INTREPID CAPITAL CORP
Form 8-K/A
March 18, 2002

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MARCH 18, 2002

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): December 31, 2001

Intrepid Capital Corporation
(Exact name of registrant as specified in its charter)

Delaware	333-66859	59-3546446
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

3652 South Third Street, Suite 200, Jacksonville Beach, Florida 32250
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (904) 246-3433

NOT APPLICABLE
(Former name or former address, if changed since last report)

This Amendment No. 1 amends and supplements the Current Report on Form 8-K filed on January 15, 2002 (the "Original 8-K") by Intrepid Capital Corporation (the "Company"). Capitalized terms used herein which are not otherwise defined herein are used with the respective meanings ascribed to them in the Original 8-K.

As previously reported, on December 31, 2001, the Company acquired all of the outstanding capital stock of ICC Investment Advisors, Inc. ("ICC"). As of the date of the filing of the Original 8-K, it was impractical for the Company to provide the financial statements required by Form 8-K. In accordance with General Instruction C. and Item 7 of Form 8-K, such financial statements are being filed with this Amendment No.1.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(a) Financial Statements of Business Acquired. Included in this Current Report are the balance sheets, statements of operations, stockholders' deficit and cash flows of ICC for the years ended December 31, 2000 and December 31, 1999, together with the notes thereto, which have been audited by the independent accounting firm of Babione, Kuehler & Caslow, whose opinion thereon is included herein.

(b) Pro Forma Financial Information. Included in this Current Report are the following unaudited pro forma financial statements, together with the notes thereto (the "Unaudited Pro Forma Consolidated Financial Statements"):

(i) Unaudited pro forma consolidated balance sheet as of September 30, 2001.

(ii) Unaudited pro forma consolidated condensed statement of operations for the nine months ended September 30, 2001.

(iii) Unaudited pro forma consolidated condensed statement of operations for the year ended December 31, 2000.

(c) Exhibits. The following is a list of the Exhibits attached hereto:

Exhibit 2.1	Share Purchase Agreement*
Exhibit 4.1	Form of Warrant Agreement*
Exhibit 4.2	Option Agreement*
Exhibit 4.3	Convertible Note*
Exhibit 10.1	Non-Competition and Confidentiality Agreement*
Exhibit 10.2	Form of Registration Rights Agreement*
Exhibit 10.3	Investment Agreement*
Exhibit 10.4	Convertible Note Agreement*
Exhibit 10.5	Registration Rights Agreement*
Exhibit 10.6	Standstill Agreement*

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* - Previously filed.

[Signature Page Follows]

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, Intrepid Capital Corporation has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTREPID CAPITAL CORPORATION

By: /s/ Forrest Travis

Forrest Travis, President and
Chief Executive Officer

Dated: March 18, 2002

3

INDEX TO FINANCIAL STATEMENTS

[BKC LOGO]

BABIONE, KUEHLER & CASLOW

CERTIFIED PUBLIC ACCOUNTANTS

Marcia S. Babione, CPA
Mark A. Kuehler, CPA
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Orlando, FL 3280
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Independent Auditors' Report

Board of Directors
The Investment Counsel Company
of the Southeast
Orlando, Florida

We have audited the accompanying balance sheet of The Investment Counsel Company of the Southeast as of December 31, 2000, and the related statements of operations, 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 The Investment Counsel Company of the Southeast as of December 31, 2000, and the results of its operations and its cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of general and administrative expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

January 17, 2002

F-1

THE INVESTMENT COUNSEL COMPANY OF THE SOUTHEAST
Balance Sheet
December 31, 2000

ASSETS

Current assets:	
Cash	$119,469
Accounts receivable	40,048
Prepaid expenses and other current assets	8,196
Total current assets	167,713
Property and equipment, net	115,105
Other assets:	
Deposits and other assets	13,592
Deferred income taxes	72,634
Total other assets	86,226
Total assets	$369,044

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

F-2

THE INVESTMENT COUNSEL COMPANY OF THE SOUTHEAST
Balance Sheet (Continued)
December 31, 2000

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:	
Line of credit	$ 75,000
Accounts payable	62,550
Accrued expenses	39,008
Income tax payable	10,346
Current portion of long-term debt	19,550
Current portion of capital lease obligations	10,938
Current portion of pension plan obligation	1,552

Total current liabilities	218,944
Long-term liabilities:	
Long-term debt, less current portion	17,802
Capital lease obligations, less current portion	9,206
Pension plan obligations, less current portion	214,938
Total long-term liabilities	241,946
Total liabilities	460,890
Stockholders' deficit:	
Common stock	1,200
Additional paid-in capital	63,233
Accumulated deficit	(19,184)
Excess cost of corporate split-off	(133,895)
Treasury stock, 200 shares at cost	(3,200)
Total stockholders' deficit	(91,846)
Total liabilities and stockholders' deficit	$ 369,044

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

THE INVESTMENT COUNSEL COMPANY OF THE SOUTHEAST
Statement of Operations
For the year ended December 31, 2000

Revenue:	
Investment advisory fees	$ 2,332,556
Interest and other income	691
Total revenue	2,333,247
Expenses:	
General and administrative	2,288,446
Interest	26,569
Total expenses	2,315,015

Income from operations before income taxes	18,232
Income tax expense	(11,576)
Net income	$ 6,656

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

THE INVESTMENT COUNSEL COMPANY OF THE SOUTHEAST
Statement of Stockholders' Deficit
For the year ended December 31, 2000

	Common Stock(1)	Additional Paid-in Capital	Accumulated Deficit	Excess Cost of Corporate Split-off
Balances at December 31, 1999	$1,200	$63,233	$(25,840)	$(133,895)
2000 Net Income	--	--	6,656	--
Balances at December 31, 2000	$1,200	$63,233	$(19,184)	$(133,895)

(1) Common stock, $1 par value, 10,000 shares authorized: 1,200 shares issued, 1,000 shares outstanding

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

THE INVESTMENT COUNSEL COMPANY OF THE SOUTHEAST
Statement of Cash Flows
For the year ended December 31, 2000

Cash flows from operating activities:	
Net Income	$ 6,656
Adjustments to reconcile net income to net cash provided by Operating activities:	
Depreciation and amortization	37,519
Deferred income taxes	1,230
(Increase) decrease in accounts receivable	323
(Increase) decrease in prepaid expenses	23,341
Increase (decrease) in accounts payable	(25,347)
Increase (decrease) in accrued expenses	(39,830)
Increase (decrease) in income tax payable	10,346
Total adjustments	7,582
Net cash provided by operating activities	14,238
Cash flows from investing activities:	
Cash payments for the purchase of property	(4,424)
Net cash used by investing activities	(4,424)
Cash flows from financing activities:	
Principle payments on long-term debt	(18,124)
Repayments on capital lease obligations	(9,582)
Decrease in unfunded pension obligation	(997)
Net cash used by financing activities	(28,703)
Net decease in cash and equivalents	(18,889)
Cash and equivalents, beginning of year	138,358
Cash and equivalents, end of year	$ 119,469

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

THE INVESTMENT COUNSEL COMPANY OF THE SOUTHEAST
Statement of Cash Flows (Continued)
For the year ended December 31, 2000

Supplemental disclosures of cash flows information:

Cash paid during the period for:	
Interest	$ 26,678

Property acquisitions:

Cost of property and equipment acquired	$ 7,898
Capital lease obligations incurred	(3,474)
Cash paid to acquire property and equipment	$ 4,424

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

THE INVESTMENT COUNSEL COMPANY OF THE SOUTHEAST
Notes to Financial Statements
December 31, 2000

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of The Business

The Investment Counsel Company of the Southeast (the "Company") is a wholly owned subsidiary of ICC Investment Advisors, Inc. (the "Parent"). The Company manages investments for individuals, profit sharing plans, and municipalities. The Company's clients are located across the country with a concentration in Florida. The main office of the Company is located in Orlando, Florida. The Company was formally a wholly owned subsidiary of ICC Capital, Inc. On April 30, 1998, the Company separated from ICC Capital, Inc. through a corporate split-off.

Revenue Recognition

The Company charges fees, principally in advance, based on the market value of assets managed. These amounts are recorded ratably over the service period.

Accounts Receivable

The Company's management believes that all accounts receivable are collectible; therefore, no allowance for doubtful accounts has been established. In the normal course of business, the Company extends unsecured credit to its customers.

Use of Estimates

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

Property and Equipment

Property and equipment is recorded at cost. Depreciation is computed using the straight-line method over the estimated useful life of the asset, as follows:

Automobiles	5 years
Office equipment and furniture	5-7 years

Leasehold improvements are amortized over the shorter of the lease term or the useful life of the asset.

Cash Equivalents

For purposes of the statements of cash flows, the Company considers cash investments purchased with a maturity of three months or less to be cash equivalents.

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Company follows FASB Statement No. 109, "Accounting for Income Taxes," which requires an asset and liability approach to financial accounting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable during the period plus or minus the changes during the period in deferred tax assets and liabilities.

The Company files consolidated income tax returns with the Parent. The Company's policy is to apply inter-corporate tax allocations using the "separate return method". Liabilities and assets that result from this allocation are included in the accompanying balance sheets.

NOTE 2 -- PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2000:

Office equipment	$ 79,582
Furniture and fixtures	26,073
Automobiles	86,557
Capital lease assets	96,399
Leasehold improvements	10,901
	299,512
Less: Accumulated deprecation	(184,407)
Property and equipment, net	$115,105

Depreciation expense includes the amortization of capital lease assets. For the year ended December 31, 2000, depreciation expense was $37,519.

NOTE 3 -- EMPLOYEE PROFIT SHARING PLAN

The Company has a defined contribution employee profit sharing plan with a 401(k) plan feature, which covers substantially all employees. The Company's Board of Directors may elect to make contributions to a trust on behalf of the Plan. Contributions for the year ended December 31, 2000, were $24,347.

NOTE 4 -- PENSION PLAN OBLIGATION

The Company has a non-qualified defined benefit pension plan covering a former employee/stockholder. The benefit is adjusted annually by the percentage increase in the Consumer Price Index - All Urban Consumers (CPI) and is paid on a quarterly basis. The adjusted annual benefit is not to exceed $25,000. The Company has no current funding for this obligation.

NOTE 4 -- PENSION PLAN OBLIGATION (Continued)

	December 31, 2000
Actuarial present value of benefit obligations:	
Accumulated benefit obligation	$216,490
Projected benefit obligation	$216,490
Plan assets at fair market value	0
Projected benefit obligation in excess of plan assets	$216,490

The assumptions used to determine the actuarial present value of the projected benefit obligation are as follows:

Average annual increase in CPI percentage	2.58%
Discount rate	8.00%

NOTE 5 -- LINE OF CREDIT

The Company has a $75,000 line of credit, which is personally guaranteed by the shareholders of the Company. The total outstanding balance on this line of credit was $75,000 at December 31, 2000. The line of credit is collateralized by the accounts receivable of the Company, interest is due monthly at 1% over the bank's prime lending rate. Originally due February 2000, the line of credit was refinanced and is due February 2002.

NOTE 6 -- LONG-TERM DEBT

	December 31, 2000
Note payable to bank, due in monthly installments of $559 including interest at 9.05%, collateralized by an automobile, due April, 2002	$ 8,314
Note payable to bank, due in monthly installments of $611 including interest at 7.9%, collateralized by an automobile, due March, 2002	8,600

Note payable to bank, due in monthly installments of $623 including interest at 5.9%, collateralized by an automobile, due November, 2003	20,438
	37,352
Less current portion	(19,550)
	$ 17,802

THE INVESTMENT COUNSEL COMPANY OF THE SOUTHEAST
Notes to Financial Statements (Continued)
December 31, 2000

NOTE 6 -- LONG-TERM DEBT (Continued)

Maturities of long-term debt for the years following December 31, 2000, are as follows:

2001	$19,550
2002	10,638
2003	7,164
	$37,352

NOTE 7 -- LEASES

The Company is obligated under capital lease agreements for office furniture and equipment. These leases expire through 2003. As of December 31, 2000, the total amount of furniture and equipment recorded under capital leases is $96,399, and the related accumulated amortization is $69,774.

Future minimum lease payments as of December 31, 2000, are as follows:

2001	$ 13,308
2002	9,126
2003	805
Total future minimum lease payments	23,239
Amount representing interest	(3,095)
Present value of minimum lease payments	20,144

Less current portion	(10,938)
Long term portion	$ 9,206

The Company also has several noncancellable operating leases for office facilities and office equipment that expire over the next five years and generally provide for purchase or renewal options.

Future minimum lease payments under noncancellable operating leases at December 31, 2000, are:

2001	$131,803
2002	86,561
2003	16,198
2004	16,198
2005	8,946
Total minimum lease payments	$259,706

Total rent expense under these operating lease obligations was $152,056 for the year ended December 31, 2000.

NOTE 8 -- INCOME TAXES

For the year ended December 31, 2000, income tax expense consists of the following:

Current income tax expense	
Federal	$ 9,120
State	1,226
	10,346
Deferred income tax expense	
Federal	676
State	554
	1,230
Total income tax expense	$11,576

Income tax expense attributable to income was $11,576 for the year ended December 31, 2000, and differed from the amounts computed by applying the U.S. federal income tax rate of 35% to income before income taxes primarily due to the deductible payments made on the non-qualified pension plan obligation, accelerated depreciation methods for tax purposes, deductible state income taxes and non-deductible entertainment and meals.

The tax effects of temporary differences that give rise to significant portions of the deferred tax liabilities at December 31, 2000, are presented below:

Deferred tax liability (asset):

Property and equipment	$ 10,919
Non-qualified defined benefit pension obligation	(83,553)
	$(72,634)

NOTE 9 -- FINANCIAL INSTRUMENTS

The Company maintains its cash at financial institutions. The balance, at times, may exceed federally insured limits. At December 31, 2000, the Company exceeded the insured limit by approximately $10,500.

NOTE 10 -- SUBSEQUENT EVENTS

Subsequent to the balance sheet date, in December 2001, the stockholders of the Parent entered into an agreement to sell all of their capital stock to Intrepid Capital Corporation.

F-12

SUPPLEMENTARY INFORMATION

F-13

THE INVESTMENT COUNSEL COMPANY OF THE SOUTHEAST
Schedule of General and Administrative Expenses
For the year ended December 31, 2000

Salaries	$
Travel and entertainment	
Payroll taxes and employee benefits	
Professional fees	
Data processing	
Office supplies and expenses	
Office rent	
Telephone	
Depreciation and amortization	
Insurance	
Profit sharing contribution	
Consulting	
Marketing and promotion	
Equipment rental	
Dues and subscriptions	
Repairs and maintenance	
Taxes and licenses	
Parking	
Bad debt expense	
Contributions	
Postage and shipping	
Miscellaneous	
	--
Total general and administrative expenses	$
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See Auditors' Report

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BABIONE, KUEHLER & CASLOW

CERTIFIED PUBLIC ACCOUNTANTS

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Members:
American Institute of
Certified Public Accountants
Florida Institute of
Certified Public Accounts
A Partnership Including
Professional Associations

Independent Auditors' Report

Board of Directors
The Investment Counsel Company
of the Southeast
Orlando, Florida

We have audited the accompanying balance sheet of The Investment Counsel Company of the Southeast as of December 31, 1999, and the related statements of operations, 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 The Investment Counsel Company of the Southeast as of December 31, 1999, and the results of its operations and its cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of general and administrative expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

January 17, 2002

THE INVESTMENT COUNSEL COMPANY OF THE SOUTHEAST
Balance Sheet
December 31, 1999

ASSETS

Current assets:	
Cash	$ 138,358
Accounts receivable	40,372
Prepaid expenses and other current assets	31,989
Total current assets	210,719
Property and equipment, net	144,726
Other assets:	
Deposits and other assets	13,139
Deferred income taxes	73,864
Total other assets	87,003
Total assets	$442,448

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

THE INVESTMENT COUNSEL COMPANY OF THE SOUTHEAST
Balance Sheet (Continued)
December 31, 1999

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:	
Line of credit	$ 75,000
Accounts payable	87,898
Accrued expenses	78,838
Current portion of long-term debt	18,124
Current portion of capital lease obligations	8,555
Current portion of pension plan obligation	997
Total current liabilities	269,412
Long-term liabilities:	
Long-term debt, less current portion	37,352
Capital lease obligations, less current portion	17,696
Pension plan obligations, less current portion	216,490
Total long-term liabilities	271,538
Total liabilities	540,950
Stockholders' deficit:	
Common stock	1,200
Additional paid-in capital	63,233
Accumulated deficit	(25,840)
Excess cost of corporate split-off	(133,895)
Treasury stock, 200 shares at cost	(3,200)
Total stockholders' deficit	(98,502)
Total liabilities and stockholders' deficit	$ 442,448

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

F-17

THE INVESTMENT COUNSEL COMPANY OF THE SOUTHEAST
Statement of Operations
For the year ended December 31, 1999

Revenue:	
Investment advisory fees	$ 2,726,345
Interest and other income	4,963
Total revenue	2,731,308

Expenses:	
General and administrative	2,721,888
Interest	24,351
Loss on disposal of assets	15,629
Total expenses	2,761,868
Loss from operations before income taxes	(30,560)
Income tax benefit	3,391
Net loss	$ (27,169)

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

THE INVESTMENT COUNSEL COMPANY OF THE SOUTHEAST
Statement of Stockholders' Equity
For the year ended December 31, 1999

	Common Stock(1)	Additional Paid-in Capital	Accumulated Deficit	Stock Subscriptions Receivable	Excess Cost of Corporat Split-off
Balances, as previously reported, at December 31, 1998	$1,200	$63,233	$ 12,052	$(10,723)	$ --
Prior period adjustment	--	--	(10,723)	10,723	(133,895)
Balances, restated, at December 31, 1998	1,200	63,233	1,329	--	(133,895)
1999 net loss	--	--	(27,169)	--	--
Balances at December 31, 1999	$1,200	$63,233	$(25,840)	$ --	$(133,895)

(1) Common stock, $1 par value, 10,000 shares authorized: 1,200 shares issued, 1,000 shares outstanding

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

THE INVESTMENT COUNSEL COMPANY OF THE SOUTHEAST
Statement of Cash Flows
For the year ended December 31, 2000

Cash flows from operating activities:	
Net Loss	$ (27,16
Adjustments to reconcile net income to net cash provided by Operating activities:	
Depreciation and amortization	36,94
Deferred income taxes	(2,54
Loss on disposal of property	15,62
(Increase) decrease in accounts receivable	(4,71
(Increase) decrease in prepaid expenses	(5,72
(Increase) decrease in other assets	(8,49
Increase (decrease) in accounts payable	57,65
Increase (decrease) in accrued expenses	4,46
Increase (decrease) in income tax payable	(10,16
Total adjustments	83,05
Net cash provided by operating activities	55,88
Cash flows from investing activities:	
Cash payments for the purchase of property	(19,34
Net cash used by investing activities	(19,34
Cash flows from financing activities:	
Principle payments on long-term debt	(17,90
Repayments on capital lease obligations	(16,09
Decrease in unfunded pension obligation	(49
Net cash used by financing activities	(34,50
Net increase in cash and equivalents	2,03
Cash and equivalents, beginning of year	136,31
Cash and equivalents, end of year	$ 138,35

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

F-20

THE INVESTMENT COUNSEL COMPANY OF THE SOUTHEAST
Statement of Cash Flows (Continued)
For the year ended December 31, 1999

Supplemental disclosures of cash flows information:

Cash paid during the period for:	
Interest	$ 24,021

Supplemental disclosures of non-cash activities:

Property acquisitions:

Cost of property and equipment acquired	$ 66,220
Capital lease obligations incurred	(20,361)
Note payable	(26,512)
Cash paid to acquire property and equipment	$ 19,347

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

F-21

The Investment Counsel Company of the Southeast
Notes to Financial Statements
December 31, 1999

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of The Business

The Investment Counsel Company of the Southeast (the "Company") was a wholly owned subsidiary of ICC Capital, Inc. On April 30, 1998, the Company was separated from ICC Capital, Inc. through a corporate split-off. Subsequent to the split-off, the Company became a wholly owned subsidiary of ICC Investment Advisors, Inc. (the "Parent") The Company manages investments for individuals, profit sharing plans, and municipalities. The Company's clients are located across the country with a concentration in Florida. The main office of the Company is located in Orlando, Florida.

Revenue Recognition

The Company charges fees, principally in advance, based on the market value of assets managed. These amounts are recorded ratably over the service period.

Accounts Receivable

The Company's management believes that all accounts receivable are collectible; therefore, no allowance for doubtful accounts has been established. In the normal course of business, the Company extends unsecured credit to its customers.

Use of Estimates

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

Property and Equipment

Property and equipment is recorded at cost. Depreciation is computed using the straight-line method over the estimated useful life of the asset, as follows:

Automobiles	5 years
Office equipment and furniture	5-7 years

Leasehold improvements are amortized over the shorter of the lease term or the useful life of the asset.

Cash Equivalents

For purposes of the statements of cash flows, the Company considers cash investments purchased with a maturity of three months or less to be cash equivalents.

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Company follows FASB Statement No. 109, "Accounting for Income Taxes," which requires an asset and liability approach to financial accounting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable during the period plus or minus the changes during the period in deferred tax assets and liabilities.

The Company files consolidated income tax returns with the Parent. The Company's policy is to apply inter-corporate tax allocations using the "separate return method". Liabilities and assets that result from this allocation are included in the accompanying balance sheets.

NOTE 2 -- PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 1999:

Office equipment	$ 75,158
Furniture and fixtures	26,073
Automobiles	86,557
Capital lease assets	92,925
Leasehold improvements	10,901
	291,614
Less: Accumulated deprecation	(146,888)
Property and equipment, net	$144,726

Depreciation expense includes the amortization of capital lease assets. For the year ended December 31, 1999, depreciation expense was $36,944.

NOTE 3 -- EMPLOYEE PROFIT SHARING PLAN

The Company has a defined contribution employee profit sharing plan with a 401(k) plan feature, which covers substantially all employees. The Company's Board of Directors may elect to make contributions to a trust on behalf of the Plan. Contributions for the year ended December 31, 1999, were $62,374.

NOTE 4 -- PENSION PLAN OBLIGATION

The Company has a non-qualified defined benefit pension plan covering a former employee/stockholder. The benefit is adjusted annually by the percentage increase in the Consumer Price Index - All Urban Consumers (CPI) and is paid on a quarterly basis. The adjusted annual benefit is not to exceed $25,000. The Company has no current funding for this obligation.

NOTE 4 -- PENSION PLAN OBLIGATION (Continued)

	December 31, 1999
Actuarial present value of benefit obligations:	
Accumulated benefit obligation	$217,487
Projected benefit obligation	$217,487

Plan assets at fair market value	0
Projected benefit obligation in excess of plan assets	$217,487

The assumptions used to determine the actuarial present value of the projected benefit obligation are as follows:

Average annual increase in CPI percentage	2.58%
Discount rate	8.00%

NOTE 5 -- LINE OF CREDIT

The Company has a $75,000 line of credit, which is personally guaranteed by the shareholders of the Company. The total outstanding balance on this line of credit was $75,000 at December 31, 1999. The line of credit is collateralized by the accounts receivable of the Company, interest is due monthly at 1% over the bank's prime lending rate. Originally due February 2000, the line of credit was refinanced and is due February 2002.

NOTE 6 -- LONG-TERM DEBT

	December 31, 1999
Note payable to bank, due in monthly installments of $559 including interest at 9.05%, collateralized by an automobile, due April, 2002	$ 13,986
Note payable to bank, due in monthly installments of $611 including interest at 7.9%, collateralized by an automobile, due March, 2002	14,978
Note payable to bank, due in monthly installments of $623 including interest at 5.9%, collateralized by an automobile, due November, 2003	26,512
	55,476
Less current portion	(18,124)
	$ 37,352

NOTE 6 -- LONG-TERM DEBT (Continued)

Maturities of long-term debt for the years following December 31, 2000, are as follows:

2000	$18,124
2001	19,550
2002	10,638
2003	7,164
	$55,476

NOTE 7 -- LEASES

The Company is obligated under capital lease agreements for office furniture and equipment. These leases expire through 2003. As of December 31, 1999, the total amount of furniture and equipment recorded under capital leases is $92,925, and the related accumulated amortization is $59,710.

Future minimum lease payments as of December 31, 1999, are as follows:

2000	$11,787
2001	11,787
2002	7,604
2004	806
Total future minimum lease payments	31,984
Amount representing interest	(5,733)
Present value of minimum lease payments	26,251
Less current portion	(8,555)
Long term portion	$17,696

The Company also has several noncancellable operating leases for office facilities and office equipment that expire over the next five years and generally provide for purchase or renewal options.

Future minimum lease payments under noncancellable operating leases at December 31, 1999, are:

2000	$147,646
2001	112,332
2002	67,839
Total minimum lease payments	$327,817

Total rent expense under these operating lease obligations was $168,852 for the year ended December 31, 1999.

NOTE 8 -- INCOME TAXES

For the year ended December 31, 1999, income tax expense consists of the following:

Current income tax expense (benefit)	
Federal	$ (849)
State	0
	(849)
Deferred income tax expense (benefit)	
Federal	(1,801)
State	(741)
	(2,542)
Total income tax expense (benefit)	$ (3,391)

Income tax expense attributable to income was $3,391 for the year ended December 31, 1999, and differed from the amounts computed by applying the U.S. federal income tax rate of 35% to income before income taxes primarily due to the deductible payments made on the non-qualified pension plan obligation, accelerated depreciation methods for tax purposes, deductible state income taxes and non-deductible entertainment and meals.

The tax effects of temporary differences that give rise to significant portions of the deferred tax liabilities at December 31, 1999, are presented below:

Deferred tax liability (asset):

Property and equipment	$ 8,110
Non-qualified defined benefit pension obligation	(81,974)
	$ (73,864)

NOTE 9 -- FINANCIAL INSTRUMENTS

The Company maintains its cash at financial institutions. The balance, at times, may exceed federally insured limits. At December 31, 1999, the Company exceeded the insured limit by approximately $20,900.

NOTE 10 -- PRIOR PERIOD ADJUSTMENT

Subsequent to the issuance of the Company's financial statements as of December 31, 1998 and dated September 30, 1999, management discovered that the non-qualified defined benefit pension plan obligation (See Note 4) assumed in connection with the corporate split-off from the former parent was not recorded. The present value of the obligation as of April 30, 1998 was $217,981. Accrual of non-qualified pension plan benefits are not deductible for tax purposes until paid. Therefore a deferred tax asset of $84,086 has been recorded. Upon reevaluation of the reorganization, the effect of including this obligation, net of the deferred tax asset, resulted in an excess cost of the corporate split-off totaling $133,895.

During the year ended December 31, 1999, a change was made to the Company's retained earnings to properly account for the balance of the stock subscription receivable. This adjustment decreased retained earnings by $10,723 and decreased stock subscription receivable by $10,723.

NOTE 11 -- SUBSEQUENT EVENTS

Subsequent to the balance sheet date, in December 2001, the stockholders of the Parent entered into an agreement to sell all of their capital stock to Intrepid Capital Corporation.

SUPPLEMENTARY INFORMATION

THE INVESTMENT COUNSEL COMPANY OF THE SOUTHEAST
Schedule of General and Administrative Expenses
For the year ended December 31, 1999

Salaries	$ 1,827,093
Travel and entertainment	77,087
Payroll taxes and employee benefits	168,207
Professional fees	17,580
Data processing	20,113
Office supplies and expenses	71,741
Office rent	140,794
Telephone	37,786
Depreciation and amortization	36,944
Insurance	20,526
Profit sharing contribution	62,374
Consulting	52,109
Marketing and promotion	43,050
Equipment rental	33,737
Dues and subscriptions	30,698
Repairs and maintenance	16,305
Taxes and licenses	16,252
Parking	19,044
Contributions	2,105
Postage and shipping	26,240
Miscellaneous	2,103
Total general and administrative expenses	$ 2,721,888

See Auditors' Report

INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

Pro Forma Consolidated Balance Sheet
September 30, 2001
(unaudited)

ASSETS	ICAP HISTORICAL	ICC HISTORICAL	PRO F ADJUST
Current assets:			
Cash and cash equivalents	$ 217,993	29,403	356
Investments, at fair value	54,306	--	
Accounts receivable	69,439	40,936	
Prepaid and other assets	71,082	114,822	(81
Assets of discontinued operation	1,137,543	--	
Total current assets	1,550,363	185,161	274
Equipment and leasehold improvements, net	306,854	87,671	

Goodwill and intangible assets, net	34,575	--	4,347
Total assets	$ 1,891,792	272,832	4,622

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities			
Accounts payable	$ 147,871	69,787	
Accrued expenses	372,919	22,251	
Current portion of notes payable	241,572	112,728	3,500
Advances from shareholder	287,110	--	
Other	119,654	4,390	
Liabilities of discontinued operation	229,128	--	
Total current liabilities	1,398,254	209,156	3,500
Notes payable, less current portion	422,317	246,494	
Total liabilities	1,820,571	455,650	3,500
Stockholders' equity:			
Common stock	23,502	1,200	8
Treasury stock at cost	(3,669)	(52,359)	52
Additional paid-in capital	2,686,915	(81,385)	1,011
Accumulated deficit	(2,635,527)	(50,274)	50
Total stockholders' equity	71,221	(182,818)	1,122
	$ 1,891,792	272,832	4,622

See accompanying notes to pro forma consolidated financial statements.

INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

Pro Forma Condensed Consolidated Statements of Operations
Nine month period ended September 30, 2001
(unaudited)

	ICAP HISTORICAL	ICC HISTORICAL
Revenues:		
Commissions	$ 1,025,509	--
Asset management fees	602,578	1,504,984
Investment banking fees	341,386	--
Net trading profits	3,246	--
Dividend and interest income	24,366	57
Other	47,867	2,189

Total revenues	2,044,952	1,507,230
Expenses:		
Salaries and employee benefits	1,625,729	1,063,291
Brokerage and clearing	199,888	--
Advertising and marketing	173,283	79,115
Professional and regulatory fees	212,376	115,726
Occupancy and maintenance	272,263	163,670
Depreciation and amortization	65,169	28,040
Interest expense	52,334	25,178
Other	197,999	76,875
Total expenses	2,799,041	1,551,895
Loss from continuing operations before income taxes	(754,089)	(44,665)
Income tax benefit	--	(2,851)
Loss from continuing operations	(754,089)	(41,814)
Discontinued operations	(345,007)	--
Net loss	$(1,099,096)	(41,814)
Basic and diluted loss per share	$ (0.47)	
Weighted average shares outstanding	2,336,510	

See accompanying notes to pro forma consolidated financial statements.

INTREPID CAPITAL CORPORATION AND SUBSIDIARIES

Pro Forma Condensed Consolidated Statements of Operations
Year ended December 31, 2000
(unaudited)

	ICAP HISTORICAL	ICC HISTORICAL
Revenues:		
Securities commissions	$ 1,779,596	--
Asset management fees	696,575	2,332,556
Investment banking fees	510,968	--

Net trading profits	153,362	--
Dividend and interest income	63,602	--
Other	34,412	691
Total revenues	3,238,515	2,333,247
Expenses:		
Salaries and employee benefits	2,407,372	1,654,902
Brokerage and clearing	362,461	--
Advertising and marketing	153,961	104,195
Professional and regulatory fees	419,571	96,764
Occupancy and maintenance	369,681	294,777
Depreciation and amortization	111,585	37,519
Interest expense	91,585	26,569
Other	315,564	100,289
Total expenses	4,231,780	2,315,015
(Loss) income from continuing operations before income taxes	(993,265)	18,232
Income tax (benefit) expense	(161,433)	11,576
(Loss) income from continuing operations	(831,832)	6,656
Discontinued operations	(20,754)	--
Net (loss) income	$ (852,586)	6,656
Basic and diluted loss per share	$ (0.38)	
Weighted average shares outstanding	2,218,051	

See accompanying notes to pro forma consolidated financial statements.

INTREPID CAPITAL CORPORATION AND SUBSIDIARIES
Notes to Pro Forma Consolidated Financial Statements

The Unaudited Pro Forma Consolidated Financial Statements of the Company give effect to the consummation of the acquisition of ICC. The pro forma adjustments are based upon currently available information and upon certain assumptions that the Company's management believes are reasonable. The acquisition has been accounted for using the purchase method of accounting. The adjustments recorded in the Unaudited Pro Forma Consolidated Financial Statements represent the Company's preliminary determination of these adjustments based upon available information. There can be no assurance that the actual adjustments will not differ significantly from the pro forma adjustments reflected in the Unaudited Pro Forma Consolidated Financial Statements. The Unaudited Pro Forma Consolidated Financial Statements should be read in conjunction with the historical consolidated financial statements of the Company and the related notes thereto.

(1) The Unaudited Pro Forma Consolidated Financial Statements set forth the pro forma balance sheet at September 30, 2001 and the pro forma statements of operations for the nine month period ended September 30, 2001 and the year ended December 31, 2000. The statements of operations reflect the effects of the acquisition as though the transactions had occurred at the beginning of the periods presented, and the balance sheet assumes the acquisition occurred at the balance sheet date presented. On December 31, 2001, the Company acquired all of the outstanding capital stock of ICC Investment Advisors, Inc ("ICC"). The purchase price consists of (i) cash of $2,835,365, (ii) 1,000,000 shares of the Company's common stock valued at the bid price on the date of acquisition, less a discount for certain restrictions on the shares issued, (iii) warrants to purchase up to an aggregate of 100,000 shares of the Company's common stock, (iv) direct costs of $307,684 and (v) the value of net liabilities assumed. The Company financed the purchase by borrowing $3,500,000 from AJG Financial Services, Inc. ("AJG"). The acquisition will be accounted for under the purchase method of accounting. The unaudited pro forma consolidated financial statements do not reflect any cost savings or increased revenues anticipated as a result of the acquisition.

(2) The Company is still identifying and measuring goodwill and identifiable intangible assets. Goodwill and identifiable intangible assets have been reflected for the excess of the estimated purchase price over the fair value of the tangible assets acquired, as follows:

Cash paid	$ 2,835,365
Stock and stock warrants issued	940,000
Direct costs	307,684
Fair value of liabilities assumed	455,650
Total purchase price	4,538,699
Less fair value of tangible assets acquired	(190,854)
Goodwill and identifiable intangibles	$ 4,347,845

Identifiable intangible assets, subject to final identification and measurement, are $869,569 and represent the estimated portion of the purchase price attributable to net investment management fees arising under contractual arrangements with ICC clients. Amortization is on a straight line basis over 10 years, based on the estimated useful life of the identifiable tangible assets. Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets ("SFAS 142"), is effective for all business combinations accounted for under the purchase method and for which the date of acquisition is July 1, 2001, or later. Under SFAS 142, goodwill related to such acquisitions shall not be amortized. Therefore, no adjustment has been made to reflect the amortization of goodwill in the Pro Forma Condensed Consolidated Statements of Operations.

INTREPID CAPITAL CORPORATION AND SUBSIDIARIES
Notes to Pro Forma Consolidated Financial Statements

(3) Adjust prepaid and other assets to their fair values.

(4) Eliminate the equity of ICC for consolidation of the Company and increase equity of the Company by value of common stock and stock warrants issued, or $940,000.

(5) Interest expense has been increased to reflect the effect of financing the purchase with the debt borrowed from AJG at 5.00%.

(6) Eliminate income tax expense (benefit) of ICC for consolidation of the Company.