

Edgar Filing: TENET INFORMATION SERVICES INC - Form 10KSB

TENET INFORMATION SERVICES INC  
Form 10KSB  
October 14, 2003

FORM 10-K(SB)

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D)  
OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934 (Fee Required)

For the fiscal year ended June 30, 2003

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934 (No Fee Required)

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No.  
0-18113

TENET INFORMATION SERVICES, INC.  
(Exact name of registrant as specified in its charter)

UTAH  
(State or other jurisdiction  
of incorporation or organization)

87-0405405  
(I.R.S. Employer  
Identification No.)

53 WEST 9000 SOUTH  
SANDY, UTAH  
(Address of principal executive office)

84070  
(Zip Code)

Registrant's telephone number, including area code (801) 568-0899

Securities Registered Pursuant to Section 12 (g) of the Act:

Common Stock  
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. (1) Yes\_ X\_\_ No\_\_ (2) Yes X No\_\_

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB, or any amendment to this Form 10-KSB [ ] .

State issuer's revenues for its most recent fiscal year:\$ 897,755

State the aggregate market value of voting stock held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of a specified date within the past 60 days. No current market value for common stock within last

# Edgar Filing: TENET INFORMATION SERVICES INC - Form 10KSB

60 days.

The number of shares outstanding of the Registrant's Common Stock as of October 13, 2003 was 19,336,205.

## TABLE OF CONTENTS

		Page #
PART I		
Item 1	Business	1
Item 2	Properties	2
Item 3	Legal Proceedings	2
Item 4	Submission of Matters to a Vote of Security Holders	3
PART II		
Item 5	Market for the Registrant's Common Equity and Related Stockholder Matters	3
Item 6	Management's Discussion and Analysis of Financial Condition and Results of Operation	3
Item 7	Financial Statements	5
Item 8	Changes In and Disagreements with Accountants on Accounting and Financial Disclosure	6
Item 8A	Controls and Procedures	6
PART III		
Item 9	Directors, Executive Officers, Promoters and Control Persons of the Registrant: Compliance with Section 16(a) of the Exchange Act	6
Item 10	Executive Compensation	8
Item 11	Security Ownership of Certain Beneficial Owners and Management	10
Item 12	Certain Relationships and Related Transactions	11
PART IV		
Item 13	Exhibits and Reports on Form 8-K	11

# Edgar Filing: TENET INFORMATION SERVICES INC - Form 10KSB

SIGNATURES

12

EXHIBITS

Attached

## ITEM 1: BUSINESS

### GENERAL

Employees of Telemed who organized the buyout of Telemed's pulmonary and respiratory care information services business incorporated the Company on February 24, 1984. In March 1984, the Company purchased that business for cash and a promissory note.

By 1988, annual revenue had grown to \$2.4 million and the Company completed an initial public offering of its common stock through Schneider Securities in 1989. By September 15, 1989, 23 hospitals were using the Company's respiratory care management systems (then referred to as "RCMS") and the Company employed 23 full and part-time employees.

Over time, with improvements in computer hardware and performance, the mini-computer based RCMS product became dated. The last RCMS sale was made in January 1991. In 1994 a new senior management team was put in place. In 1999, based on Y2K issues, a business decision was made to discontinue the RCMS product line.

In the 1995, the Company acquired two complimentary companies; a healthcare consulting company and software to facilitate emergency department patient tracking.

During the fiscal year ended 2003 the Company sold the consulting division and entertained discussions on selling the EdNet product line. Subsequent to June 30, 2003, the company entered into an agreement with Clinical Ventures LLC to sell the EDNet product line pending shareholder approval, which is expected on October 22, 2003.

Due to stagnant market performance over the past several years, the company began reevaluating its strategic alternatives. In May 2003 the company accepted an offer by certain management to re-acquire the healthcare consulting operations.

In July 2003 the company accepted an offer by another software vendor to purchase the companies remaining product line (EDNet) pending shareholder approval.

### ACQUISITIONS:

There have been no acquisitions during the years ended 2002 to 2003

### MARKETING

Historically the company marketing efforts have been directed to the healthcare industry, particularly major hospitals located throughout the country. The company maintains a website ([www.tenetinfo.com](http://www.tenetinfo.com)) which provides company and

## Edgar Filing: TENET INFORMATION SERVICES INC - Form 10KSB

product information.

The position of vice president of sales is currently vacant and is being filled by the president and chief operating officer.

1

### PROTECTION OF PROPRIETARY RIGHTS

The Company holds a registered trademark on the name "IntelliChart{trademark}". In addition, the Company expects to seek certain patent, trademark and/or copyright protection in the further development of its new products, if appropriate. The Company has entered into non-disclosure agreements with employees, consultants and customers to protect its proprietary technology.

### CAPITAL STOCK

The Company's Articles of Incorporation authorize the board of directors, without shareholder approval, to issue up to 1,000,000 shares of preferred stock with such rights and preferences as the board of directors may determine in its discretion. The board of directors has the authority to issue shares of preferred stock having rights prior to the common stock with respect to dividends, voting and liquidation.

The current authorized common stock of the Company is 100,000,000 shares.

### EMPLOYEES

At June 30, 2003, the Company employed four full-time employees, two part-time employee and several independent service contractors. The number of employees and their responsibilities are as follows: Four technical, and two administrative.

### COMPETITION

The health care information systems industry is highly competitive. There are many companies of considerable size and expertise that could enter the Company's market for emergency management systems. The Company is aware of competing emergency department information systems.

### ITEM 2: PROPERTIES

The Company's headquarters were relocated to Sandy, Utah in March 2001. The Company leases approximately 1,920 square feet of office space at a total cost of approximately \$2,414 per month. This is pursuant to a lease that expires on November 9, 2004.

### ITEM 3: LEGAL PROCEEDINGS

The Company is not a party to any material pending legal proceedings, nor to the knowledge of management, is any litigation threatened against the Company.

2

## Edgar Filing: TENET INFORMATION SERVICES INC - Form 10KSB

### ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Subsequent to June 30, 2003 a special meeting of shareholders has been scheduled for October 22, 2003. Reference the proxy filing dated September 24, 2003.

## PART II

### ITEM 5: MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's Common Stock began trading in the over-the-counter market in May 1989. Prices were quoted on the National Association of Security Dealers Automated Quotation System ("NASDAQ") under the symbol "TISI" until November 1, 1991 at which time the Company was suspended from NASDAQ for untimely filings and inadequate financial resources. On September 3, 1996, the symbol was changed to "TISV."

Just prior to its suspension from NASDAQ on November 1, 1991, the reported closing bid and asked prices of the Company's Common Stock were \$.03125 and \$.0625, respectively. In 1996 limited public trading of the Company's Common Stock resumed with price quotations available on the over the counter "bulletin board". During fiscal year ended June 30, 2003 a limited number of shares traded on the bulletin board market at a price range of \$0.03 to \$0.15.

The number of shareholders of record for the Company's Common Stock as of June 30, 2003 was 326, which include depositories and broker/dealers who hold shares of Common Stock in "nominee" or "street" names.

### ITEM 6: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

#### General

The following discussion contains forward-looking statements regarding the company, its business, prospects and results of operations that are subject to risks and uncertainties posed by many factors and events that could cause the company's actual business, prospects and results of operations to differ materially from those that may be anticipated by such forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed herein as well as those discussed under the captions "risk factors" and "business" as well as those discussed elsewhere in this prospectus. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. The Company undertakes no obligation to revise any forward-looking statements in order to reflect events or circumstances that may subsequently arise. Readers are urged to carefully review and consider the various disclosures made by the company in this report and in the company's other reports filed with the securities and exchange commission that attempt to advise interested parties of the risks and factors that may affect the company's business.

#### Results of Operations

Fiscal 2003 Compared with Fiscal 2002

## Edgar Filing: TENET INFORMATION SERVICES INC - Form 10KSB

	ACTUAL			
REVENUES	FY 03	FY 02	Increase	% Change
EDNet Systems	\$525,856	\$ 467,542	\$ 58,314	12%
Cost of Revenues	\$189,756	\$ 225,205	(\$35,449)	(16%)
SGA	\$220,387	\$ 118,815	\$101,572	85%
DEV	\$119,984	\$ 104,658	\$ 15,326	15%
Discontinued Operations	\$ 99,109	\$ 50,336	\$ 48,773	97%
Net Income	\$ 77,474	\$ 70,890	\$ 6,584	9%

During fiscal year 2003 the company had revenues of \$525,856, which represented an increase of \$58,314 or 12% over prior year revenues of \$467,542. The additional revenue in 2003 represented upgrades of existing EDNet customers. Cost of revenues declined 16% from \$225,205 in 2002 to \$189,756 in 2003. The decline was the result of downsizing of the personnel dedicated to operations. The gross margin increased accordingly to 64% from 52% in 2003.

SGA expenses increased 85% to \$220,387 in 2003 as compared to \$118,815 in 2002. This increase resulted from increased legal expenses associated with the sale of the consulting division and the contemplated sale of the EDNet product line. Software development expenses increased 15% to \$119,984 in 2003 from \$104,658 in 2002. This increase resulted from the completion of several customer projects.

During the year the company sold the assets of its consulting division to the management team that operated that division. Profits from discontinued operations in 2003 were \$99,109 as compared to \$50,336 in 2002, a 97% increase.

Net income for the year was \$77,474 or \$0.00 per share as compared to \$70,890 or \$0.00 per share in 2002, an increase of 9%.

### LIQUIDITY AND CAPITAL RESOURCES

The Company's cash position decreased from \$78,585 at year-end 2002 to \$71,250 at year-end 2003. The Company had a working capital deficit of \$170,278 as of June 30, 2003, as compared with a deficit of \$238,431 as of June 30, 2002 a decline of 29%. Operating activities used \$3,101 of cash in 2003 as compared to providing \$62,915 in the corresponding period of the prior fiscal year.

4

The Company's investing activities used \$4,234 in 2003 compared with using \$17,977 in 2002, a decline of \$13,743.

There were no related party advances to the Company during the current year ended June 30, 2003.

While a portion of the current liabilities, approximately \$43,500, is owed to present officers and/or directors, there can be no assurances that these officers/directors will not seek payment in the near term.

Inflation has not had a significant impact on the Company's operations.

# Edgar Filing: TENET INFORMATION SERVICES INC - Form 10KSB

ITEM 7A: MARKET RISK SENSITIVE INSTRUMENTS  
N/A

5

ITEM 7

TENET INFORMATION SERVICES, INC. AND SUBSIDIARY

## TABLE OF CONTENTS

	PAGE
Report of Independent Certified Public Accountants	F-1
Consolidated Financial Statements:	
Consolidated Balance Sheet - June 30, 2003	F-2
Consolidated Statements of Operations for the Years Ended June 30, 2003 and 2002	F-3
Consolidated Statements of Shareholders' Deficit for the Years Ended June 30, 2002 and 2003	F-4
Consolidated Statements of Cash Flows for the Years Ended June 30, 2003 and 2002	F-5
Notes to Consolidated Financial Statements	F-6

HANSEN, BARNETT & MAXWELL  
A Professional Corporation  
CERTIFIED PUBLIC ACCOUNTANTS  
5 Triad Center, Suite 750  
Salt Lake City, UT 84180-1128  
Phone: (801) 532-2200  
Fax: (801) 532-7944  
www.hbmcpas.com

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and the Stockholders  
Tenet Information Services, Inc.

We have audited the accompanying consolidated balance sheet of Tenet Information Services, Inc. (a Utah corporation) and subsidiary as of June 30,

## Edgar Filing: TENET INFORMATION SERVICES INC - Form 10KSB

2003, and the related consolidated statements of operations, shareholders' deficit and cash flows for the years ended June 30, 2003 and 2002. 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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Tenet Information Services, Inc. and subsidiary as of June 30, 2003, and the results of their operations and their cash flows for the years ended June 30, 2003 and 2002 in conformity with accounting principles generally accepted in the United States of America.

/S/ HANSEN, BARNETT & MAXWELL

Salt Lake City, Utah  
September 5, 2003

F-1

### TENET INFORMATION SERVICES, INC. AND SUBSIDIARY CONSOLIDATED BALANCE SHEET JUNE 30, 2003 ASSETS

CURRENT ASSETS	
Cash	\$ 71,250
Accounts receivable	91,097
Note receivable, current portion	6,125
	-----
TOTAL CURRENT ASSETS	168,472
	-----
FURNITURE, FIXTURES AND EQUIPMENT	22,392
Less: accumulated depreciation	(13,609)
	-----
	8,783
	-----
OTHER ASSETS	
Note receivable	19,575
Other assets	3,575
	-----
TOTAL OTHER ASSETS	23,150
	-----
TOTAL ASSETS	\$ 200,405



Edgar Filing: TENET INFORMATION SERVICES INC - Form 10KSB

		=====
LIABILITIES AND SHAREHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable	\$	145,606
Accrued expenses		55,898
Accrued interest		11,391
Deferred revenue		75,059
Billings in excess of work performed		7,290
Amounts due to related parties		43,506
		-----
TOTAL CURRENT LIABILITIES		338,750
		-----
SHAREHOLDERS' DEFICIT		
Preferred stock, \$0.01 par value; 1,000,000 shares authorized, no shares issued		-
Common stock, \$0.001 par value; 100,000,000 shares authorized, 19,336,205 shares issued and outstanding		19,336
Additional paid-in capital		4,853,896
Accumulated deficit		(5,011,577)
		-----
TOTAL SHAREHOLDERS' DEFICIT		(138,345)
		-----
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	\$	200,405
		=====

The accompanying notes are an integral part of these consolidated financial statements.

F-2

TENET INFORMATION SERVICES, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF OPERATIONS  
FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

	2003	2002
	-----	-----
REVENUES: Software license fees and maintenance	\$ 525,856	\$ 467,542
COST OF REVENUES: Software license fees and maintenance	189,756	225,205
	-----	-----
GROSS PROFIT	336,100	242,337
	-----	-----
OPERATING EXPENSES		
Selling, general and administrative	220,387	118,815
Software development	119,984	104,658

Edgar Filing: TENET INFORMATION SERVICES INC - Form 10KSB

TOTAL OPERATING EXPENSES	340,371	223,473
(LOSS)/INCOME FROM OPERATIONS	(4,271)	18,864
OTHER INCOME AND (EXPENSE)		
Interest income	342	511
Gain on debt forgiveness	-	21,625
Interest expense	(17,706)	(20,446)
INCOME (LOSS) FROM CONTINUING OPERATIONS	(21,635)	20,554
DISCONTINUED OPERATIONS-Profit from Consulting Division (net of gain on sale of assets of \$74,804 during the year ended June 30, 2003)	99,109	50,336
NET INCOME	\$ 77,474	\$ 70,890
BASIC AND DILUTED EARNINGS PER SHARE	\$ 0.00	\$ 0.00
WEIGHTED AVERAGE NUMBER OF COMMON SHARES USED IN PER SHARE CALCULATION	19,336,205	19,065,892

The accompanying notes are an integral part of these consolidated financial statements.

F-3

TENET INFORMATION SERVICES, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT  
FOR THE YEARS ENDED JUNE 30, 2002 AND 2003

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	TO
	SHARES ISSUED	AMOUNT			
BALANCE, JUNE 30, 2001	19,065,892	\$ 19,066	\$4,851,463	\$ (5,159,941)	\$ (28)
Shares issued to director for services	270,313	270	2,433	-	
Net income	-	-	-	70,890	7
BALANCE, JUNE 30, 2002	19,366,205	\$ 19,336	\$4,853,896	\$ (5,089,051)	\$ (21)

Edgar Filing: TENET INFORMATION SERVICES INC - Form 10KSB

Net income	-	-	-	77,474	7
BALANCE, JUNE 30, 2003	19,366,205	\$ 19,336	\$4,853,896	\$ (5,011,577)	\$ (13)

The accompanying notes are an integral part of these consolidated financial statements.

F-4

TENET INFORMATION SERVICES, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

	2003	2002
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 77,474	\$ 70,890
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	9,462	10,145
Stock issued for services	2,703	
Gain on sale of consulting division	(74,804)	-
Gain on debt forgiveness	-	(21,625)
Change in assets and liabilities:		
Accounts receivable	4,333	(10,797)
Other assets	100	-
Prepaid expenses	4,300	(2,300)
Accounts payable	66,180	(22,059)
Accrued expenses	(1,042)	(27,522)
Deferred revenue	(78,540)	45,001
Work performed in excess of billings	20,631	5,819
Billings in excess of work performed	(31,195)	12,660
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(3,101)	62,915
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of furniture, fixtures and equipment	(4,234)	(17,977)
NET CASH USED IN INVESTING ACTIVITIES	(4,234)	(17,977)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on short term debt	-	(3,375)
NET CASH USED IN FINANCING ACTIVITIES	-	(3,375)

## Edgar Filing: TENET INFORMATION SERVICES INC - Form 10KSB

NET INCREASE / (DECREASE) IN CASH	(7,335)	41,563
CASH AT BEGINNING OF THE YEAR	78,585	37,022
	-----	-----
CASH AT END OF THE YEAR	\$ 71,250	\$ 78,585
	=====	=====
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ 5,669	1,625
	=====	=====
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Note receivable from sale of consulting division	\$ 25,700	\$ -
Disposal of furniture, fixtures and equipment	94,824	20,837

The accompanying notes are an integral part of these consolidated financial statements.

F-5

### TENET INFORMATION SERVICES, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 1--NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION - Tenet Information Services, Inc. ("Tenet"), a Utah corporation, designs and markets a computer-based medical and health information system related primarily to emergency departments (the "EDNet System"). During fiscal 1996, Tenet expanded its operations by merging with National Microcomputer Corporation ("NMC") and acquiring certain assets of The International Healthcare Consulting Group, Inc. ("HCG"). NMC designed and marketed the integrated information management/patient tracking system for use in emergency departments of hospitals and urgent care centers (the "EDNet System"). HCG has provided healthcare institutions, mainly hospitals, with consulting services to assist the institutions in achieving a more efficient, lower cost care delivery model while maintaining the highest quality of care standards.

Tenet and its wholly owned subsidiary, NMC, (collectively, "the Company") sell and lease computer software license rights to hospitals throughout the United States. In addition, the Company sells maintenance contracts for these information systems. Substantially all of the Company's revenues are generated from hospitals and therefore, the Company's financial performance is partially dependent upon the viability of the healthcare economic sector.

On May 23, 2003, Tenet sold the consulting division. Additionally, on July 29, 2003, Tenet executed an Asset Purchase Agreement to sell all assets and operations related to the Company's remaining operations, pending shareholder approval at a special shareholder meeting scheduled for October 22, 2003.

PRINCIPLES OF CONSOLIDATION - The accompanying consolidated financial statements include the accounts of Tenet and its wholly owned subsidiary, NMC. All significant intercompany transactions and account balances have been eliminated in consolidation.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS - The preparation of financial statements in conformity with generally accepted accounting

## Edgar Filing: TENET INFORMATION SERVICES INC - Form 10KSB

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 period. Actual results could differ from those estimates.

**BASIS OF PRESENTATION** - As noted above, the Company has sold or will sell all of its operating assets, pending shareholder approval, and will become a shell company. Once the asset sale is finalized, the Company will pursue potential acquisitions or business opportunities. The Company has not identified any targets and has not estimated a timetable for completing any such transaction, and cannot provide assurance that it will be able to complete such a transaction. Until the Company completes a transaction, it will generate cash flow primarily by the collection of its notes and accounts receivable and receipt of certain software license fees. The Company anticipates having cash to meet its operational needs for the upcoming year.

**REVENUE RECOGNITION** - The Company recognizes revenue in accordance with the provisions of Statement of Position No. 91-1 Software Revenue Recognition as follows:

Revenues related to the EDNet System consist of sales of software licenses, installation of information systems and related software customization and enhancements. In addition, revenues are generated from annual software support and maintenance. Installation revenues are recognized on the percentage completion method measured by completion and acceptance of contracted milestones. The asset "work performed in excess of billings" represent costs incurred and revenues earned in excess of billings on uncompleted contracts. The liability "billings in excess of work performed" represents billings in excess of costs incurred and revenue recognized.

F-6

### TENET INFORMATION SERVICES, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Revenues from annual software and maintenance are recognized ratably over the term of each contract. Amounts billed in advance of revenue recognition for software and maintenance are recorded as deferred revenue.

Revenues from consulting services are recognized when the services have been provided.

**FURNITURE, FIXTURES AND EQUIPMENT** - Furniture, fixtures and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, generally 3 to 10 years. Depreciation expense was \$9,462 and \$10,145 for the periods ended June 30, 2003 and 2002, respectively. Maintenance and repairs are charged to expense as incurred and major improvements or betterments are capitalized. Gains or losses on sales or retirements are included in the statement of operations in the year of disposition. Furniture, fixtures and equipment include \$21,036 of computer equipment used in operations and \$1,356 of other equipment at June 30, 2003.

**SOFTWARE DEVELOPMENT COSTS** - Costs incurred in creating computer software products are charged to operations as software development expense prior to the development of a detailed program design or a working model. After the detailed program design or working model is established, costs of producing product masters are capitalized as software development costs. The Company had no

## Edgar Filing: TENET INFORMATION SERVICES INC - Form 10KSB

capitalized software costs at June 30, 2003.

Costs of maintenance and customer support are recognized as expense when the related revenue is recognized or when those costs are incurred, whichever occurs first.

IMPAIRMENT - The Company records impairment losses on property and equipment when indicators of impairment are present and undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. The Company had no impaired assets at June 30, 2003.

CASH EQUIVALENTS, FAIR VALUE OF FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK - Cash Equivalents include highly liquid investments with original maturities of three months or less readily convertible to known amounts of cash.

The estimated fair value of financial instruments is not presented because, in Management's opinion, there is no material difference between carrying amounts and estimated fair values of financial instruments as presented in the accompanying balance sheet.

In the normal course of business, the Company extends credit to its customers. The Company regularly reviews its accounts receivable and makes provisions for potentially uncollectible balances. At June 30, 2003, the Company considered all of their outstanding accounts receivable to be fully collectible, thus no allowance for uncollectible balances was recorded.

INCOME TAXES - The Company recognizes the amount of income taxes payable or refundable for the current year and recognizes deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement amounts of certain assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years those temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by a valuation allowance to the extent that uncertainty exists as to whether the deferred tax assets will ultimately be realized.

F-7

### TENET INFORMATION SERVICES, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

STOCK-BASED COMPENSATION - The Company accounts for its stock options issued to directors, officers and employees under Accounting Principles Board Opinion No. 25 and related interpretations ("APB 25"). Under APB 25, compensation expense is recognized if an option's exercise price on the measurement date is below the fair value of the Company's common stock. The Company accounts for options and warrants issued to non-employees in accordance with SFAS No. 123, "Accounting for Stock-Based Compensation" (SFAS 123) which requires these options and warrants to be accounted for at their fair value.

No stock-based employee compensation cost is reflected in net income, as all options had an exercise price equal to the market value of the underlying common stock on the date of grant. The following table illustrates the effect on net income and basic and diluted loss per common share if the Company had applied the fair value recognition provisions of FASB Statement No. 123, Accounting for Stock Based Compensation, to stock-based employee compensation:

Edgar Filing: TENET INFORMATION SERVICES INC - Form 10KSB

	For the Year Ended June 30,	
	2003	2002
	-----	-----
Net income, as reported	\$ 77,474	\$ 70,890
Adjust: Total stock-based employee compensation expense determined under fair value based method for all awards, including adjustment for forfeited options	8,353	(2,845)
	-----	-----
Pro forma net income	\$ 85,827	\$ 68,045
	=====	=====
Basic and diluted earnings per common share as reported	\$ -	\$ -
	=====	=====
Basic and diluted loss per common share pro forma	\$ -	\$ -
	=====	=====

WARRANTY COSTS - A one-year limited warranty from date of first use is provided on sales of software licenses. The terms of the warranty are extended to all periods where the System is covered by an applicable Support Agreement. Warranty costs have not been material in any year presented; accordingly, these costs are expensed when incurred.

BASIC AND DILUTED EARNINGS PER SHARE -Basic earnings per common share is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution which could occur if all contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock. Potentially issuable common shares which consist of stock options are excluded from the calculation of diluted loss per common share because the effects are anti-dilutive.

NOTE 2 - CONSULTING DIVISION

On May 23, 2003, the Company sold all the assets of the Company's consulting division to a shareholder and former employee of the Company. The sale included all office and computer equipment associated with the consulting division, which had a net book value of \$4,926, and the right to pursue work with the Company's consulting division clients. In exchange for the purchase of the consulting division, the Company received a note receivable for \$25,700, to be paid quarterly at eight percent interest for the next three years and nine months or fifteen payments and assumed liabilities totaling \$54,030. The sale resulted in the recognition of a \$74,804 gain. The financial statements present the results from the consulting division as discontinued operations. During the year ended June 30, 2003 and 2002 the consulting division had revenues of \$353,899 and 249,463, respectively and income from operations of \$24,305 and \$50,336, respectively.

F-8

TENET INFORMATION SERVICES, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3- AMOUNTS DUE TO RELATED PARTIES

## Edgar Filing: TENET INFORMATION SERVICES INC - Form 10KSB

Advances from related parties consist of the following at June 30, 2003:

Note payable to a company associated with a shareholder, at an interest rate of 8% per annum, balance is due on demand	11,599
Debt payable to officers/shareholders at an interest rate of 12%, unsecured, due on demand.	5,471
Note payable to an officer and shareholder, at an interest rate of 8%, unsecured, due on demand.	26,436 -----
AMOUNTS DUE TO RELATED PARTIES	\$ 43,506 =====

On November 1, 2001, the Company paid \$5,000 to a creditor as payment in full of all obligations on an unsecured note for \$25,000. After deducting \$1,625 for payment of outstanding interest, \$3,375 was applied to the outstanding principal and the creditor forgave the balance due on the note resulting in a one-time gain of \$21,625. In accordance with SFAS 145, the gain from debt forgiveness did not meet the conditions for being classified as extraordinary and therefore was included in continuing operations. On June 30, 2002, the Company issued 270,313 shares of common stock to a director for services in negotiating the debt settlement. The shares were valued at \$2,703 or \$0.01 per share and were expensed.

#### NOTE 4 - INCOME TAXES

No expense for income taxes has been recorded during the years ended June 30, 2003 and 2002. Certain risks exist with respect to the Company's future profitability, and management has concluded that, due to these uncertainties, the related net deferred tax asset may not be realized. Accordingly, a valuation allowance has been recorded to offset the deferred tax asset in its entirety, the valuation allowance decreased by \$118,612 and \$50,420 during the years ended June 30, 2003 and 2002, respectively. The components of the net deferred tax asset at June 30, 2003 are as follows:

F-9

#### TENET INFORMATION SERVICES, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Deferred Tax Assets	
Tax net operating loss carry forwards	\$ 1,724,847
Tax credit carry forwards	37,435
Reserves and accrued liabilities	4,831 -----
Total Deferred Tax Assets	1,767,113
Valuation Allowance	(1,767,113) -----
Net Deferred Tax Asset	\$ - =====

As of June 30, 2003, the Company has operating loss carry forwards for federal income tax reporting purposes of approximately \$4,624,254 which will expire



## Edgar Filing: TENET INFORMATION SERVICES INC - Form 10KSB

through 2021. On June 30, 2003 \$205,515 in operating loss carry forwards expired, unused.

As of June 30, 2003, the Company had research and development tax credits and investment tax credit carry forwards of approximately \$37,435. These credits will expire through fiscal 2006. On June 30, 2003 \$14,027 in tax credits expired, unused.

The following is a reconciliation of the income tax at the federal statutory rate of 34% with the provision for income taxes for the years ended June 30, 2003 and 2002:

	For the Year Ended June 30,	
	2003	2002
Income tax expense at statutory rate	\$ 26,342	\$ 24,103
Benefit of operating loss carry forwards	(31,377)	(29,117)
Non deductible expenses	2,478	2,675
State taxes, net of federal benefit	2,557	2,339
	-----	-----
Provision for Income Taxes	\$ -	\$ -
	=====	=====

### NOTE 5 - STOCK OPTIONS

The Company has adopted an incentive stock option plan and a nonqualified stock option plan. Stock options for an aggregate of 600,000 shares of common stock may be granted under these plans. Stock options under both option plans may be granted at a price per share not less than 100 percent of the fair market value of the common stock, as determined at the date of grant. Employees vest in the right to exercise their options from the first anniversary date following the date of grant to the fifth anniversary date following the date of grant. The options expire five years from the vesting date. Incentive stock options are forfeited unless exercised within zero to three months following termination of employment or twelve months if termination is due to death or disability.

During fiscal year ended June 2003 and 2002, the Board of Directors did not authorize the issuance of any stock options outside of the Incentive Stock Option Plan to employees of the Company.

A summary of the status of the Company's options outstanding as of June 30, 2003 and 2002, and changes during the years then ended is presented below:

F-10

### TENET INFORMATION SERVICES, INC. AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	For the Year Ended June 30,			
	2003		2002	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	605,000	\$ 0.10	605,000	\$ 0.10
Granted	-	\$ -	-	\$ -

**Edgar Filing: TENET INFORMATION SERVICES INC - Form 10KSB**

Forfeited	(180,000)	\$ 0.10	-	\$ -
	-----		-----	
Outstanding at end of year	425,000	\$ 0.10	605,000	\$ 0.10
	=====		=====	
Options exercisable	363,000	\$ 0.10	242,000	\$ 0.10
	=====		=====	
Weighted Average Remaining Contractual Life		1.1 years		2.1 years
		=====		=====

NOTE 6-OPERATING LEASE

The Company occupies its facilities under a non-cancelable operating lease that expires in November 2004. Lease expense for fiscal 2003 and 2002 was \$29,852 and \$26,535, respectively.

Minimum future lease payments under non-cancelable operating leases as of June 30, 2003 are as follows:

Year Ended June 30,	
2004	25,214
2005	8,487

NOTE 7 - SUBSEQUENT EVENT- SALE OF ASSETS TO CLINICAL VENTURES (UNAUDITED)

Subsequent to June 30, 2003, the Company entered into a tentative agreement to sell substantially all of their operating assets to Clinical Ventures for \$339,000 as well as accept certain obligations and liabilities of the Company. This agreement is currently pending shareholder approval. As part of the agreement, the Company and Clinical Ventures entered into a Transition Management Services Agreement whereby Clinical Ventures will manage the day-to-day operations of Tenet and the conduct of its business, pending shareholder approval of the above mentioned agreement.

In conjunction with the above agreement, the Company and Clinical Ventures executed a software license agreement pursuant to which Clinical Ventures obtained a non-exclusive right and license to use the Company's EDNet and ARCNet tracking software products. This license agreement allows Clinical Ventures to distribute the software for a period of five years. As part of this license agreement, Clinical Ventures is agreed to pay to the Company 5% of the initial software license fees received by Clinical Ventures during the five year period with respect to new sales or licenses of the EDNet and ARCNet tracking products up to an aggregate of \$90,000.

F-11

TENET INFORMATION SERVICES, INC. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Below are the carrying amounts, at June 30, 2003, of the major classes of assets and liabilities included in the sale to Clinical Ventures. Also included is the pretax profit/loss and revenues generated from these assets during the years ended June 30, 2003 and 2002, which are included in operations in the accompanying financial statements:

Assets

## Edgar Filing: TENET INFORMATION SERVICES INC - Form 10KSB

Net property and equipment	\$	3,094
Liabilities		
Deferred revenue	\$	75,059

	For the Year Ended June 30,	
	2003	2002
Revenue	\$ 525,856	\$ 467,542
Net profit	\$ 48,465	\$ 69,029

F-12

**ITEM 8: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

On July 30, 1997 the Registrant engaged Hansen, Barnett & Maxwell ("Hansen") to perform its audits and provide various accounting services thereafter. The Registrant did not consult with Hansen prior to such date regarding any reportable matter.

**ITEM 8A. CONTROLS AND PROCEDURES**

Jerald L. Nelson, our President and Corporate Treasurer, performed an evaluation of the Company's disclosure controls and procedures as of June 30, 2003. Based on his evaluation, he concluded that the controls and procedures in place are sufficient to assure that material information concerning the Company which could affect the disclosures in the Company's quarterly and annual reports is made known to him by the employees of the Company, and that the communications occur with promptness sufficient to assure the inclusion of the information in the then-current report.

There have been no significant changes in the Company's internal controls or in other factors that could significantly affect those controls subsequent to the date on which Mr. Nelson performed his evaluation.

**PART III**

**ITEM 9: DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS, AND CONTROL PERSONS OF THE REGISTRANT;**

**COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT**

The names of the executive officers and directors of the Company, their respective ages and positions with the Company, and the dates of their elections to the Board of Directors or as officers are as follows:

Name	Age	Position with The Company	Date of Election
Jerald L. Nelson	60	President (resigned)	December 1, 1993 (July 10, 1996)

## Edgar Filing: TENET INFORMATION SERVICES INC - Form 10KSB

		Chairman of the Board	July 10, 1996
		Director	January 24, 1994
		Corporate Treasurer	June 5, 2001
		President (re-elected)	May 2, 2003
Fred J. Anderson	57	Director, Secretary	May 2, 2003
Eric J. Nickerson	50	Director	June 29, 1990

6

All directors hold office until the next annual meeting of shareholders of the Company or until their successors have been elected and qualified. The number of authorized directors may be varied by the Board of Directors, but may not be less than three. Executive officers serve at the discretion of the Board of Directors. The directors are entitled to certain limitations on their liabilities as directors of the Company as permitted under Utah law and as included in the Company's Articles of Incorporation.

The Company's stock option plans permit the administration of the plans through a Stock Option Plan Committee, composed of at least three members of the Board of Directors. No such committee has been appointed, and no other committees of the Board of Directors have been formed.

On July 10, 1996 Jerald L. Nelson resigned as President and Chief Operating Officer and was elected Chairman of the Board of Directors. During the Board of Directors Meeting held May 2, 2003, Mr. Frank Overfelt resigned his positions as president, chief operating officer and director. The remaining directors also acknowledged that Mr. D Ballash had resigned as an employee and officer of the corporation where he had been serving as corporate secretary. Therefore, the board, as permitted by the corporation bylaws, and in order to fill the vacancies caused by Mr. Overfelt's resignation and Mr. Ballash's resignation, appointed Mr. Fred Anderson as Secretary and Chief Operating Officer and Mr. Jerald Nelson as President.

### BUSINESS BIOGRAPHIES

Jerald L. Nelson. Jerald L. Nelson has served as a director, president and chief operating officer of the Company since December 1993. Effective July 10, 1996 Dr. Nelson was appointed Chairman of the Board of Directors, and relinquished his position as President and Chief Operating Officer. On June 5, 2001 the board elected Dr. Nelson to the position of Corporate Secretary. Dr. Nelson received his Ph.D. in Economics from North Carolina State University in 1974. From 1974 to 1984, Mr. Nelson worked or consulted with several Fortune 500 firms, including US Industries, TransWorld Airlines, GTE, Xerox, Pitney Bowes and General Foods. From 1984 until December 1993, Mr. Nelson worked with various businesses as an investment banker and business advisor. He has also consulted with or served on the Board of Directors of numerous Utah firms including Arrow Dynamics, Beacon Financial, Interwest Home Medical, Gentner Communications and One-2-One Communications, where he also served as chairman and chief executive officer. He is currently associated with Brigham Young University as a part time adjunct professor.

Fred J. Anderson. Fred J. Anderson had served as a Director, Chief Financial Officer and Chairman of the Board between the years of 1984 until his resignation from the Company in 1996. He was reappointed as a Director and Corporate Secretary on May 2, 2003. From 1980 to 1984 Mr. Anderson was Vice President of Finance for Mountain States Resources. Mr. Anderson received a BS in accounting and an MBA from Utah State

## Edgar Filing: TENET INFORMATION SERVICES INC - Form 10KSB

University. He is currently managing his family business interests.

7

Eric J. Nickerson. Eric J. Nickerson has served as a director since June of 1990. Mr. Nickerson was a member of the faculty of the United States Military Academy at West Point, New York from 1989 to 1993. In June 1993, Mr. Nickerson retired as a United States Air Force officer. Currently, Mr. Nickerson is a private investor and directs personal accounts and two investing partnerships: "Third Century II" and "Z Fund."

### ITEM 10: EXECUTIVE COMPENSATION

The following table sets forth all cash compensation for services rendered in all capacities to the Company during the fiscal years ended June 30, 2003, 2002, and 2001 paid to (i) the Company's president and each executive officer whose cash compensation exceeded \$100,000, and (ii) all executive officers of the Company as a group. No executive officers salary exceeded \$100,000 for the fiscal year.

Name and Principal Position	Year	Annual Compensation/Long Term Compensation /					LTIP Pay- outs (\$)	All Other Compen- sation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compen- (\$)	Restricted Stock Awards	ecurities Underlying Options/ SARs (#)		
Frank C. Overfelt President (resigned)	2001	57,270	-0-	-0-	-0-	-0-	-0-	5,325
	2002	104,810	-0-	-0-	-0-	-0-	-0-	-0-
	2003	75,123	-0-	-0-	-0-	-0-	-0-	-0-
Jerald L. Nelson Chairman of the Board President	2001	-0-	-0-	-0-	-0-	-0-	-0-	-0-
	2002	-0-	-0-	1,000	2,703	-0-	-0-	-0-
	2003	7,365	-0-	-0-	-0-	-0-	-0-	-0-
Donald W. Ballash COO, Secretary (Resigned)	2001	61,500	-0-	-0-	-0-	-0-	-0-	250
	2002	102,625	-0-	-0-	-0-	-0-	-0-	-0-
	2003	72,065	-0-	-0-	-0-	-0-	-0-	-0-
All Executive Officers								
(3 persons)	2001	118,750	-0-	-0-	-0-	-0-	-0-	5,325
(3 persons)	2002	207,434	-0-	1,000	2,703	-0-	-0-	-0-
(3 persons)	2003	154,553	-0-	-0-	-0-	-0-	-0-	-0-

The Company also may pay discretionary cash bonuses to management and employees based on meritorious performance.

### STOCK OPTION PLANS

On October 15, 1984, the Company adopted an Incentive Stock Option Plan (the

## Edgar Filing: TENET INFORMATION SERVICES INC - Form 10KSB

"ISO Plan"), pursuant to which only "incentive stock options" ("ISO's"), as defined in the Internal Revenue Code (the "Code"), may be granted. On the same date, the Company adopted a Nonqualified Stock Option Plan ("NQSO Plan"), pursuant to which only "nonqualified stock options" ("NQSOs"), as defined in the Code, may be granted. Stock options for an aggregate of 600,000 shares of common stock may be granted under both Plans. ISOs may be granted under the

8

ISO Plan to employees owning less than 10% of the Company's voting stock (as defined by Sections 422A and 425 of the Code). NQSOs may be granted under the NQSO Plan to employees who are ineligible to receive options under the ISO Plan.

Stock options may be granted under the Plans at a price per share not less than 100% of the "fair market value" (as defined by the Plans) of the common stock on the date of grant.

The Plans limit grants of stock options to any one employee to 60,000 shares of stock per plan year, with an aggregate option price ceiling of \$100,000 under the ISO Plan in any year. Each stock option, unless sooner terminated, expires five years from the "date of effectiveness", which is three years from the date of grant.

ISOs are exercisable until three months following termination of employment (twelve months if termination is due to death or disability). Termination of employment for any reason does not affect the exercisability of NQSOs, regardless of whether the option's effective date has been reached. Under both Plans, options are exercisable during an optionee's lifetime only by such optionee and are transferable only upon death by the laws of descent or distribution.

The Board of Directors has the right to modify or amend the Plans at any time, provided, however, that, unless ratified by the Company's shareholders, no amendment will be effective which (i) changes the number of shares which may be issued under the Plans, (ii) changes the option price, other than the manner of determining the fair market value of the shares, (iii) changes the periods during which options may be granted or exercised, (iv) changes the provisions relating to the determination of employees to whom options may be granted and the number of shares to be covered by such options, or (v) changes the provisions relating to adjustments to be made upon changes in capitalization. Shareholder action is also required to terminate the Plans.

As of June 30, 2002 there were 605,000 options outstanding. During the year ended 2003 180,000 of these were forfeited leaving 425,000 options outstanding and 363,000 exercisable at year end. These options were issued outside of the Incentive Stock Option Plan and authorized by the Board of Directors.

9

### ITEM 11: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the holdings of common stock as of October 13, 2003 (i) by each person who held of record, or was known by the Company to own

## Edgar Filing: TENET INFORMATION SERVICES INC - Form 10KSB

beneficially, more than five percent of the outstanding common stock of the Company, (ii) by each Director, and (iii) by all Directors and officers as a group. Unless otherwise indicated, all shares are owned directly. The percentage calculations for any individual stockholder assume that all outstanding options and warrants held by that stockholder have been exercised in full and that no other stockholder has exercised any outstanding options or warrants.

Name and Address of Beneficial Owner as of October 13, 2003

	Common (1)	Percent of Shares Outstanding
Michael R. Carlston 2	4,673,977	24.17%
Dennis C. Peterson 3	4,220,442	21.83%
Mark Oldroyd 4	3,975,559	20.56%
Scott Staker 5	3,975,559	20.56%
T-Acquisition 6	3,775,559	19.53%
Eric J. Nickerson 7	2,173,500	11.24%
Third Century II 7	2,173,500	11.24%
Jerald L. Nelson 11	1,542,326	7.98%
Donald W. Ballash 10	1,046,429	5.00%
Robert Smith 8	1,166,246	6.03%
Richard Gwinn 9	1,004,920	5.20%
Fred J. Anderson 12	263,212	1.36%
All Officers and Directors	3,979,038	20.58%

- 
1. Based on 19,336,205 common shares outstanding and options to acquire 425,000 shares of Common Stock at \$0.10 per share.
  2. The shares indicated include: (i) 1,734,731 shares of Common Stock beneficially owned by Mr. Carlston (including shares owned by his wife and held in trust for the benefit of his children); (ii) 3,775,559 shares of Common Stock held by T-Acquisition. Mr. Carlston's address is 855 Harwood Dr., Murray, UT 84107
  3. Includes 444,883 shares of Common Stock beneficially owned by Mr. Peterson, and 3,775,559 shares of Common Stock held by T Acquisition L.L.C. Mr. Peterson's address is 2508 W. Bueno Vista Dr., W. Jordan, UT 84088
  4. Includes 200,000 shares of Common Stock beneficially held by Mr. Oldroyd, including shares held in trust for the Violet Johnson Brown Family Trust. Also includes 3,775,559 shares of Common Stock held by T-Acquisition. Mr. Oldroyd address is 55 North 800 West, Provo, UT 84601
  5. Includes 200,000 shares of Common Stock held by Mr. Staker and also includes 3,775,559 shares of Common Stock held by T-Acquisition. Mr. Stakers address is 880 North 98 West #9, Provo, UT 84604
  6. A Utah Limited Liability company of which Michael R. Carlston owns or controls 56.7%, Mark Oldroyd owns or controls 32.1%, Dennis C. Peterson owns or controls 6.4% and Scott Staker owns or controls 4.8%. The shares indicated consist of 3,775,559 shares of Common Stock The address of T-Acquisition is 855 Harwood Dr., Murray, UT 84107.
  7. Includes 2,173,500 shares of Common Stock held by Third Century Fund II. Mr. Nickerson is Senior Partner of Third Century Fund II. Mr. Nickerson is also a director of the Company. Mr. Nickerson and Third Century Fund II's address is 1711 Chateau CT., Fallston, MD 21047
  8. Includes 1,166,240 shares of Common Stock held by Dr. Smith . Dr. Smiths address is 2291 Greer Rd., Palo Alto CA 94303
  9. Includes 1,004,920 shares of Common Stock held by Dr. Gwinn. Dr. Gwinns address is 304 W. Thorn, San Diego, CA 92103
  10. Includes 50,000 shares of Common Stock held by IHCG, and 726,429 shares of Common Stock held by Mr. Ballash and options to acquire 270,000 shares of Common Stock at \$0.10 per share. Mr. Ballash's address is 9777 So. Dunsinsane

## Edgar Filing: TENET INFORMATION SERVICES INC - Form 10KSB

Dr., So. Jordan, UT 84095

11. Includes 1,542,326 shares of Common Stock .. Mr. Nelsons address is 207 West Clarendon #3B, Phoenix, AZ 85013

12. Mr. Anderson's address is 343 West 4125 North, Pleasant View, UT 84414  
-----

10

### ITEM 12: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Since the beginning of the Company's last fiscal year, there have been no transactions or series of transactions between the Company and any executive officer, director or 5% beneficial owner of the Company's common stock in which one of the foregoing individuals had an interest of more than \$60,000 except the sale of the consulting division to Delta Healthcare Consulting Group (Frank C. Overfelt).

The Company believes that all transactions between the Company and related parties have been on terms and conditions no less favorable to the Company than those available from third parties. Each transaction was entered into to provide operating capital for the Company. All future transactions between the Company and any related party will be on terms and conditions no less favorable to the Company than those available from third parties and will be approved by a majority of the Company's disinterested directors.

Section 16(a) of the Securities Exchange Act of 1934 required the Company's directors and executive officers, and persons who own more than ten percent of a registered class of the Company's equity securities, to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Executive officers, directors and holders of ten percent or more of the Company's equity securities are required to furnish the Company with copies of all Section 16(a) reports they file. However, because of the recent mergers and conversions, these reports have not been provided.

### PART IV

### ITEM 13: EXHIBITS AND REPORTS ON FORM 8-K

- (a) The following financial statements are included in Part II Item 7:
- Report of Independent Public Accountants
  - Balance Sheets as of June 30, 2003 and 2002
  - Statements of Operations for the Years Ended June 30, 2003 and 2002
  - Statements of Shareholders' Equity for the Years Ended June 30, 2003 and 2002
  - Statements of Cash Flows for the Years ended June 30, 2003 and 2002
- Notes to Financial Statements
- (b) Reports on Form 8-K
- An 8-K report was filed on June 9, 2003
- (c) Exhibits
- Exhibit 31 Certification under Section 302 of the Sarbanes-Oxley Act
  - Exhibit 32 Certification under Section 906 of the Sarbanes-Oxley Act



Edgar Filing: TENET INFORMATION SERVICES INC - Form 10KSB

(d) Proxy Statement filed September 24, 2003

11

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

TENET INFORMATION SERVICES, INC.

October 13, 2003

By:/s/Jerald L. Nelson

-----  
Jerald L. Nelson, Chairman of the Board  
President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following person, which include the Chief Operating Officer, and a majority of the Board of Directors, on behalf of the Company and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Jerald L. Nelson Jerald L. Nelson	Director and Chairman of the Board of Directors President	October 13, 2003
/s/ Fred J. Anderson Fred J. Anderson	Corporate Secretary,	October 13, 2003
/s/ Eric J. Nickerson Eric J. Nickerson	Director	October 13, 2003

12