

Edgar Filing: PAR TECHNOLOGY CORP - Form 8-K

PAR TECHNOLOGY CORP
Form 8-K
January 18, 2007

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A

Amendment No. 1
to
Form 8-K
as filed on November 8, 2006

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

Date of Report (Date of earliest event reported)

PAR TECHNOLOGY CORPORATION

(Exact Name of Registrant as Specified in Charter)

Delaware	1-09720	16-1434688
-----	-----	-----
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

PAR Technology Park, 8383 Seneca Turnpike, New Hartford, NY	13413-4991
-----	-----
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (315) 738-0600

Not applicable

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Edgar Filing: PAR TECHNOLOGY CORP - Form 8-K

Item 2.01. Acquisition or Disposition of Assets.

PAR Technology Corporation hereby amends its Current Report on Form 8-K originally filed with the United States Securities and Exchange Commission on November 8, 2006 relating to the acquisition of SIVA Corporation to include the financial statements of the business acquired, the pro forma financial information and related exhibits as set forth below.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

1. The audited consolidated financial statements of SIVA Corporation as of and for the year ended December 31, 2005 are filed with this report as Exhibit 99.1.
2. The unaudited interim consolidated financial statements of SIVA Corporation as of September 30, 2006 for the three and nine months ended September 30, 2006 and 2005 are filed with this report as Exhibit 99.2.

(b) Pro forma Financial Information.

1. The unaudited pro forma Consolidated Statements of Income for the year ended December 31, 2005 and for the nine months ended September 30, 2006 and the unaudited pro forma Consolidated Balance Sheet as of September 30, 2006 are filed with this report as Exhibit 99.3.

(c) Exhibits.

Exhibit Number -----	Description -----
99.1	The audited consolidated financial statements of SIVA Corporation as of and for the year ended December 31, 2005.
99.2	The unaudited interim consolidated financial statements of SIVA Corporation as of September 30, 2006 and for the three and nine months ended September 30, 2006 and 2005.
99.3	The unaudited pro forma Consolidated Statements of Income for the year ended December 31, 2005 and for the nine months ended September 30, 2006 and the unaudited pro forma Consolidated Balance Sheet as of September 30, 2006.

Edgar Filing: PAR TECHNOLOGY CORP - Form 8-K

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.

PAR TECHNOLOGY CORPORATION

Date: January 18, 2007

By: /s/ Ronald J. Casciano

Ronald J. Casciano
Vice President, Chief Financial
Officer and Treasurer

EXHIBIT INDEX

Exhibit Number -----	Description -----
99.1	The audited consolidated financial statements of SIVA Corporation as of and for the year ended December 31, 2005.
99.2	The unaudited interim consolidated financial statements of SIVA Corporation as of September 30, 2006 and for the three and nine months ended September 30, 2006 and 2005.
99.3	The unaudited pro forma Consolidated Statements of Income for the year ended December 31, 2005 and for the nine months ended September 30, 2006 and the unaudited pro forma Consolidated Balance Sheet as of September 30, 2006.
EX-99.1	The audited consolidated financial statements of SIVA Corporation as of and for the year ended December 31, 2005.

SIVA CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2005

(GRAPHIC OMITTED)

SIVA CORPORATION
TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

Consolidated Balance Sheet

Consolidated Statement of Operations

Consolidated Statement of Changes in Stockholders' Deficit

Edgar Filing: PAR TECHNOLOGY CORP - Form 8-K

Consolidated Statement of Cash Flows

Notes to Consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders of
SIVA Corporation

We have audited the accompanying consolidated balance sheet of SIVA Corporation (a C corporation) as of December 31, 2005, and the related consolidated statements of operations, changes in stockholders' deficit, and cash flows for the year then ended. 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SIVA Corporation as of December 31, 2005, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/Kramer Weisman and Associates, LLP
Davie, Florida
December 21, 2006

Edgar Filing: PAR TECHNOLOGY CORP - Form 8-K

SIVA CORPORATION
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2005

ASSETS

Current assets:

Cash and cash equivalents	\$ 89,704
Accounts receivable, less allowance for doubtful accounts of \$38,494	287,897
Other current assets	77,689

Total current assets	455,290
Property and equipment, net	275,768
Intangible assets, net	1,505,917
Security deposits	22,419

Total assets	\$ 2,259,394
	=====

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:

Notes payable	\$ 6,199,197
Accounts payable	275,989
Current portion of capital lease obligations	3,350
Accrued expenses and other current liabilities	1,017,999
Deferred revenue	99,043

Total current liabilities	7,595,578
Capital lease obligation	10,792

Total liabilities	7,606,370

Commitments and contingencies

--

Stockholders' deficit:

Series A preferred stock, \$0.001 par value 2,475,000 shares authorized, issued and outstanding	2,475
Series B preferred stock, \$0.001 par value 10,000,000 shares authorized, 4,547,376 shares issued and outstanding	4,547
Series C preferred stock, \$0.001 par value 12,500,000 shares authorized, 12,360,464 shares issued and outstanding	12,360
Common stock, \$0.001 par value; 250,000,000 shares authorized, 60,077,025 shares issued and outstanding	60,077
Additional paid-in capital	8,545,240
Accumulated deficit	(13,971,675)

Total stockholders' deficit	(5,346,976)

Total liabilities and stockholders' deficit	\$ 2,259,394
	=====

The accompanying notes are an integral part of this consolidated financial statement.

Edgar Filing: PAR TECHNOLOGY CORP - Form 8-K

SIVA CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2005

Revenues:	
Software	\$ 943,826
Service and support	1,018,399

Total revenues	1,962,225

Cost of sales:	
Service and support	18,485

Gross margin	1,943,740

Operating expenses:	
Sales and marketing	247,733
General and administrative	2,992,556
Software development costs	2,329,326
Depreciation and amortization ..	574,257

Total operating expenses	6,143,872

Operating loss	(4,200,132)
Interest expense, net	(652,967)

Net loss	\$ (4,853,099)
	=====

The accompanying notes are an integral part of this consolidated financial statement.

SIVA CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS'

FOR THE YEAR ENDED DECEMBER 31, 2005

Edgar Filing: PAR TECHNOLOGY CORP - Form 8-K

	Common Stock		Preferred Stock			Additi Paid Capi
	Shares	Amount	Series A	Series B	Series C	
Balance at December 31, 2004	59,435,384	\$ 59,435	\$ 2,475	\$ 4,547	\$ 12,360	\$ 8,46
Issuance of shares to vendor	641,641	642	--	--	--	7
Net loss	--	--	--	--	--	(4,85
Balance at December 31, 2005	60,077,025	\$ 60,077	\$ 2,475	\$ 4,547	\$ 12,360	\$ 8,54

The accompanying notes are an integral part of this consolidated financial statement.

SIVA CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2005

Cash flows from operating activities:	
Net loss	\$ (4,853,099)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	574,257
Provision for bad debts	48,020
Changes in assets and liabilities:	
Increase in accounts receivable	(276,699)
Increase in other current assets	(44,385)
Increase in security deposits	(15,809)
Increase in accounts payable	49,508
Increase in accrued expenses and other current liabilities	779,552

Edgar Filing: PAR TECHNOLOGY CORP - Form 8-K

Increase in deferred revenue	34,043

Net cash used in operating activities	(3,704,612)

Cash flows from investing activities:	
Capital expenditures	(84,160)
Software assets acquired	(6,000)

Net cash used in investing activities	(90,160)

Cash flows from financing activities:	
Principal payments on notes	(913,209)
Proceeds from issuance of short term notes	4,742,391
Payments under capital lease obligations	(1,233)
Proceeds from capital lease obligation	15,375

Net cash provided by financing activities	3,843,324

Net increase in cash	48,552
Cash, beginning of year	41,152

Cash, end of year	\$ 89,704
	=====
Supplemental Schedule of Cash Related Activities:	
Interest paid	\$ 19,709
	=====
Non- cash activity:	
Accounts payable converted to note payable	\$ 175,986
	=====
Shares of common stock issued to a vendor in lieu of payment	\$ 76,998
	=====

The accompanying notes are an integral part of this consolidated financial statement.

SIVA CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2005

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements include the accounts of SIVA Corporation and its wholly owned subsidiary, Atlas Technology Holdings

Edgar Filing: PAR TECHNOLOGY CORP - Form 8-K

Inc., collectively referred to as the "Company." All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These assumptions, if not realized, could 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

Income taxes are accounted for under the asset and liability method, in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS 109). Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents in the accompanying consolidated balance sheet were \$89,704 at December 31, 2005.

Stock-based Employee Compensation

In 2001, the Company adopted a stock-based employee compensation plan, which is more fully described in Note 7. The Company currently accounts for its stock-based compensation plan using the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees. In December 2004, the FASB issued SFAS 123 (revised 2004), "Share-Based Payment", (SFAS 123R). SFAS 123R requires measurement of all employee stock-based compensation awards using a fair-value method and the recording of such expense in the consolidated financial statements. In addition, the adoption of SFAS 123R requires additional accounting related to the income tax effects and disclosure regarding the cash flow effects resulting from share-based payment arrangements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In January 2005, the SEC issued Staff Bulletin No. 107, which provides supplemental implementation guidance for SFAS 123R. For non-public entities FAS 123R is effective as of the beginning of the first annual reporting period that begins after December 15, 2005. Since the Company was not required to adopt the fair-value based recognition provision prescribed under FAS 123R, it has elected only to comply

Edgar Filing: PAR TECHNOLOGY CORP - Form 8-K

with the Statement's disclosure requirements. No stock-based employee compensation cost is reflected in the results of operations, as all options granted under the Company's plan had an exercise price equal to the fair value of the common stock on the date of grant.

Property and Equipment

Property, plant and equipment are stated at cost and depreciated using the straight-line method over their estimated useful lives; five years. Leasehold improvements are amortized over the life of the lease or estimated useful lives, whichever is shorter. Equipment under capital leases are depreciated over the life of the lease. Maintenance and repairs are charged to expense as incurred, and the costs of additions and improvements are capitalized. Any gain or loss from the retirement or sale of an asset is credited or charged to operations.

Advertising Costs

The Company follows the provisions of Statement of Position (SOP) 93-7, "Reporting on Advertising Costs," in accounting for advertising costs. Advertising costs are charged to expense as incurred and are included in sales and marketing expenses in the accompanying financial statements. Total advertising expenses for the year ended December 31, 2005 were \$46,192.

Revenue Recognition

The Company accounts for revenue using the guidance from SEC Staff Accounting Bulletin No. 104, "Revenue Recognition"; SOP 81-1, "Accounting for Performance of Construction-Type and Certain Production-Type Contracts" and SOP 97-2, "Software Revenue Recognition", and other applicable revenue recognition guidance and interpretations.

The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable, and collectibility is probable. In instances where the customer specifies final acceptance criteria, revenue is deferred until all acceptance criteria are met. The Company reduces revenue for contracted future maintenance services where applicable.

Hardware and Third Party Software

Revenue from hardware and third party software sales is recognized at the time of shipment.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Software

The company recognizes the revenue allocable to software licenses and software maintenance contracts based on delivery, implementation and customer acceptance criteria. Revenue is recognized as appropriate for each customer.

Services

Professional service fee revenue is generally recognized when services are performed and invoiced or, if paid in advance, are recognized in future periods as performed and invoiced. The percentage of completion

Edgar Filing: PAR TECHNOLOGY CORP - Form 8-K

method is used for long-term contracts.

Multiple-element arrangements

The Company enters into transactions that include multiple-element arrangements, which can include any combination of hardware, software and/or services. When vendor-specific objective evidence of fair value of undelivered elements is established and the functionality of delivered elements is not dependent on the undelivered elements, revenue for the delivered elements is recognized using the accounting methods discussed above. Otherwise, revenue is recognized under the percentage of completion method.

Accounts Receivable

Accounts receivable are due from customers and are generally unsecured. The carrying amount of accounts receivable is reduced by an allowance for doubtful accounts that reflects management's best estimate of the amounts that will not be collected. The Company provides for credit losses based on management's evaluation of collectibility including current and historical performance, credit worthiness and experience with each customer. The allowance for doubtful accounts at December 31, 2005 was \$38,494.

Maintenance and Warranty Liabilities

The Company's products are sold with a standard warranty for defects and the right to product maintenance upgrades for a standard period of one year, although the period may vary. The Company defers maintenance revenue on the sale of software licenses for the period specified in the contract based on maintenance fees in effect at the time the contract is executed.

Software Development Costs

The Company does not capitalize costs related to the development of computer software and expenses all salaries and related costs as incurred.

Software Purchase Costs

The Company has acquired the full rights to or unlimited licenses for several key software products that are sold to third parties as part of the Company's suite of product offerings. The acquisition costs of these products and licenses are capitalized and amortized over their useful lives, currently five years.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Pronouncements

In June 2006, FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 190" (FIN No. 48). FIN No. 48 clarifies the accounting for uncertainty in income taxes by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The interpretation also provides guidance on derecognition,

Edgar Filing: PAR TECHNOLOGY CORP - Form 8-K

classification, interest and penalties, accounting during interim periods and disclosure. FIN No. 48 is effective for fiscal years beginning after December 15, 2006. The Company is in the process of evaluating the impact of FIN No. 48 on its financial condition and results of operations.

In September 2006, FASB issued FASB Statement No. 157 "Fair Value Measurements" (FAS 157). This new standard provides guidance for using fair value to measure assets and liabilities. Under FAS 157, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. In this standard, the FASB clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. In support of this principle, FAS 157 establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data, for example, the reporting entity's own data. Under the standard, fair value measurements would be separately disclosed by level within the fair value hierarchy. The provisions of FAS 157 are effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company has not yet determined the impact that the adoption of FAS 157 will have on its consolidated financial position, results of operations or cash flows.

NOTE 2 NATURE OF BUSINESS AND CONCENTRATION OF CREDIT RISK

The Company derives revenue from proprietary software license fees, software maintenance fees, professional services, customer support services and sales of third-party produced hardware and software.

Products

The Company's core product, the iSIVA(TM) point-of-sale and back-office software suite, is the first enterprise-integrated and Internet-enabled offering built for the restaurant industry. Leveraging this core enterprise engine, the Company has engineered a broad range of innovative products that drive automation and improved performance at the restaurant and throughout the enterprise information hierarchy, including the Touchmark(R) point-of-sale

NOTE 2 NATURE OF BUSINESS AND CONCENTRATION OF CREDIT RISK (Continued)

system, IntelliKitchen(R) kitchen management system, POS(2) wireless ordering system, Pay@Table(TM) wireless payment processing system, and a number of innovative technologies designed to increase access to operations intelligence and improve the guest experience. Through a subsidiary, the Company also sells a middleware product known as X Message Server targeted at the multi-unit data gathering market. The Company's technologies provide its customers significant advantages in the areas of architecture, choice and scope.

The Company believes its technology offers significant competitive advantages in the areas of architecture, open standards and real-time business intelligence. Designed in the age of the Internet, Java, Linux, and low-cost communication infrastructures, the Company's

Edgar Filing: PAR TECHNOLOGY CORP - Form 8-K

technologies are built around an enterprise database which provides centralized configuration and deployment of information to the site as well as real-time synchronization of transaction information from the site to the enterprise. The applications are agnostic when it comes to hardware, database, and operating systems; they operate with any vendor's hardware offering and virtually any operating system. The applications also work with any SQL-92 compliant database. Finally, the Company's applications are built from the ground up to handle the real-time acquisition and analysis of transactional information.

Market Served

The Company's current market focus is the U.S. foodservice segment of retail technology. The Company primarily sells through its direct sales force, but has several resellers and relationships with major hardware vendors and non-competing service providers who market and distribute the Company's products and services. These solutions have widespread application in the greater retail space as well as in industries as varied as healthcare and banking.

Line of Business

The Company develops and markets technology products for the food service industry that enable better management of money, materials, employees and the guest experience in a geographically dispersed environment, resulting in improved profitability and customer satisfaction. Focusing on site operations but with corporate-wide deployment, the Company's enterprise applications improve on traditional software designs by delivering information throughout the organization and by reducing the cost and complexity normally associated with system ownership. The Company primarily sells software licenses, custom development, professional and installation services, maintenance and help desk contracts, and in addition provides hosting services and resells hardware. The Company also has arrangements with certain hardware and other vendors that pay referral fees and provide marketing support in specific circumstances.

NOTE 3 PROPERTY AND EQUIPMENT, NET

Property and equipment balances and estimated useful lives were as follows:

		Life -----
Computers and office equipment.	\$ 331,021	5 years
Office furniture and fixtures .	27,892	5 years
Software	20,052	5 years
Other equipment	72,562	5 years
Leasehold improvements	54,559	Lease period
Equipment under capital leases	15,375	4 years

	521,461	
Less: Accumulated depreciation and amortization	(245,693)	

Edgar Filing: PAR TECHNOLOGY CORP - Form 8-K

Property and equipment, net ... \$ 275,768
 =====

Depreciation expense was \$123,256 for the year ended December 31, 2005.

NOTE 4 INTANGIBLE ASSETS, NET

Intangible assets consist primarily of computer software assets. The unamortized balance of intangible assets was \$1,505,917 at December 31, 2005 and amortization expense for the year ended December 31, 2005 was \$451,001.

Amortization expense is computed using the straight-line method over the useful life of five years. Amortization expense for the five succeeding fiscal years and thereafter is as follows:

Future amortization of intangible assets is as follows:

2006	\$ 460,000
2007	460,000
2008	425,000
2009	160,000
2010	1,000
Later years	--

	\$1,506,000
	=====

NOTE 5 DEBT

Debt consists of the following:

2004 promissory notes; 12% interest due monthly, beginning November 2004; 16% default interest rate per annum; principal payments due quarterly beginning September 2005; loan is in default.	\$ 1,089,029
2004 and 2005 secured promissory notes; 15% interest rate per annum; 18% default interest rate per annum; principal and interest due at maturity; maturity is earlier of May 25, 2005 or the closing of the sale of the Company; loan is in default.	1,504,418
March 2005 promissory notes; 15% interest rate per annum; 18% default interest rate per annum; principal and interest due at maturity; maturity is earlier of December 31, 2005 or the closing of the sale of the Company; loan is in default.	1,586,493
June 2005 senior subordinated promissory notes; 15% interest due monthly in arrears, beginning August 1, 2005; 18% default interest rate per annum; maturity is earlier of June 20, 2006 or the closing of the sale of the Company; loan is in default.	500,000
September 2005 senior subordinated promissory notes; 18% interest due monthly in arrears, beginning January 1, 2006; 21% to 24% default interest rate per annum; maturity is earlier of one year from date of	

Edgar Filing: PAR TECHNOLOGY CORP - Form 8-K

issuance or the closing of the sale of the Company or a major refinancing of the Company.	647,222
December 2005 promissory notes; 5% interest rate per annum; 24% default interest rate per annum; principal and interest due at maturity; maturity is March 31, 2006.	660,841
December 2005 unsecured promissory note; 6% interest rate per annum; principal payments of \$15,000 due monthly beginning January 10, 2006; accrued interest due at maturity, December 10, 2006.	175,986
Unsecured promissory notes due from employees; 15% interest rate per annum.	35,208

NOTE 5 DEBT (Continued)

Various capital leases, interest rates range from 10.5% to 13.97%, monthly principal and interest payments, leases expire July 2009 to September 2009.	14,142

	6,213,339
Less: current portion	(6,202,547)

Long-term debt, net	\$ 10,792
	=====

Future maturities on capital lease obligations are as follows as of December 31, 2005:

2006	\$ 3,350
2007	3,765
2008	4,231
2009	2,796

Total	\$ 14,142
	=====

In connection with the Securities Purchase Agreement entered into on March 31, 2006 (see note 10), all outstanding debt and accrued interest at December 31, 2005 was satisfied; except for capital lease obligations.

Warrants for 112,359,522 shares of Company stock, exercisable at prices ranging from \$0.05 to \$0.1667, have been issued in conjunction with the Company's notes payable.

Edgar Filing: PAR TECHNOLOGY CORP - Form 8-K

Accrued expenses and other current liabilities include the following:

Interest payable	\$	630,719
Other accrued expenses		263,647
Customer deposits payable		73,900
Accrued vacation		49,733

	\$	1,017,999
		=====

NOTE 7 STOCK OPTION PLAN

The Company has reserved 21,220,746 shares under its stock option plan. Options under this Plan may be issued as incentive stock options or nonqualified options. Stock options are nontransferable other than

NOTE 7 STOCK OPTION PLAN (Continued)

upon death. Option grants vest over a four year period after the grant date and expire ten years after the date of the grant. There are provisions for accelerated vesting in certain cases. Under the plan, the exercise price of each option equals the estimated market price of the Company's stock on the grant date. The fair value of each option grant is estimated on the grant date using an option-pricing model with the following weighted average assumptions used for grants: dividend yield of 0%, risk-free interest rate ranging from 3.5% to 4.46% and expected lives of 4 years for the options.

As of December 31, 2005, there were 16,491,750 options outstanding with exercise prices ranging from \$0.05 to \$0.12 per share. No shares have been exercised since the inception of the plan. There were 1,105,000 options granted and 225,000 options forfeited during the year ended December 31, 2005. At December 31, 2005 there were 4,728,996 options available for future grant.

Stock options outstanding at December 31, 2005 are summarized as follows:

Exercise Price	Shares Outstanding	Remaining Contractual Life	Exercisable 12/31/05
-----	-----	-----	-----
\$0.050	12,131,108	4.8 years	12,131,108
\$0.080	7,500	5.4 years	7,500
\$0.097	200,000	7.0 years	150,000
\$0.100	3,048,142	7.4 years	1,905,089
\$0.120	1,105,000	9.5 years	201,146
	-----		-----
	16,491,750		14,394,843
	=====		=====

Pro forma information regarding net loss as if the Company had accounted for employee stock options under the fair value method of SFAS No. 123 is presented below. For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. The effects of applying SFAS No. 123 for providing pro forma disclosures are not likely to be

Edgar Filing: PAR TECHNOLOGY CORP - Form 8-K

representative of the effects on reported net income (loss) for future years, due to the impact of the staggered vesting periods of the Company's stock option grants. The Company's pro forma information is as follows.

Net loss as reported	\$ 4,853,099
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	23,630

Pro forma net loss	\$ 4,876,729
	=====

NOTE 8 CONTINGENCIES

Operating Leases

The Company leases office furniture and equipment under various operating leases. Lease expense during the year ended December 31, 2005 was \$41,775. In addition, the Company rents office space in Delray Beach, Florida under an operating lease that expires February 28, 2008. Rent expense during the year ended December 31, 2005 was \$226,447.

Future minimum rental payments required under the leases are as follows:

2006	\$ 262,577
2007	270,463
2008	43,786
2009	--
2010	--
Later years	--

	\$ 576,826
	=====

Employment Contracts

The Company has employment agreements with certain executive officers. These agreements may obligate the Company to a severance amount equal to one year's compensation should an executive leave the Company under certain terms of the agreement.

NOTE 9 INCOME TAXES

Deferred tax assets and liabilities represent the future tax return consequences of differences between the basis of assets and liabilities for financial statement and income tax purposes, which will either be deductible or taxable when the assets and liabilities are recovered or settled. At December 31, 2005 deferred tax assets relate primarily to the effects of tax loss carryforwards.

Deferred taxes consist of the following at December 31, 2005:

Deferred tax assets (non-current)	\$ 4,420,000
-----------------------------------	--------------

Edgar Filing: PAR TECHNOLOGY CORP - Form 8-K

Valuation allowance	(4,420,000)

	\$ --
	=====

A valuation allowance of \$4,420,000 was established at December 31, 2005 to eliminate the net deferred tax benefit as it was uncertain if the tax benefits would ever be realized. The accompanying financial statements do not reflect an income tax benefit from the current year operating loss. No income taxes were paid by the Company in 2005.

NOTE 9 INCOME TAXES (Continued)

As of December 31, 2005, the Company had net operating loss carryforwards approximating \$13,000,000 that can be deducted against future taxable income. These federal tax carryforwards expire at various dates through 2025.

NOTE 10 SUBSEQUENT EVENTS

Securities Purchase Agreement

On March 31, 2006, the Company entered into a Securities Purchase Agreement with Morganthau Accelerator Fund, L.P. and Jim Melvin whereby the Company issued 4,926,378 and 656,850 shares of Series B-1 Convertible Preferred Stock, \$0.001 par value, for \$3.0 million and \$400,000, respectively. In order to close this transaction the Company recapitalized its outstanding common stock, Series A, B and C Preferred Stock, and all options and warrants outstanding.

Sale of Business Assets

On November 2, 2006 the Company sold substantially all its assets to Par Technology Corporation (PAR), a leading provider of integrated technology solutions to the hospitality industry for approximately \$6.7 million in cash and Par Technology common stock.

At closing, PAR paid the Company \$5.65 million in cash and placed \$1.1 million of PAR common stock (125,549 shares par value \$0.02) into an escrow account. The escrow amount will be held, invested and distributed in accordance with an Escrow Agreement. Subject to any such indemnification claims, the amount in escrow is to be delivered to the Company on the second anniversary date of the closing.

In addition, PAR may be obligated to pay the Company a contingent purchase price amount if a certain Software License and Distribution Agreement of the Company is assumed by PAR during a specified period of time after the closing. If PAR assumes the contract the Company could be eligible to receive 15% of revenue collected by PAR under the agreement, not to exceed \$6.0 million.

[GRAPHIC OMITTED]

To the Board of Directors of
SIVA Corporation

Edgar Filing: PAR TECHNOLOGY CORP - Form 8-K

We consent to the use of our report dated December 21, 2006, included herein with respect to the consolidated balance sheet of SIVA Corporation as of December 31, 2005, and the related consolidated statement of operations, stockholders' deficit, and cash flow for the year ended December 31, 2005.

[GRAPHIC OMITTED]

/s/Kramer Weisman and Associates, LLP
 Davie, Florida
 December 21, 2006

EX-99.2 The unaudited interim consolidated financial statements of SIVA Corporation as of September 30, 2006 and for the three and nine months ended September 30, 2006 and 2005.

SIVA CORPORATION
 CONSOLIDATED BALANCE SHEET
 SEPTEMBER 30, 2006
 (Unaudited)

ASSETS

Current assets:

Cash and cash equivalents	\$	20,008
Accounts receivable		154,258
Other current assets		111,081

Total current assets		285,347

Property and equipment, net		255,928
Intangible assets, net		1,159,506
Security deposits		29,104

Total assets	\$	1,729,885
		=====

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:

Notes payable	\$	4,050,903
Accounts payable		594,231
Current portion of capital lease obligations		3,350
Accrued expenses and other current liabilities		597,793
Deferred revenue		494,782

Total current liabilities

Edgar Filing: PAR TECHNOLOGY CORP - Form 8-K

Capital lease obligation	5,741,059
	10,792

Total liabilities	5,751,851

Commitments and contingencies	--
Stockholders' deficit:	
Series A-1 preferred stock	1,565
Series B-1 preferred stock	2,612
Common stock, \$0.001 par value;	2,508
Additional paid-in capital	13,681,220
Accumulated deficit	(17,709,871)

Total stockholders' deficit	(4,021,966)

Total liabilities and stockholders' deficit	\$ 1,729,885
	=====

See notes to unaudited interim consolidated financial statements.

SIVA CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2006	2005	2006	2005
	-----	-----	-----	-----
Revenues:				
Software	\$ 62,475	\$ 638,125	\$ 936,844	\$ 683,667
Service and support	81,248	224,515	258,520	800,001
	-----	-----	-----	-----
Total revenues	143,723	862,640	1,195,364	1,483,668
	-----	-----	-----	-----
Costs of sales:				
Software	--	--	--	--
Service and support	343	4,621	235,670	13,863
	-----	-----	-----	-----
Total cost of sales	343	4,621	235,670	13,863
	-----	-----	-----	-----
Gross margin	143,380	858,019	959,694	1,469,805
	-----	-----	-----	-----
Operating expenses:				
Sales and marketing	88,908	32,618	241,700	161,121
General and administrative ..	621,847	746,548	1,930,601	1,945,389
Software development costs ..	347,562	632,459	1,542,686	1,868,515

Edgar Filing: PAR TECHNOLOGY CORP - Form 8-K

Depreciation and amortization	136,470	136,153	406,934	430,693
	-----	-----	-----	-----
Total operating expense .	1,194,787	1,547,778	4,121,921	4,405,718
	-----	-----	-----	-----
Operating loss	(1,051,407)	(689,759)	(3,162,227)	(2,935,913)
Interest expense, net	(160,534)	(220,269)	(575,969)	(458,920)
	-----	-----	-----	-----
Loss before provision for income taxes	(1,211,941)	(910,028)	(3,738,196)	(3,394,833)
Provision for income taxes	--	--	--	--
	-----	-----	-----	-----
Net loss	\$ (1,211,941)	\$ (910,028)	\$ (3,738,196)	\$ (3,394,833)
	=====	=====	=====	=====

See notes to unaudited interim consolidated financial statements.

SIVA CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

NINE MONTHS ENDED SEPTEMBER 30,

(Unaudited)

	2006	2005
	-----	-----
Cash flows from operating activities:		
Net loss	\$ (3,738,196)	\$ (3,394,833)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	406,934	430,693
Provision for bad debts	190,630	--
Changes in operating assets and liabilities:		
Accounts receivable	(56,992)	5,247
Other current assets	(33,389)	(6,576)
Security deposits	(6,684)	(9,388)
Accounts payable	318,242	74,197
Accrued expenses and other current liabilities	(323,852)	310,510
Deferred revenue	395,739	(65,000)
	-----	-----
Net cash used in operating activities	(2,847,568)	(2,655,150)
	-----	-----
Cash flows from investing activities:		
Capital expenditures	(40,684)	(17,242)
	-----	-----
Net cash used in investing activities	(40,684)	(17,242)

Edgar Filing: PAR TECHNOLOGY CORP - Form 8-K

Cash flows from financing activities:		
Principal advances/(payments) on notes, net	2,818,556	(913,209)
Proceeds from issuance of short term notes	--	3,554,057
	-----	-----
Net cash provided by financing activities	2,818,556	2,640,848
	-----	-----
Net decrease in cash	(69,696)	(31,544)
Cash, beginning of period	89,704	41,152
	-----	-----
Cash, end of period	\$ 20,008	\$ 9,608
	=====	=====
Supplemental Schedule of Cash Related Activities:		
Interest paid	\$ 75,803	\$ 80,000
	=====	=====
Non-cash activity:		
Shares of common stock issued to a vendor in lieu of payment	\$ --	\$ 76,998
	=====	=====
Conversion of debt to equity	\$ 4,966,851	\$ --
	=====	=====

See notes to unaudited interim consolidated financial statements.

SIVA CORPORATION NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. The accompanying unaudited interim consolidated financial statements have been prepared by SIVA (the "Company") in accordance with accounting principles generally accepted in the United States of America for interim financial statements. Accordingly, these interim financial statements do not include all information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of the Company such unaudited statements include all adjustments (which comprise only normal recurring accruals) necessary for a fair presentation of the results for such periods. The results of operations for the three and nine months ended September 30, 2006 are not necessarily indicative of the results of operations to be expected for any future period. The unaudited interim consolidated financial statements and notes thereto should be read in conjunction with the audited consolidated financial statements and notes (included in this SEC Form 8-K/A in Exhibit 99.1) as of and for the year ended December 31, 2005.

2. On November 2, 2006, PAR Technology Corporation (the "Company") and its wholly owned subsidiary, Par-Siva Corporation (f/k/a PAR Vision Systems Corporation) (the "Subsidiary") acquired substantially all of the assets and assumed certain liabilities of SIVA Corporation ("SIVA"). The purchase price of the assets was approximately \$6.7 million. The purchase price consisted of \$1.1 million worth of PAR common stock (125,549 shares of PAR Technology Corporation common stock) and the remainder in cash. The agreement provides for

Edgar Filing: PAR TECHNOLOGY CORP - Form 8-K

additional contingent purchase price payments based on certain sales based milestones and other conditions.

SIVA, based in Delray Beach, Florida, is a developer of software solutions for multi-unit restaurant operations.

EX-99.3 The unaudited pro forma Consolidated Statements of Income for the year ended December 31, 2005 and for the nine months ended September 30, 2006 and the unaudited pro forma Consolidated Balance Sheet as of September 30, 2006.

On November 2, 2006, PAR Technology Corporation (the "Company") and its wholly owned subsidiary, Par-Siva Corporation (f/k/a PAR Vision Systems Corporation) (the "Subsidiary") acquired substantially all of the assets and assumed certain liabilities of SIVA Corporation ("SIVA"). The purchase price of the assets was approximately \$6.9 million including estimated acquisition costs. The purchase price consisted of \$1.1 million worth of PAR common stock (125,549 shares of PAR Technology Corporation common stock) and the remainder in cash. The agreement provides for additional contingent purchase price payments based on certain sales based milestones and other conditions.

SIVA, based in Delray Beach, Florida, is a developer of software solutions for multi-unit restaurant operations.

PAR TECHNOLOGY CORPORATION AND SIVA CORPORATION
 UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME
 Year Ended December 31, 2005
 (in thousands except per share amounts)

	PAR Technology Corporation	SIVA Corporation	Acquisiti Pro form Adjustmen
Net revenues:			
Product	\$ 91,130	\$ 944	\$
Service	58,327	1,018	
Contract	56,182	--	

Edgar Filing: PAR TECHNOLOGY CORP - Form 8-K

	-----	-----	-----
	205,639	1,962	
	-----	-----	-----
Costs of sales:			
Product	53,443	--	
Service	44,205	18	
Contract	52,405	--	
	-----	-----	-----
	150,053	18	
	-----	-----	-----
Gross margin	55,586	1,944	
	-----	-----	-----
Operating expenses:			
Selling, general and administrative	30,867	3,364	
Research and development	9,355	2,329	
Amortization of identifiable intangible assets	1,030	451	
	-----	-----	-----
	41,252	6,144	
	-----	-----	-----
Operating income (loss)	14,334	(4,200)	
Other income, net	743		
Interest expense	(287)	(653)	
	-----	-----	-----
Income (loss) before provision for income taxes	14,790	(4,853)	
(Provision) benefit for income taxes	(5,358)	--	1,
	-----	-----	-----
Net income (loss)	\$ 9,432	\$ (4,853)	\$ 1,
	=====	=====	=====
Earnings per share:			
Basic	\$.68		
Diluted	\$.64		
Weighted average shares outstanding			
Basic	13,792		
	=====		
Diluted	14,648		
	=====		

See notes to unaudited pro forma consolidated financial statements.

PAR TECHNOLOGY CORPORATION
 UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
 September 30, 2006
 (in thousands except share amounts)

	PAR Technology Corporation	SIVA Corporation	Acquisiti Pro form Adjustmen
	-----	-----	-----
Assets			
Current assets:			
Cash and cash equivalents	\$ 2,098	\$ 20	\$
Accounts receivable-net	47,900	154	

Edgar Filing: PAR TECHNOLOGY CORP - Form 8-K

Inventories-net	34,839		
Income tax refunds	2,353		
Deferred income taxes	4,442		
Other current assets	3,192	111	
	-----	-----	-----
Total current assets	94,824	285	
Property and equipment - net	7,550	256	
Goodwill	20,885		4
Intangible assets - net	8,902	1,160	
Other assets	2,695	29	
	-----	-----	-----
	\$ 134,856	\$ 1,730	\$ 5
	=====	=====	=====
Liabilities and Stockholders' Equity (Deficit)			
Current liabilities:			
Current portion of long-term debt	\$ 129	\$ 3	\$
Borrowings under lines of credit	9,899	4,051	(4
Accounts payable	12,913	594	
Accrued salaries and benefits	7,362	--	
Accrued expenses	2,003	598	
Customer deposits	3,545		
Deferred service revenue	10,616	495	
	-----	-----	-----
Total current liabilities	46,467	5,741	(5
	-----	-----	-----
Long-term debt	1,889		5
	-----	-----	-----
Deferred income taxes	751		
	-----	-----	-----
Other long-term liabilities	1,649	11	
	-----	-----	-----
Stockholders' equity (deficit):			
Preferred stock, \$.02 par value, 1,000,000 shares authorized	--	4	
Common stock, \$.02 par value, 29,000,000 shares authorized; 15,959,536 issued and 14,181,232 outstanding	319	3	
(Pro forma PAR; 15,959,536 issued; 14,306,781 outstanding)			
Capital in excess of par value	37,799	13,681	(13
Retained earnings	52,338	(17,710)	17
Accumulated other comprehensive loss	(428)		
Treasury stock, at cost, 1,778,304 shares (Pro forma 1,652,755)	(5,928)		
	-----	-----	-----
Total stockholders' equity (deficit)	84,100	(4,022)	5
	-----	-----	-----
	\$ 134,856	\$ 1,730	\$ 5
	=====	=====	=====

See notes to unaudited pro forma consolidated financial statements.

Edgar Filing: PAR TECHNOLOGY CORP - Form 8-K

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME
For The Nine Months Ended September 30, 2006
(in thousands except share amounts)

	PAR Technology Corporation	SIVA Corporation	Acquisiti Pro form Adjustmen
Net revenues:			
Product	\$ 63,705	\$ 937	\$
Service	43,723	258	
Contract	47,046	--	
	154,474	1,195	
Costs of sales:			
Product	36,242	--	
Service	32,937	235	
Contract	43,844	--	
	113,023	235	
Gross margin	41,451	960	
Operating expenses:			
Selling, general and administrative	24,510	2,241	
Research and development	8,348	1,543	
Amortization of identifiable intangible assets	922	338	(
	33,780	4,122	(
Operating income	7,671	(3,162)	
Other income, net	437		
Interest expense	(458)	(576)	(2
Income (loss) before provision for income taxes	7,650	(3,738)	(2
(Provision) benefit for income taxes	(2,750)	--	1,3
Net income (loss)	\$ 4,900	\$ (3,738)	\$ 1,1
Earnings per share:			
Basic	\$.35		
Diluted	\$.33		
Weighted average shares outstanding			
Basic	14,168		
Diluted	14,751		

See notes to unaudited pro forma consolidated financial statements.

Edgar Filing: PAR TECHNOLOGY CORP - Form 8-K

1. Purchase Price Allocation

The total purchase price discussed above is allocated to the tangible and identifiable intangible assets acquired and liabilities assumed by the Company based on their estimated fair values as of the closing date of the acquisition. The following table presents the preliminary estimated fair values of the assets acquired and liabilities assumed:

(in thousands)

Historical basis of Siva net assets acquired	\$	55
Adjustment to step-up assets and liabilities to fair value:		
Deferred service revenue		104

Fair value of net assets acquired		159
Identifiable intangible assets acquired		
Software		1,025
Customer relationships		649
Trademark and trade names		250
Goodwill		4,810

Total estimated purchase price including acquisition costs	\$	6,893
		=====

The identifiable intangible assets acquired and their estimated useful lives (based on preliminary third party valuation) are as follows:

(in thousands)

	Fair Value	Estimated Useful Life
	-----	-----
Software	\$ 1,025	5 Years
Customer relationships ...	649	5 Years
Trademarks and trade names	250	Indefinite

	\$ 1,924	
	=====	

2. Pro forma assumptions

The accompanying unaudited pro forma consolidated balance sheet at September 30, 2006 and the unaudited pro forma consolidated statements of income for the nine months ended September 30, 2006 and the year ended December 31, 2005 give effect to the acquisition referred to above. The pro forma consolidated statements of income assume the acquisition took place on January 1, 2005. The pro forma consolidated balance sheet at September 30, 2006 assumes the acquisition took place on September 30, 2006. The pro

Edgar Filing: PAR TECHNOLOGY CORP - Form 8-K

forma consolidated balance sheet and statements of income are presented for illustrative purposes only and do not necessarily reflect the results of operations that would have occurred had the acquisition actually occurred during the periods presented.

The accompanying unaudited pro forma consolidated balance sheet and statements of income are subject to a number of estimates, assumptions and uncertainties, and do not purport to be indicative of actual results had the acquisition taken place on the dates indicated, nor do these statements of income purport to be indicative of the results of operations that may be achieved in the future.

The unaudited pro forma consolidated balance sheet at September 30, 2006 and the unaudited pro forma consolidated statements of income for the nine months ended September 30, 2006 and the year ended December 31, 2005 have been adjusted as discussed in the notes below:

- a) To eliminate assets and liabilities not acquired pursuant to the acquisition agreement.
- b) To eliminate SIVA's stockholders' deficit accounts.
- c) To record fair value adjustments, identifiable intangibles and goodwill resulting from the acquisition as detailed in Note 1.
- d) To record the debt and acquisition costs incurred in connection with the acquisition.
- e) To record the 125,549 shares of PAR Technology Corporation common stock issued in connection with the acquisition. The number of shares issued was determined based on a formula in the purchase agreement. For purposes of recording the acquisition, these shares were valued based upon the average value of the Company's common stock based on the average closing share price for the period of 2 days preceding through the 2 days following the announcement of the acquisition.
- f) To record pro forma amortization of the identifiable intangible assets with finite lives acquired over the estimated useful life of five years.
- g) To record pro forma interest expense on debt incurred for the year ended December 31, 2005. Interest expense assumes the entire amount of debt incurred of \$5.6 million was outstanding for all of 2005 at a borrowing rate of 6.3%.
- h) To record pro forma tax benefit using statutory tax rates assuming results of SIVA combined with PAR Technology Corporation and after giving effect to the pro forma adjustments.
- i) To record pro forma amortization for identifiable intangible assets with finite lives acquired over the estimated useful life of five years.
- j) To record pro forma interest expense on debt incurred for the nine months ended September 30, 2006. Interest expense assumes the entire amount of debt incurred of \$5.6 million was outstanding for the first nine months of 2006 at a borrowing rate for of 6.3%.
- k) To record FAS 123R expense for options issued in connection with an employment agreement relating to the acquisition.