

Edgar Filing: ION NETWORKS INC - Form 8-K

ION NETWORKS INC  
Form 8-K  
September 16, 2002

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): September 13, 2002

ION NETWORKS, INC.

-----  
(Exact Name of Registrant as Specified in its Charter)

|   |                          |   |
|---|--------------------------|---|
| Delaware  | 000-13117                | 22-2413505                              |
| -----   | -----                    | -----                                   |
| (State or Other Jurisdiction<br>of Incorporation) | (Commission File Number) | (I.R.S. Employer<br>Identification No.) |

|  |            |
|--|------------|
| 1551 South Washington Avenue<br>Piscataway, New Jersey | 08854      |
| -----  | -----      |
| (Address of Principal Executive Offices)               | (Zip Code) |

(Registrant's telephone number, including area code): (732) 529-0100

Not Applicable

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(Former Name or Former Address, if Changed Since Last Report)

Item 5. Other Events.

On September 13, 2002, ION Networks, Inc. (the "Company"), received equity financing in the amount of \$300,303.00 (the "Preferred Stock Financing") for the issuance of 166,835 unregistered shares of the Company's Series A Preferred Stock (the "Preferred Stock") at \$1.80 per share. Each share of Preferred Stock is convertible into 10 shares of the Company's Common Stock at the conversion price of \$0.18, which was the last closing bid price of the Company's Common Stock on Friday September 13, 2002. The Preferred Stock is non-voting, has a standard liquidation preference equal to its purchase price, and does not pay dividends. Proceeds of the Preferred Stock Financing will be used for working capital and general corporate purposes. All of the shares of Preferred Stock were purchased by directors and management of the Company. The purpose of the Preferred Stock Financing is to enable the Company to comply with the Nasdaq SmallCap Market's initial listing requirement of a minimum of \$5,000,000 of stockholders' equity so that the Company may be eligible for an additional 180-day grace period to attempt to regain compliance with the \$1.00

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minimum bid price requirement of the Nasdaq SmallCap Market.

### Item 9. Regulation FD Disclosure.

Below is the Company's pro forma balance sheet as of June 30, 2002 adjusted to reflect the funds received by the Company as a result of the Preferred Stock Financing.

[Pro Forma Balance Sheet follows.]

### ION Networks, Inc. and Subsidiaries Pro Forma Condensed Consolidated Balance Sheet (Unaudited)

The following pro forma condensed consolidated balance sheet at June 30, 2002 has been presented as if the Preferred Stock Financing described in Note (1) below had occurred on June 30, 2002. This pro forma condensed consolidated balance sheet does not purport to represent what the Company's financial condition or results of operations would actually have been if the Preferred Stock Financing had in fact occurred on June 30, 2002.

|   | JUNE 30, 2002 |    |
|---|---------------|----|
|   | (HISTORICAL)  |    |
|   | -----         |    |
| <b>Assets</b>   |               |    |
| Current assets:   |               |    |
| Cash and cash equivalents .....   | \$ 2,472,024  | \$ |
| Accounts receivable, net of allowance for doubtful accounts of \$206,137 and \$149,999 respectively ..... | 823,262       |    |
| Other receivables .....   | 12,900        |    |
| Inventory, net .....  | 1,534,983     |    |
| Prepaid expenses and other current assets .....   | 185,961       |    |
| Related party notes receivable .....  | 83,657        |    |
|   | -----         |    |
| Total current assets .....  | 5,112,787     |    |
| Restricted cash .....   | 125,700       |    |
| Property and equipment at cost, net of accumulated depreciation of \$2,880,800 .....                      | 672,070       |    |
| Capitalized software, less accumulated amortization of \$3,583,212 .....                                  | 889,674       |    |
| Other assets .....  | 64,968        |    |
|   | -----         |    |
| Total assets .....  | \$ 6,865,199  | \$ |
|   | -----         |    |
| <b>Liabilities and stockholders' equity</b>   |               |    |
| Current liabilities:  |               |    |
| Current portion of capital leases .....   | \$ 74,426     |    |
| Current portion of long-term debt .....   | 12,238        |    |
| Accounts payable .....  | 839,372       |    |
| Accrued expenses .....  | 362,186       | \$ |
| Accrued payroll and related liabilities .....   | 366,218       |    |
| Deferred income .....   | 137,625       |    |
| Sales tax payable .....   | 137,570       |    |
| Other current liabilities .....   | 84,245        |    |
|   | -----         |    |
| Total current liabilities .....   | 2,013,880     |    |
| Long-term portion of capital leases .....   | 126,869       |    |

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|  |              |
|--|--------------|
| Long-term debt, net of current portion .....   | 5,241        |
| Commitments and contingencies  |              |
| Stockholders' equity:  |              |
| Preferred stock, par value \$.001 per share; authorized<br>1,000,000 shares, none issued (historical)  |              |
| Series A Preferred Stock, par value \$.001 per share; no shares<br>authorized or issued (historical); 200,000 shares designated<br>and 166,835 shares issued and outstanding (pro forma) | --           |
| Common stock, par value \$.001 per share; authorized 50,000,000 shares,<br>25,138,001 shares issued and outstanding at June 30, 2002 .....   | 25,138       |
| Additional paid-in capital .....   | 44,381,454   |
| Notes receivable from officers .....   | (549,914)    |
| Accumulated deficit .....  | (39,146,058) |
| Accumulated other comprehensive income .....   | 8,589        |
|  | -----        |
| Total stockholders' equity .....   | 4,719,209    |
|  | -----        |
| Total liabilities and stockholders' equity .....   | \$ 6,865,199 |
|  | -----        |

- (1) Based on the issuance on September 16, 2002 of 166,835 shares of Series A Preferred Stock at a price of \$1.80 per share.
- (2) Estimated expenses of \$15,000 related to the Preferred Stock Financing.

The pro forma financial information in this Current Report on Form 8-K is furnished pursuant to Item 9 and shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section.

Exhibits.

| Exhibit No. | Description   |
|-------------|---|
| -----       | -----   |
| 10.29       | Purchase Agreement dated September 13, 2002 by and among the Company and the Investors identified therein.            |
| 10.30       | Registration Rights Agreement dated September 13, 2002 by and among the Company and the Investors identified therein. |

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 hereunto duly authorized.

Date: September 16, 2002

ION NETWORKS, INC.

By: /s/ Ted Kaminer

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 Ted Kaminer  
 Chief Financial Officer  
 (Principal Financial Officer and  
 Principal Accounting Officer)

