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KOGER EQUITY INC  
Form 8-K  
September 02, 2003

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 2, 2003

KOGER EQUITY, INC.

(Exact name of registrant as specified in its charter)

FLORIDA

(State or other jurisdiction of incorporation)

1-9997

59-2898045

(Commission File Number)

(IRS Employer Identification No.)

225 NE Mizner Boulevard, Suite 200  
Boca Raton, Florida

33432

(Address of principal executive offices)

(Zip Code)

(561) 395-9666

(Registrant's telephone number, including area code)

N/A

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

Item 5. Other Events.

(a) The historical ratio of earnings to fixed charges for the periods indicated  
is as follows:

| Six Months<br>Ended June 30, |       | Years Ended De |       |
|------------------------------|-------|----------------|-------|
| 2003                         | 2002  | 2002           | 2001  |
| -----                        | ----- | -----          | ----- |

Earnings:

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|   |        |        |        |          |
|---|--------|--------|--------|----------|
| Net income                                      | 7,721  | 9,488  | 16,423 | 73,223   |
| Adjustments:                                    |        |        |        |          |
| Income taxes                                    | (21)   | 94     | (413)  | 684      |
| Minority interest                               | -      | 20     | 20     | 1,044    |
| Equity in earnings of unconsolidated subsidiary | -      | -      | -      | (81)     |
| Interest expense                                | 14,045 | 11,236 | 23,252 | 25,204   |
| Amortization of loan costs                      | 725    | 588    | 1,893  | 908      |
| Distributed income of equity investees          | -      | -      | 2,750  | -        |
| Interest capitalized                            | -      | -      | -      | (207)    |
| Gain on sale of assets                          | (589)  | (1)    | (21)   | (39,189) |
| -----   |        |        |        |          |
| Earnings  | 21,881 | 21,425 | 43,904 | 61,586   |
| =====   |        |        |        |          |
| Fixed Charges:                                  |        |        |        |          |
| Interest expense                                | 14,045 | 11,236 | 23,252 | 25,204   |
| Interest capitalized                            | -      | -      | -      | 207      |
| Amortization of deferred loan costs             | 725    | 588    | 1,893  | 908      |
| Preferred stock dividends                       | -      | -      | -      | -        |
| -----   |        |        |        |          |
| Total Fixed Charges                             | 14,770 | 11,824 | 25,145 | 26,319   |
| =====   |        |        |        |          |
| Ratio of Earnings to Fixed Charges              | 1.48   | 1.81   | 1.75   | 2.34     |
| =====   |        |        |        |          |

For purposes of calculating the above ratios, earnings represent net income from our consolidated statements of operations, as adjusted for fixed charges and dividends on preferred stock. Fixed charges represent interest expense from our consolidated statements of operations. The ratios are based solely on historical financial information and no pro forma adjustments have been made thereto.

(b) Information about securities underlying Koger Equity, Inc.'s outstanding stock options at December 31, 2002 is as follows:

| Plan Category             | Number of Securities to be Issued upon Exercise of Outstanding Options | Weighted Average Exercise Price Outstanding |
|---------------------------|--|---|
| -----                     |  |   |
| Equity Compensation Plans |  |   |
| Approved by Stockholders  | 449,113  | 19.50                                       |
| Equity Compensation Plans |  |   |

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|                              |               |       |
|------------------------------|---------------|-------|
| Not Approved by Stockholders | 1,704,894 (1) | 17.14 |
| Total                        | 2,154,007     | 17.60 |

(1) Includes the following options, all of which were granted at an exercise price equal to the closing market price on the date of grant with a term of ten years:

1. Options to purchase 1,525,000 shares granted to certain officers in connection with their initial employment with the Company. These grants are summarized as follows:

| Officer               | Title                          | Number of<br>Options | Exercise<br>Price | Date of<br>Grant |
|-----------------------|--------------------------------|----------------------|-------------------|------------------|
| Thomas J. Crocker     | Chief Executive Officer        | 700,000              | \$16.0625         | Fe               |
| Robert E. Onisko      | Chief Financial Officer        | 300,000              | 16.0625           | Fe               |
| Thomas C. Brockwell   | Senior Vice President          | 200,000              | 17.5625           | Ju               |
| Christopher L. Becker | Senior Vice President          | 200,000              | 17.5625           | Ju               |
| David B. Hiley        | Former Chief Financial Officer | 125,000              | 22.8125           | Fe               |

2. Options to purchase 30,294 shares granted to lower echelon employees.
3. Options to purchase 44,000 shares granted in 1997 to the then outside directors. These grants are summarized as follows:

| Title                   | Number of<br>Options | Exercise<br>Price | Date of<br>Grant |
|-------------------------|----------------------|-------------------|------------------|
| D. Pike Aloian          | 4,000                | \$19.8125         | August 19,       |
| Benjamin C. Bishop, Jr. | 4,000                | 19.8125           | August 19,       |
| Irvin H. Davis          | 4,000                | 19.8125           | August 19,       |
| David B. Hiley          | 4,000                | 19.8125           | August 19,       |
| John R.S. Jacobsson     | 4,000                | 19.8125           | August 19,       |
| G. Christian Lantzsch   | 4,000                | 19.8125           | August 19,       |
| William L. Mack         | 4,000                | 19.8125           | August 19,       |
| Lee S. Neibart          | 4,000                | 19.8125           | August 19,       |
| Edward Scheetz          | 4,000                | 19.8125           | August 19,       |
| George F. Staudter      | 4,000                | 19.8125           | August 19,       |
| S.D. Stoneburner        | 4,000                | 19.8125           | August 19,       |

4. Options to purchase 80,600 shares granted pursuant to a non-statutory stock option plan available to all employees of the Company.

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5. Options to purchase 25,000 shares granted to the Company's outside legal counsel and assistant secretary. Harold F. McCart, Jr. was granted this option on May 19, 1998 at an exercise price of \$21.25. This option is fully vested.
- (2) Includes the following options available for grant at a exercise price equal to at least the closing market price on the date of grant for a term not to exceed ten years:
  1. Options to purchase up to 119,706 shares available for grant pursuant to an option plan available to lower echelon employees.
  2. Options to purchase up to 155,700 shares available for grant pursuant to a non-statutory stock option plan available for all employees of the Company. This plan expires on November 18, 2006. The Company's Compensation Committee has plenary authority to grant options under this plan subject to any conditions it may determine except for option price and term.

Item 7. Financial Statements and Exhibits.

(c) Exhibits.

- (12) Statements regarding Computation of Ratios.

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.

KOGER EQUITY, INC.

Dated: September 2, 2003

By: /s/ Steven A. Abney

\_\_\_\_\_  
Steven A. Abney  
Vice President, Finance and Chief  
Accounting Officer  
(Principal Financial Officer)  
Koger Equity, Inc.

EXHIBIT INDEX

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|             |   |
|-------------|---|
| Exhibit No. | Description                                 |
| -----       | -----                                       |
| 12          | Statements regarding Computation of Ratios. |

EXHIBIT 12

KOGER EQUITY, INC.  
Ratio of Earnings to Fixed Charges  
(In Thousands except Ratios)

|   | Six Months<br>Ended June 30, |        | Years Ended De |          |
|---|------------------------------|--------|----------------|----------|
|   | 2003                         | 2002   | 2002           | 2001     |
| -----   |                              |        |                |          |
| Earnings:                                       |                              |        |                |          |
| Net income                                      | 7,721                        | 9,488  | 16,423         | 73,223   |
| Adjustments:                                    |                              |        |                |          |
| Income taxes                                    | (21)                         | 94     | (413)          | 684      |
| Minority interest                               | -                            | 20     | 20             | 1,044    |
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| Interest capitalized                            | -                            | -      | -              | (207)    |
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|   | -----                        |        |                |          |
| Earnings  | 21,881                       | 21,425 | 43,904         | 61,586   |
|   | =====                        |        |                |          |
| Fixed Charges:                                  |                              |        |                |          |
| Interest expense                                | 14,045                       | 11,236 | 23,252         | 25,204   |
| Interest capitalized                            | -                            | -      | -              | 207      |
| Amortization of deferred loan costs             | 725                          | 588    | 1,893          | 908      |
| Preferred stock dividends                       | -                            | -      | -              | -        |
|   | -----                        |        |                |          |
| Total Fixed Charges                             | 14,770                       | 11,824 | 25,145         | 26,319   |
|   | =====                        |        |                |          |
| Ratio of Earnings to Fixed Charges              | 1.48                         | 1.81   | 1.75           | 2.34     |
|   | =====                        |        |                |          |

