | |
| Common Stock | 1,203,970 |
| Retained earnings | 12,104,294 |
| Total stockholders' equity | 13,308,264 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | $25,534,091 |

</TABLE>



Lewan & Associates, Inc.
Unaudited Statements of Income
For the Three Months Ended March 31, 1999 and 1998

<TABLE>
<CAPTION>

| | 1999 | 1998 |
|---|---|---|
| REVENUES | | |
| <S> | <C> | <C> |
| Equipment and supplies sales | $13,127,928 | $ 9,533,498 |
| Service and rentals | 6,270,762 | 5,963,924 |
| Total Revenues | 19,398,690 | 15,497,422 |
| COST AND OPERATING EXPENSES: | | |
| Cost of equipment and supplies sales | 10,234,230 | 6,360,076 |
| Service and rentals cost | 2,917,721 | 3,016,620 |
| Selling, general and administrative expense | 6,318,582 | 4,460,921 |
| Total costs and operating expenses | 19,470,533 | 13,837,617 |
| INCOME (LOSS) FROM OPERATIONS | (71,843) | 1,659,805 |
| OTHER INCOME (EXPENSE): | | |
| Interest income | 23,726 | 21,454 |
| Interest expense | (23,197) | (15,895) |
| Loss on sale of partnership | (241,000) | 0 |
| INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES | (312,314) | 1,665,364 |
| PROVISION FOR INCOME TAXES | (120,000) | 619,515 |
| NET INCOME (LOSS) | $ (192,314) | $ 1,045,849 |

</TABLE>

<TABLE>
<CAPTION>
Lewan & Associates, Inc.
Unaudited Statements of Cash Flows
For the Three Months Ended March 31, 1999 and 1998

| | 1999 | 1998 |
|---|---|---|
| <S> | <C> | <C> |
| OPERATING ACTIVITIES: | | |
| Net income (loss) | $ (192,314) | $ 1,045,849 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Depreciation and amortization | 738,984 | 820,859 |
| Allowance for doubtful accounts receivable | 71,747 | 1,850 |
| (Gain) loss on sale of property and equipment | 561,205 | (204,153) |
| Stock issued for compensation | 590,400 | 0 |
| Deferred tax (benefit) | (371,559) | 0 |
| Changes in operating assets and liabilities: | | |
| Trade accounts receivable | 1,025,971 | 2,353,376 |
| Other receivables | (624,951) | 4,603 |
| Inventories | (66,623) | (848,832) |
| Prepaid expenses | (27,471) | (24,516) |
| Rental equipment | (810,780) | (636,193) |
| Other assets | (29,473) | (2,822) |
| Trade accounts payable | 882,643 | (1,158,233) |
| Accrued salaries, wages and benefits | (530,770) | (233,938) |
| Other accrued expenses | 93,699 | (6,092) |
| Deferred revenue | 65,691 | (304,934) |
| Net cash provided by operating activities | 1,376,399 | 806,824 |
| INVESTING ACTIVITIES: | | |
| Purchase of property and equipment | (812,916) | (383,229) |
| Proceeds from sale of property and equipment | 687,323 | 444,886 |
| Net cash provided by (used in) investing activities | (125,593) | 61,657 |
| FINANCING ACTIVITIES: | | |
| Principal payments on long term debt | (667,563) | (783,938) |
| Net cash used in financing activities | (667,563) | (783,938) |
| INCREASE IN CASH AND CASH EQUIVALENTS | 583,243 | 84,543 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | 3,288,137 | 2,788,038 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | $ 3,871,380 | $ 2,872,581 |

</TABLE>



(b) Pro Forma Financial Information.

The following pro forma financial information required pursuant to Article 11 of Regulation S-X previously omitted from the Company's 8-K filed on June 24, 1999 is filed with this amendment:

Introduction to Unaudited Pro Forma Consolidated Financial Data.
Unaudited Pro Forma Consolidated Statement of Operations for the fiscal year ended March 31, 1999.
Notes to Unaudited Pro Forma Consolidated Statement of Operations for the fiscal year ended March 31, 1999.
Unaudited Pro forma Consolidated Balance Sheet as of March 31, 1999.
Notes to Unaudited Pro Forma Consolidated Balance Sheet as of March 31, 1999.



GLOBAL IMAGING SYSTEMS, INC.
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA

On June 24, 1999 Global acquired all of the issued and outstanding stock of Lewan & Associates, Inc. ("Lewan") pursuant to a Merger Agreement, dated as of June 24, 1999, by and among Global, Lewan Acquisition, Inc., Lewan and the shareholders of Lewan.

The accompanying unaudited pro forma consolidated statement of operations for the fiscal year ended March 31, 1999 gives effect to the acquisition by the Company of Lewan ("the acquisition") as if it had occurred on April 1, 1998. The unaudited pro forma consolidated balance sheet at March 31, 1999 gives effect to the acquisition as if it had occurred on March 31, 1999.

The pro forma adjustments, based on the historical financial statements of the acquired entity, giving effect to the transaction under the purchase method of accounting, are based on currently available information, as well as upon certain assumptions that management believes are reasonable. As such, the total cost of the acquisition has been allocated to the net tangible and intangible assets acquired, and liabilities assumed, based upon their respective fair values at the effective date of the acquisition.

The unaudited pro forma consolidated financial statements are not necessarily indicative of either future results of operations, or results of operations or financial position that might have been achieved, had the acquisition in fact been consummated at the beginning of the period, or at the balance sheet date, referenced above. The unaudited pro forma financial data should be read in conjunction with the consolidated financial statements of the Company and the historical financial statements of Lewan, and related notes set forth herein.



<TABLE>
<CAPTION>

GLOBAL IMAGING SYSTEMS, INC.
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FISCAL YEAR ENDED MARCH 31, 1999
(in thousands except per share data)

| | Historical | | | |
|---|---|---|---|---|
| | Global Imaging Systems, Inc.(a) | Lewan & Associates, Inc. (b) | Pro Forma Adjustments | Pro Forma |
| <S> | <C> | <C> | <C> | <C> |
| Revenues: | | | | |
| Equipment and supplies sales | $ 218,653 | $ 46,266 | $ - | $ 264,919 |
| Service and rentals | 69,542 | 24,651 | | 94,193 |
| Total Revenues | 288,195 | 70,917 | - | 359,112 |
| Costs and operating expenses: | | | | |
| Cost of equipment and supplies sales | 154,083 | 34,644 | - | 188,727 |
| Service and rental costs | 34,434 | 12,334 | - | 46,768 |
| Selling, general and administrative expenses | 63,133 | 18,414 | - | 81,547 |
| Intangible asset amortization | 4,627 | - | 1,388 (c) | 6,015 |
| Total costs and operating expenses | 256,277 | 65,392 | 1,388 | 323,057 |
| Income from operations | 31,918 | 5,525 | (1,388) | 36,055 |
| Interest expense | (8,427) | 135 | (3,760)(d) | (12,052) |
| Income before income taxes | 23,491 | 5,660 | (5,148) | 24,003 |
| Income taxes | 10,390 | 2,138 | (1,378)(e) | 11,150 |
| Net income | $ 13,101 | $ 3,522 | $ (3,770) | $ 12,853 |
| Earnings per share, basic | $ 0.80 | | | $ 0.77 |
| Earnings per share, diluted | $ 0.78 | | | $ 0.75 |
| Weighted average number of shares used in the calculation, basic | 16,478 | | | 16,767 |
| Weighted average number of shares used in the calculation, diluted | 16,811 | | | 17,100 |

</TABLE>

See accompanying notes to the unaudited pro forma consolidated financial statements.

NOTES TO UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FISCAL YEAR ENDED MARCH 31, 1999
(in thousands)

(a) This column represents the historical consolidated results of operations of Global for the fiscal year ended March 31, 1999 excluding the effects of an extraordinary item of $1,817, net of taxes of $1,241.

(b) This column represents the historical operating results of Lewan for the fiscal year ended December 31, 1998. This information was used in lieu of the twelve months ended March 31, 1999 because it was within 93 days of the Global's fiscal year end. Certain reclassifications have been made to be consistent with Global's presentation.

(c) Reflects additional goodwill amortization expense of $1,055 and non-compete covenant amortization expense of $333. The goodwill amortization period is 40 years; goodwill is amortized using the straight-line method. The non-compete covenant amortization period is 3 years; the non-compete covenant is amortized using the straight-line method.

(d) Reflects additional interest expense related to borrowings that would have been incurred by Global to finance the acquisition had the acquisition been consummated at April 1, 1998. An average interest rate of 7.25% was used for this calculation which approximates the Company's average borrowing rate during such period.

(e) Represents the income tax benefit on purchase accounting adjustments and other pro forma adjustments of ($1,504) and additional income tax expense of $126 on historical earnings of Lewan based on an effective rate of approximately 40%.



<TABLE>
<CAPTION>

GLOBAL IMAGING SYSTEMS, INC.
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
March 31, 1999
(in thousands)

| | Historical | | | |
|---|---|---|---|---|
| | Global Imaging Systems, Inc. (a) | Lewan & Associates, Inc. (b) | Pro Forma Adjustments | Pro Forma |
| ASSETS | | | | |
| <S> | <C> | <C> | <C> | <C> |
| Current assets: | | | | |
| Cash and cash equivalents | $ 5,176 | $ 3,872 | $ - | $ 9,048 |
| Accounts receivable, net of allowance for doubtful accounts | 45,700 | 8,353 | (115)(c) | 53,938 |
| Inventories | 36,793 | 4,893 | (410)(d) | 41,276 |
| Deferred income taxes | 2,591 | 369 | - | 2,960 |
| Prepaid expenses and other current assets | 1,940 | 864 | 390 (e) | 3,194 |
| Total current assets | 92,200 | 18,351 | (135) | 110,416 |
| Rental equipment, net | 4,377 | 5,552 | (100)(f) | 9,829 |
| Property and equipment, net | 6,409 | 1,513 | - | 7,922 |
| Other assets | 781 | 118 | - | 899 |
| Related party notes receivable | 47 | - | - | 47 |
| Intangible assets, net: | | | | |
| Goodwill | 201,307 | - | 41,094 (g) | 242,401 |
| Noncompete agreements | 1,207 | - | 1,000 (h) | 2,207 |
| Financing fees | 4,091 | - | - | 4,091 |
| Total assets | $ 310,419 | $ 25,534 | $ 41,859 | $ 377,812 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | |
| Current liabilities: | | | | |
| Accounts payable | $ 16,718 | $ 5,849 | $ - | $ 22,567 |
| Accrued liabilities | 7,584 | 948 | 250 (i) | 8,782 |
| Accrued compensation and benefits | 5,221 | 2,696 | - | 7,917 |
| Current maturities of long-term debt | 176 | - | - | 176 |

| | | | | |
|---|---|---|---|---|
| Deferred revenue | 16,195 | 2,950 | 100 (j) | 19,245 |
| Income taxes payable | 1,383 | - | - | 1,383 |
| Total current liabilities | 47,277 | 12,443 | 350 | 60,070 |
| Long-term debt, less current maturities | 168,101 | - | 50,000 (k) | 218,101 |
| Deferred income taxes | 142 | - | - | 142 |
| Total liabilities | 215,520 | 12,443 | 50,350 | 278,313 |
| Stockholders' equity: | | | | |
| Common stock | 187 | - | 3 (l) | 190 |
| Common stock held in treasury, at cost | (35) | - | - | (35) |
| Additional paid-in capital | 83,817 | 1,204 | 3,393 (m) | 88,414 |
| Retained earnings | 10,930 | 11,887 | (11,887) (n) | 10,930 |
| Total stockholders' equity | 94,899 | 13,091 | (8,491) | 99,499 |
| Total liabilities and stockholders' equity | $ 310,419 | $ 25,534 | $ 41,859 | $ 377,812 |

</TABLE>

See accompanying notes to the unaudited pro forma consolidated financial statements.



NOTES TO UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
MARCH 31, 1999
(in thousands)

(a) This column represents the historical consolidated balance sheet of the Company as of March 31, 1999.

(b) This column represents the historical balance sheet of Lewan as of March 31, 1999.

(c) This represents an adjustment to record accounts receivable at estimated fair value.

(d) This represents an adjustment to record inventory at estimated fair value.

(e) This represents the tax impact of recording purchase accounting adjustments.

(f) This represents an adjustment to record rental equipment at estimated fair value.

(g) This represents the portion of the purchase price allocated to goodwill as a result of the acquisition of Lewan.

(h) This represents the portion of the purchase price allocated to the non-compete covenant as a result of the acquisition of Lewan.

(i) This represents an adjustment to record accrued liabilities at estimated fair value.

(j) This represents an adjustment to record deferred revenues at estimated fair value.

(k) This represents cash borrowed to fund the acquisition.

(l) Represents the par value of 289 shares of Global common stock issued to the sellers of Lewan in the amount of $3 in connection with the acquisition.

(m) Represents additional paid-in capital on Global's common stock issued to the sellers of Lewan in connection with the acquisition, of $4,597 and offset by the elimination of additional paid-in capital on Lewan common stock of $1,204.

(n) This represents the elimination of Lewan's retained earnings.



(c) Exhibits.

| Exhibit Number | Description |
|---|---|

| | |
|---|---|
| 10.1 | Stock Purchase Agreement, dated as of June 24, 1999, by and among Global, as Buyer, Lewan, Paul R. Lewan and the other persons named therein as Sellers. |
| 23.1 | Consent of Deloitte & Touche LLP |

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 thereunto duly authorized.

Date: July 27, 1999

GLOBAL IMAGING SYSTEMS, INC.

/s/ Raymond Schilling
-------------------------------
Raymond Schilling
Senior Vice President, Chief Financial Officer, Secretary and Treasurer



| Exhibit Number | Description |
|---|---|
| 10.1* | Stock Purchase Agreement, dated as of June 24, 1999, by and among Global, as Buyer, Lewan, Paul R. Lewan and the other persons named therein as Sellers. |
| 23.1 | Consent of Deloitte & Touche LLP |

* Previously filed.

Exhibit 23.1

CONSENT OF DELOITTE & TOUCHE LLP

We consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-62765) of Global Imaging Systems, Inc. of our report dated March 5,1999, except for Note 8, as to which the date is June 24, 1999 (relating to the Financial Statements of Lewan & Associates, Inc. as of December 31, 1998 and 1997 and for each of the three years in the period ended December 31, 1998) included in this Current Report on Form 8-K/A.

/s/ Deloitte & Touche LLP

Denver, Colorado
July 23, 1999