UNITED STATES 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): **October 1, 2009**

JACK HENRY & ASSOCIATES, INC.
(Exact name of registrant as specified in its charter)

Delaware	**0-14112**	**43-1128385**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

663 Highway 60, P.O. Box 807
Monett, Missouri 65708
(Address of principal executive office) (Zip Code)

(417) 235-6652
(Registrant's telephone number, including area code)

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))

The undersigned Registrant previously reported the completed merger of Peachtree Acquisition Corporation, a wholly owned subsidiary of the Registrant ("Merger Sub") with and into Goldleaf Financial Solutions, Inc. ("Goldleaf") (the "Merger") in accordance with the Agreement and Plan of Merger, dated as of August 16, 2009, among the Registrant, Merger Sub and Goldleaf, on its Current Report on Form 8-K filed on October 1, 2009 (the "Initial 8-K"). This Amendment Number 1 to Current Report on Form 8-K/A (this "Form 8-K/A") amends the Initial 8-K to include the financial statements and pro forma financial information required to be filed in connection with the Merger pursuant to Item 9.01(a) and (b) of Form 8-K. The information previously reported under Item 2.01 in the Initial 8-K is hereby incorporated by reference into this Form 8-K/A.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(a) Financial statements of businesses acquired.

The following historical audited financial statements of Goldleaf Financial Solutions, Inc. included in Goldleaf's Annual Report on Form 10-K filed on March 31, 2009 are filed as Exhibit 99.2 and are hereby incorporated herein by reference:

- Report of Independent Registered Public Accounting Firm, issued by Ernst & Young LLP, dated March 30, 2009;
- Consolidated Balance Sheets as of December 31, 2008 and December 31, 2007;
- Consolidated Statements of Operations for the years ended December 31, 2008 and December 31, 2007;
- Consolidated Statements of Cash Flows for the years ended December 31, 2008 and December 31, 2007;
- Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2008 and December 31, 2007; and
- Notes to the Consolidated Financial Statements.

The following historical unaudited financial statements of Goldleaf included in Goldleaf's Quarterly Report on Form 10Q filed on August 19, 2009 are filed as Exhibit 99.3 and are hereby incorporated herein by reference:

- Consolidated Balance Sheet at June 30, 2009 and December 31, 2008;
- Consolidated Statements of Operations for the three and six-month periods ended June 30, 2009 and June 30, 2008;
- Consolidated Statements of Cash Flows for the six-month periods ended June 30, 2009 and June 30, 2008; and
- Notes to the Consolidated Financial Statements.

(b) Pro Forma Financial Information.

The following unaudited pro forma financial statements, including notes thereto, of Jack Henry & Associates, Inc. ("Jack Henry") are filed as Exhibit 99.4 and are hereby incorporated herein by reference:

- Unaudited Pro Forma Condensed Consolidated Balance Sheet as of June 30, 2009;
- Unaudited Pro Forma Condensed Consolidated Statements of Operations for the Year Ended June 30, 2009; and
- Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements.

(d) Exhibits

Exhibit No.	Description
23.1	Consent of Ernst & Young LLP, independent auditors for Goldleaf Financial Solutions, Inc.
99.2	Audited financial statements of Goldleaf Financial Solutions, Inc. as of and for the year ended December 31, 2008.
99.3	Unaudited financial statements of Goldleaf Financial Solutions, Inc. as of June 30, 2009 and for the three and six months then ended.
99.4	Unaudited pro forma financial statements of Registrant as of June 30, 2009 and for the year then ended.

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.

JACK HENRY & ASSOCIATES, INC.

By: /s/ Kevin D. Williams
Kevin D. Williams
Chief Financial Officer

Date: December 11, 2009

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated August 16, 2009, among Jack Henry & Associates, Inc., Peachtree Acquisition Corporation and Goldleaf Financial Solutions, Inc. (incorporated by reference from Exhibit 2.1 to the current report on Form 8-K filed by Jack Henry & Associates, Inc. on August 17, 2009).
23.1	Consent of Ernst & Young LLP, independent auditors for Goldleaf Financial Solutions, Inc.
99.1	Press Release dated October 1, 2009 issued by Jack Henry & Associates, Inc.*
99.2	Audited financial statements of Goldleaf Financial Solutions, Inc. as of and for the year ended December 31, 2008.
99.3	Unaudited financial statements of Goldleaf Financial Solutions, Inc. as of June 30, 2009 and for the three and six months then ended.
99.4	Unaudited pro forma financial statements of Registrant as of June 30, 2009 and for the year then ended.
	*Previously filed with the Initial 8-K

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements (Forms S-8 33-65251, 333-16989, 333-63912, 333-101680, 333-130078, 333-130079, and 333-138891) of Jack Henry & Associates, Inc. of our report dated March 30, 2009, with respect to the consolidated financial statements of Goldleaf Financial Solutions, Inc. and subsidiaries included in its Annual Report (Form 10-K) for the year ended December 31, 2008 filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

Atlanta, Georgia
December 11, 2009

Exhibit 99.2

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Goldleaf Financial Solutions, Inc.

We have audited the accompanying consolidated balance sheets of Goldleaf Financial Solutions, Inc. and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the two years in the period ended December 31, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Goldleaf Financial Solutions, Inc. and subsidiaries at December 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for each of the two years in the period ended December 31, 2008, in conformity with U.S. generally accepted accounting principles.

/s/ERNST & YOUNG LLP

Atlanta, Georgia

March 30, 2009

GOLDLEAF FINANCIAL SOLUTIONS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2008 and 2007

(in thousands, except share data)

	2008	2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,292	$ 2,648
Restricted cash	1,312	5,362
Trade accounts receivable, net	12,238	6,918
Inventory	1,159	237
Deferred income taxes	—	1,443
Investment in direct financing leases	1,755	1,736
Prepaids and other current assets	2,063	1,774
Total current assets	23,819	20,118
Property and equipment, net	4,313	3,661
Operating lease equipment, net	11	23
Software development costs, net	7,289	4,725
Deferred income taxes, net of current portion	—	2,537
Investment in direct financing leases, net of current portion	2,907	2,812
Intangibles and other assets, net	33,064	14,085
Goodwill	24,468	34,217
Total assets	$ 95,871	$ 82,178
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 3,298	$ 2,858
Accrued liabilities	4,969	1,997
Deferred revenue	13,946	4,925
Customer deposits	3,526	5,307
Capital lease obligations	403	414
Non-recourse lease notes payable	1,702	1,638
Current portion of long term debt	216	—
Other current liabilities	405	—
Total current liabilities	28,465	17,139
Revolving line of credit	37,500	10,000
Deferred revenue, net of current portion	480	949
Capital lease obligations, net of current portion	141	544
Non-recourse lease notes payable, net of current portion	2,583	2,428
Long term debt, net of current portion	289	—
Convertible notes payable	7,000	—
Other non-current liabilities	690	756

Deferred income taxes, net of current portion		3,527		—
Total liabilities		80,675		31,816
Commitments and contingencies				
Stockholders' equity:				
Common stock, no par value; 100,000,000 shares authorized; shares issued and outstanding, 19,168,784 and 17,279,315, respectively		—		—
Additional paid-in capital		73,402		69,764
Accumulated deficit		(58,206)		(19,402)
Total stockholders' equity		15,196		50,362
Total liabilities and stockholders' equity	$	95,871	$	82,178

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

GOLDLEAF FINANCIAL SOLUTIONS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Years Ended December 31, 2008 and 2007

(in thousands, except per share data)

	2008	2007
Revenues:		
Financial institution services	$ 69,320	$44,076
Retail inventory management services	7,702	8,205
Other products and services	4,551	4,388
Total revenues	81,573	56,669
Cost of Revenues:		
Financial institution services	17,485	8,725
Retail inventory management services	881	896
Other products and services	2,494	2,751
Gross profit	60,713	44,297
Operating Expenses:		
General and administrative	24,136	20,868
Selling and marketing	20,669	17,469
Research and development	6,920	2,282
Goodwill impairment	38,116	—
Amortization	4,808	2,368
Other operating expenses	1,635	39
Total operating expenses	96,284	43,026
Operating income (loss)	(35,571)	1,271
Interest expense, net	3,121	589
Income (loss) before income taxes	(38,692)	682
Income tax provision	112	1,258
Net loss	$(38,804)	$ (576)
Loss per share:		
Basic	$ (2.03)	$ (0.03)
Diluted	$ (2.03)	$ (0.03)

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

GOLDLEAF FINANCIAL SOLUTIONS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

For the Years Ended December 31, 2008 and 2007

(in thousands)

	Shares of Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total
Balance December 31, 2006	17,024	$ 68,080	$(18,826)	$ 49,254
Issuance of common stock in conjunction with acquisitions	242	1,418	—	1,418
Secondary offering expenses	—	(36)	—	(36)
Stock compensation expense	—	248	—	248
Exercise of stock options	13	54	—	54
Comprehensive income: 2007 net loss	—	—	(576)	(576)
Balance December 31, 2007	17,279	$ 69,764	$(19,402)	$ 50,362
Issuance of common stock in conjunction with acquisitions	1,889	2,638	—	2,638
Stock compensation expense	—	1,000	—	1,000
Comprehensive income: 2008 net loss	—	—	(38,804)	(38,804)
Balance December 31, 2008	19,168	$ 73,402	$(58,206)	$ 15,196

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

GOLDLEAF FINANCIAL SOLUTIONS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2008 and 2007

(in thousands)

	2008	2007
Cash flows from operating activities:		
Net loss	$ (38,804)	$ (576)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	8,310	4,503
Depreciation on operating lease equipment	12	27
Deferred income taxes	(266)	1,258
Amortization of debt issuance costs and discount	186	125
Stock compensation expense	1,000	248
Amortization of lease income and initial direct costs	(545)	(701)
Loss on write-down or disposal of property and equipment and software development costs	96	20
Deferred gain on land sale	(15)	(15)
Loss (gain) on sale of leased equipment	9	(63)
Unrealized loss on interest rate swap	405	—
Goodwill impairment	38,116	—
Loss on sale of core processing and WinTELLER assets	1,370	—
Changes in assets and liabilities:		
Restricted cash and customer deposits	2,269	—
Trade accounts receivable	1,051	(107)
Inventory	(922)	195
Prepaids and other current assets	204	181
Other non-current assets	—	(170)
Accounts payable	(29)	(717)
Accrued liabilities	953	(1,483)
Deferred revenue	2,804	(161)
Other non-current liabilities	(93)	250
Net cash provided by operating activities	16,111	2,814
Cash flows from investing activities:		
Acquisition of Alogent, net of cash acquired	(32,999)	—
Acquisition of businesses, net of cash acquired	(24)	(10,391)
Payment of DataTrade earn out	(2,173)	—
Proceeds from sale of assets	250	—
Change in restricted cash	—	2
Investment in direct financing leases	(554)	(930)
Lease receivables collected	976	3,440
Additions to property and equipment	(2,366)	(2,017)
Software development costs	(3,316)	(2,264)
Additions to intangibles and other assets	(492)	(26)
Proceeds from sale of property and equipment	18	—
Net proceeds from note receivables	—	39
Net cash used by investing activities	(40,680)	(12,147)

– continued –

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

GOLDLEAF FINANCIAL SOLUTIONS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

For the years ended December 31, 2008 and 2007

(in thousands)

	2008	2007
Cash flows from financing activities:		
Proceeds from line of credit	33,500	9,700
Payments on line of credit	(6,000)	(2,200)
Payments on capital lease obligation	(414)	(363)
Proceeds from non-recourse lease note payable	2,193	1,037
Payments of non-recourse lease note payable	(1,974)	(2,821)
Payment of long term debt	(92)	(150)
Proceeds from exercise of employee stock options	—	54
Expenses for secondary offering	—	(36)
Net cash provided by financing activities	27,213	5,221
Net change in cash and cash equivalents	2,644	(4,112)
Cash and cash equivalents at the beginning of year	2,648	6,760
Cash and cash equivalents at the end of year	$ 5,292	$ 2,648
Supplemental cash flow information:		
Cash payments for income taxes	$ 327	$ 250
Cash payments of interest	$ 2,388	$ 678
Supplemental non-cash information:		
Issuance of additional 242,425 common shares as purchase consideration in the Captiva Solutions, LLC acquisition	$ —	$ 1,418
Issuance of additional 1,889,469 common shares as purchase consideration in the Alogent acquisition	$ 2,638	$ —
Issuance of convertible note payable as purchase consideration in the Alogent acquisition	$ 7,000	$ —
Purchase of software licenses through issuance of long term debt	$ 597	$ —

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

GOLDLEAF FINANCIAL SOLUTIONS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Goldleaf Financial Solutions, Inc. (the "Company" or "Goldleaf"), was incorporated under the laws of the state of Tennessee on December 26, 1990 for the purpose of marketing a solution to help financial institutions market and manage accounts receivable financing. Goldleaf operates primarily in the United States although it does have some international presence and its customers consist of financial institutions of various sizes.

The Company owns three wholly owned subsidiaries, Towne Services, Inc. ("Towne"), Goldleaf Technologies, Inc. ("GTI"), and Goldleaf Enterprise Payments, Inc. ("GEP" or "Alogent"). Towne owns Forseon Corporation (d/b/a RMSA), Private Business Insurance, LLC ("Insurance") and KVI Capital, LLC ("KVI"). KVI was acquired in August 2005 and provided a leasing solution for financial institutions who wanted to offer a leasing option to their commercial customers. GTI was acquired in January 2006 and provided automated clearing house ("ACH") origination and processing services, remote capture processing services, and financial institution website design and hosting services. During 2007 the Company acquired the assets of Community Banking Systems, Ltd. ("CBS") and DataTrade, LLC to complement our existing core, data and imaging processing services. In January 2008, Goldleaf acquired Alogent adding deposit automation and back-office item processing solutions for Tier I and Tier II financial institutions. Tier I financial institutions are defined by Goldleaf as having greater than $50 billion in assets and Tier II financial institutions are defined by Goldleaf as having between $5 billion and $50 billion in assets. On December 31, 2008 we entered into an asset purchase agreement to sell all the assets comprising of Goldleaf's core processing product, WinTELLER product, and its outsourced processing center in Denver, Colorado in an effort to increase the organization's focus on leveraging its position in the payments technology sector.

Principles of Consolidation

The consolidated financial statements include the accounts of Goldleaf Financial Solutions, Inc. and its wholly owned subsidiaries. All significant intercompany transactions and accounts have been eliminated.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. As of December 31, 2008, the Company is exposed to credit risks related to its cash balances at financial institutions in excess of the limits of the Federal Deposit Insurance Corporation ("FDIC").

Restricted Cash

The Company maintains a custodial cash account that is used for the processing and clearance of ACH transactions for some of its customers. The cash is restricted and offset by a customer deposit account included in current liabilities in the accompanying consolidated balance sheets as of December 31, 2008 and 2007.

Unbilled Accounts Receivable

The Company invoices for certain revenues in arrears following the month in which the revenues were earned. Therefore, at each period-end, the Company includes unbilled accounts receivable in its trade accounts receivable balance in the accompanying consolidated balance sheets. As of December 31, 2008 and 2007, the Company's unbilled accounts receivable totaled approximately $0.6 million and $0.3 million, respectively.

Allowance for Doubtful Accounts

The Company estimates its allowance for doubtful accounts on a case-by-case basis, considering the facts and circumstances surrounding each potentially uncollectible receivable. The Company does not require collateral to extend credit to customers. An allowance is also maintained for expected billing adjustments and for accounts that are not specifically reviewed that may become uncollectible in the future. Uncollectible receivables are written-off in the period management believes it has exhausted every effort to collect payment from the customer. The Company considers trade accounts receivables in excess of sixty days past due to be delinquent and thus subject to consideration for the allowance for doubtful accounts.

Inventory

The Company maintains limited quantities of hardware equipment in stock related primarily to its remote deposit product. The Company also maintains small quantities of incidental inventory items related to other product lines. The Company values inventories at the lower of cost or market at each period, with cost determined by the first-in, first-out ("FIFO") costing method.

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation and amortization. Depreciation and amortization is calculated using the straight line method based on the estimated useful lives of the assets which consists of three years for purchased software, the shorter of the estimated useful life or the life of the lease for all leasehold improvements, and three to seven years for furniture and equipment. Expenditures for maintenance and repairs are charged to expense as incurred, whereas expenditures for renewals and betterments are capitalized. The Company evaluates the carrying value of property and equipment whenever events or circumstances indicate that the carrying value may have been impaired in accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* , issued by the Financial Accounting Standards Board ("FASB"). As of December 31, 2008, the Company believes no impairment to long-lived assets existed.

Operating lease equipment related to our leasing business is carried at cost and is depreciated to the individual equipment's net realizable value. Depreciation is calculated using the straight-line method over the shorter of the life of the lease or the estimated useful life of the equipment, typically five to seven years.

Software Development Costs

Development costs incurred in the research and development of new software products and significant enhancements to existing software products are expensed as incurred until technological feasibility has been established. After such time, any additional costs are capitalized in accordance with SFAS No. 86, *Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed.* Capitalized software development costs are amortized on a straight-line basis over the estimated life of the product or enhancement, typically 2 to 7 years.

Also, the Company capitalizes costs of internally used software when application development begins in accordance with Statement of Position ("SOP") No. 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use*, issued by the American Institute of Certified Public Accounts ("AICPA"). This is generally defined as the point when research and development have been completed, the project feasibility is established, and management has approved a development plan. Many of the costs capitalized for internally used software are related to upgrades or enhancements of existing systems. These costs are only capitalized if the development costs will result in specific additional functionality of the existing system, and are capitalized at the point that application development begins.

Interest is capitalized under SFAS No. 34, *Capitalization of Interest Costs* using the weighted average interest rate on debt. Interest capitalization ends when the new product or enhancement is released.

Goodwill, Intangibles and Other Assets

SFAS No. 142, *Goodwill and Other Intangible Assets*, addresses how intangible assets and goodwill should be accounted for after acquisition. Specifically, goodwill and intangible assets with indefinite useful lives are not amortized, but are subject to impairment tests based on their estimated fair value.

Goodwill consists of the excess of purchase price over the fair value of the identifiable assets and liabilities acquired. Intangible and other assets include identified intangibles, such as non-compete agreements, customer lists, trade names and trademarks, and technology acquired in acquisitions. Also included in intangible and other assets are debt issuance costs that are amortized using the effective interest method over the respective terms of the financial institution loans. As of December 31, 2008 and 2007, the Company believes no impairment to the identifiable intangibles and other assets existed.

On an annual basis, our goodwill is tested for impairment or when events and circumstances indicate an impairment may exist. In accordance with SFAS 142, we have determined that our reporting units are the reportable segments based on our organizational structure and the financial information that is provided to and reviewed by management. Our segments defined as reporting units include financial institution services ("FIS") and retail management services ("RMSA").

Impairment testing of goodwill is performed in two steps. First, the carrying value of the reporting unit is compared to the estimated fair value of the reporting unit. Our step one goodwill impairment test involves the following activities to ascertain a potential goodwill impairment:

- estimating the fair value of total invested capital of the reporting unit, which consists of the value of interest bearing debt plus equity; and
- comparing the estimated fair value of equity (net of interest bearing debt) to the reporting unit's recorded book value.

To determine fair value in step one; we utilize approaches which focus on our ability to produce income and the estimated consideration which we would receive if there were to be a sale of the reporting units. Consideration is given to our discounted projected future cash flows, our market capitalization, and market multiples of comparable companies within the industry. If the carrying value is less than the fair value, no goodwill impairment is recorded. However, should the carrying amount for the reporting unit exceed its fair value, we then proceed to the second step of the goodwill impairment testing.

The second step of the impairment test, used to measure the amount of impairment loss, compares the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit goodwill exceeds the implied fair value of the goodwill, the impairment loss shall be recognized as an operating expense in an amount equal to that excess. Step two testing includes the following activities:

- identifying and determining the fair value of the assets and liabilities of the reporting unit;
- determining the fair value of the goodwill based upon the residual of the hypothetical purchase consideration determined in step one over the fair value of the subject assets; and
- determining the magnitude of goodwill impairment based on a comparison of the fair value of the residual goodwill to its book value.

Our annual impairment review requires extensive use of accounting judgment and financial estimates, including projections about our business, our financial performance, and the performance of the market and overall economy. Application of alternative assumptions and definitions could produce significantly different results. Because of the significance of the judgments and estimation processes, it is likely that materially different amounts could be recorded if we used different assumptions or if the underlying circumstances were to change.

Revenue Recognition

The Company has the following primary sources of revenue:

- Financial institution services includes software licenses, participation or per transactions fees, support and maintenance fees, leasing revenue and professional services.
- Retail inventory management services includes fees and services.
- Other products and services mainly includes hardware sales.

The Company accounts for software revenues in accordance with SOP 97-2, *Software Revenue Recognition*. Further, the Company has adopted the provisions of SOP 98-9, *Modification of SOP 97-2, Software Revenue Recognition With Respect to Certain Transactions*, which supersedes and clarifies certain provisions of SOP 97-2. The Company also follows guidance provided by the Emerging Issues Task Force EITF No. 00-3, *Application of AICPA SOP 97-2, "Software Revenue Recognition," to Arrangements That Include the Right to Use Software Stored on another Entity's Hardware* and EITF No. 00-21 *Revenue Arrangements with Multiple Deliverables*, and AICPA Statement of Position 81-1, *Accounting for Performance of Construction-Type and Certain Production-Type Contracts*.

Financial Institution Services

Software licenses

The Company licenses software on a perpetual basis, which allows the licensees use of the software for the term of the agreement and each renewal period. Initial license fees are recognized when a contract exists, the fee is fixed or determinable, software delivery has occurred and collection of the receivable is deemed probable, provided that vendor-specific objective evidence or VSOE has been established for each element undelivered.

Participation or per transaction fees

The Company charges various types of participation or per transactions fees for its various product offerings. Participation fees are charged in conjunction with the Company's lending solution software, BusinessManager®. Lending solutions allow our financial institution customer to finance their commercial customer's receivables. The participation fees are to be paid for all receivables financed by financial institutions. These fees are recognized as earned based on the volume of receivables purchased by customers.

Our ACH and remote deposit agreements are typically automatically renewing agreements. We generate revenue from per transaction fees and user fees for each financial institution. Per transaction fees and user fees are recognized when the transaction occurs.

Support and maintenance fees

The Company's license agreements typically contain automatic renewal clauses for fees for post contract customer support, or PCS. PCS can cover customer training costs, marketing assistance, phone support, and any and all software enhancements and upgrades. The Company defers PCS and recognizes it over the term of the maintenance period, typically twelve months. The Company has established VSOE for its PCS services, therefore the portion of the up-front fee not attributable to PCS relates to the software license and possibly to all other services provided during the initial term of the agreement, including installation, training, and marketing services.

Lease Accounting

The Company is an equipment lessor. As such, the Company accounts for its leasing business in accordance with SFAS No. 13, *Accounting for Leases* ("SFAS 13"). SFAS 13 requires lessors to evaluate each lease transaction and determine whether it qualifies as a sales-type, direct financing, leveraged, or operating lease. The Company's leases fall into two of those catagories: direct financing and operating leases.

The investment in direct financing leases consists of the sum of the minimum lease payments due during the remaining term of the lease and the unguaranteed residual value of the leased asset. The difference between the investment in direct financing leases and the cost of the leased asset is then recorded as unearned income. Unearned income is amortized to income over the lease term as to produce a constant periodic rate of return on the net investment in the lease.

For leases classified as operating leases, lease payments are recorded as rent income during the period earned.

Professional Services

The Company offers consulting, customization, installation and training services to financial institutions, and these are recognized based on the fair value when the service is delivered.

We also have professional service contracts where we implement software applications under contractual agreements with terms ranging from three months to two years. There are two types of contracts that we generate revenue from and they include fixed-price contracts and time and material contracts. Revenue from fixed price contracts is recognized using the percentage of completion method. Fixed price contracts use total hours incurred compared to total estimated hours to recognize revenue. Contract costs include all direct and certain indirect costs. Time and material contracts recognize revenue when services are performed. Losses on contracts are charged to the statement of operations when such losses are determined.

The Company offers financial institution website design services as well as hosting and support services for the website once design is complete. The Company charges an up-front fee for the design services and charges a monthly website hosting and support fee each month of the contract, which is typically five years. Typically included in the monthly hosting and support fee is a limited amount of website maintenance hours each month. Any maintenance work exceeding the designated number of hours included in the monthly hosting fee and support is billed at an agreed upon hourly rate as the services are rendered. The Company accounts for the website design and hosting services in accordance with EITF No. 00-21 *Revenue Arrangements with Multiple Deliverables*. Monthly hosting and maintenance revenues are recognized on a monthly basis as earned.

The Company offered core data and image processing services on an outsourced basis through our service bureau. Revenues from outsourced item and data processing are derived from monthly usage fees typically under multi-year contracts with our customers and are recorded as revenue in the month the services are performed. The core and image processing services were sold in December 2008.

Retail Inventory Management Services

We generate retail inventory management services revenue from fees we charge to specialty retail stores primarily for providing inventory merchandising and forecasting information using proprietary software to process sales and inventory transactions.

Retail planning services revenue is recognized when the services are performed.

Other Products and Services

We generate revenues from scanner equipment and printer sales, charges for our deposit acquisition direct mail program, hardware used with our document imaging and report management products, sales of standard business forms used in our BusinessManager® solution and statement rendering and mailing.

Advertising Costs

The Company expenses all advertising costs as incurred. Total advertising expense, which includes conventions and tradeshows, for December 31, 2008 and 2007, was $0.4 million and $0.6 million, respectively.

Foreign Currency Translation

The Company accounts for service contracts denominated in foreign currency according to FASB No. 52 (as amended) *Foreign Currency Translation* ("SFAS 52"). SFAS 52 defines an entity's functional currency as the currency in the primary economic environment. Transaction gains or losses are a result of the effect of exchange rate changes on transactions denominated in currencies other than the functional currency. SFAS 52 requires transaction gains or losses to be included in net income in the period the gain or loss occurs. The Company had foreign exchange rate losses of approximately $0.4 million for the year ended December 31, 2008. The Company has not utilized derivative instruments to manage foreign currency exchange rate risk.

Income Taxes

The Company accounts for income taxes under SFAS No. 109, *Accounting for Income Taxes.* Under the asset and liability method of SFAS No. 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. As of December 31, 2008, the Company believes that it is more likely than not that the Company will not be able to generate sufficient taxable income in future years in order to realize the deferred tax assets that are recorded, with certain exceptions. As such a valuation allowance of $4.7 million and $0.1 million has been provided against the Company's federal and state deferred tax assets as of December 31, 2008 and 2007, respectively.

On January 1, 2007, the Company adopted the FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48"), which is an interpretation of SFAS No. 109, *Accounting for Income Taxes* . FIN 48 requires a company to evaluate all uncertain tax positions and assess whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Adoption of FIN 48 resulted in an accrual related to an uncertain tax position, which was previously accrued as a contingent liability; thus, there was no cumulative adjustment to retained earnings.

The Company has elected to classify interest associated with uncertain tax positions as interest expense in the accompanying consolidated statements of operations. Additionally, penalties associated with uncertain tax positions will be classified as income tax expense in the accompanying consolidated statements of operations. There were no penalties and interest paid in the current year or accrued as of December 31, 2008 and 2007. These uncertain tax positions, if recognized, would not have an effect on the effective tax rate.

Concentration of Revenues

The Company has a large percentage of its revenue generated from financial institutions. For 2008 and 2007 the percentages of financial institution revenue compared to total revenue was 85% and 78%, respectively.

Income or Loss Per Share

The Company applies the provisions of SFAS No. 128, *Earnings per Share*, which establishes standards for both the computation and presentation of basic and diluted EPS on the face of the consolidated statements of operations. Basic income or loss per share is computed by dividing net income or loss by the weighted average number of common shares outstanding during each year presented. Diluted income per common share is computed by dividing net loss by the weighted average number of common shares outstanding plus the dilutive effect of options and other common stock equivalents outstanding during the applicable periods. Options and other common stock equivalents are excluded from the calculation of diluted loss per common share to the extent that they are anti-dilutive.

Stock Based Compensation

The Company adopted SFAS No. 123R, *Share-Based Payment*, which replaces SFAS No. 123, *Accounting for Stock-Based Compensation*, and supersedes Accounting Principles Board ("APB") Opinion No. 25, *Accounting for Stock Issued to Employees*. SFAS No. 123R requires the cost of employee services received in exchange for equity instruments awarded or liabilities incurred to be recognized in the financial statements. Under this method, compensation cost includes the portion vesting in the period for (1) all share-based payments granted prior to, but not vested as of December 31, 2005, based on the grant date fair value estimated in accordance with the original provisions of SFAS No. 123, and (2) all share-based payments granted subsequent to December 31, 2005, based on the grant date fair value estimated using the Black-Scholes option pricing model.

Under the Black-Scholes option-pricing model, the Company estimated volatility using its historical share price performance over the expected life of the option. Results of prior periods do not reflect any restated amounts, and the Company had no cumulative effect adjustment upon adoption of SFAS No. 123R under the modified prospective method. The Company's policy is to recognize compensation cost for awards with only service conditions and a graded vesting schedule on a straight-line basis over the requisite service period for the entire award. Additionally, the Company's policy is to issue new shares of common stock to satisfy stock option exercises or grants of restricted shares. The Company has determined that it has two pools of employees for the purpose of calculating the estimated compensation cost: executive officers' pool and non-executive officers' pool. These two pools properly segregate our employees that have similar historical exercise and forfeiture behavior.

Derivative Instruments

The Company does not enter into derivatives or other financial instruments for trading or speculative purposes; however, in order to manage its exposure to interest rate risk from the Company's existing credit facility, on January 30, 2008 the Company entered into an interest rate swap (the "Swap") with a notional amount of $20.0 million, receiving a one month LIBOR interest rate while paying a fixed rate of 2.95% over the period beginning February 8, 2008 and ending November 30, 2009. The effect of the Swap is to lock the LIBOR component interest rate on $20.0 million of one-month floating rate LIBOR debt at 2.95%. As of December 31, 2008 the Swap had an estimated negative fair value equal to $405,000 as classified under other current liabilities in the consolidated balance sheets. We recorded a $405,000 unrealized loss for the year ended December 31, 2008 which was recorded as a increase to interest expense, net in the consolidated statements of operations, in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* ("SFAS No. 133"). The estimated fair value of the Swap may rise and fall over the life of the Swap as market expectations of future floating LIBOR interest rates change in relation to the fixed rate of 2.95%.

Fair Value of Financial Instruments

Effective January 1, 2008, we adopted SFAS No. 157, *Fair Value Measurements* ("SFAS 157"), as it applies to our financial instruments, and SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment* of *FASB Statement No. 115* ("SFAS 159").

SFAS 157 defines fair value, outlines a framework for measuring fair value, and details the required disclosures about fair value measurements. SFAS 159 permits companies to irrevocably choose to measure certain financial instruments and other items at fair value. SFAS 159 also establishes presentation and disclosure requirements designed to facilitate comparison between entities that choose different measurement attributes for similar types of assets and liabilities.

Under SFAS 157, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market. SFAS 157 establishes a hierarchy in determining the fair value of an asset or liability. The fair value hierarchy has three levels of inputs, both observable and unobservable. Level 1 inputs include quoted market prices in an active market for identical assets or liabilities. Level 2 inputs are market data, other than Level 1, that are observable either directly or indirectly. Level 2 inputs include quoted market prices for similar assets or liabilities, quoted market prices in an inactive market, and other observable information that can be corroborated by market data. Level 3 inputs are unobservable and corroborated by little or no market data. Except for those assets and liabilities which are required by authoritative accounting guidance to be recorded at fair value in our consolidated balance sheets, we have elected not to record any other assets or liabilities at fair value, as permitted by SFAS 159.

The following table provides information on the assets and liabilities we measure at fair value on a recurring basis.

	Carrying amount in consolidated balance sheets	Fair value— December 31, 2008	Fair value measurements using		
			Level 1	Level 2	Level 3
Interest rate swap liability	$ 405	$ 405	$ —	$405	$ —

We determined the fair value of the derivative instrument shown in the table above by using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows. The analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs.

To meet the reporting requirements of SFAS No. 107, *Disclosures About Fair Value of Financial Instruments*, the Company estimates the fair value of financial instruments. At December 31, 2008 and 2007, there were no material differences in the book values of the Company's financial instruments and their related fair values due to their short term nature. Financial instruments primarily consist of cash, accounts receivable, accounts payable and debt instruments.

Comprehensive Income (Loss)

The Company applies the provisions of SFAS No. 130, *Reporting Comprehensive Income*. SFAS No. 130 requires that the changes in the amounts of certain items, including gains and losses on certain securities, be shown in the financial statements as a component of comprehensive income (loss). The Company reports comprehensive income (loss) as a part of the consolidated statements of stockholders' equity.

Segment Disclosures

The Company applies the provisions of SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information.* SFAS No. 131 establishes standards for the method that business enterprises report information about operating segments in annual and interim financial statements. SFAS No. 131 also establishes standards for related disclosures about products and services, geographic area and major customers. The Company operates in two reportable segments, financial institution services and retail inventory management services. Note 21 of these consolidated financial statements discloses the Company's reportable segment results.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 these estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year classifications.

Recent Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations* ("SFAS 141(R)"), which replaces SFAS No. 141, *Business Combinations.* SFAS 141(R) generally retains the underlying concepts of SFAS 141 because it requires all business combinations to be accounted for at fair value under the acquisition method of accounting, but it changes how the acquisition method of accounting is applied in a number of significant aspects. Acquisition costs will be expensed as incurred; contingent consideration will be recorded at fair value on the date of acquisition; restructuring costs associated with a business combination will be expensed subsequent to the acquisition date; and changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date will affect the income tax provision. SFAS 141(R) is effective on a prospective basis for all of the Company's business combinations with an acquisition date on or after January 1, 2009, with the exception of the accounting for valuation allowances on deferred taxes and acquired tax contingencies. Early adoption is not permitted.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51* ("SFAS 160"). SFAS 160 is effective for our Company as of January 1, 2009. SFAS No. 160 amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It requires that ownership interests in subsidiaries held by parties other than the parent be clearly identified, labeled, and presented within equity, but separate from the parent's equity, in the consolidated statement of financial position. It also requires that consolidated net income be reported including the amounts attributable to both the parent and the noncontrolling interest and that the amounts of consolidated net income attributable to the parent and to the noncontrolling interest be disclosed on the face of the consolidated statement of income. Based on the Company's initial analysis, SFAS No. 160 will not have a material effect on its consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities (as amendment of FASB Statement No. 133)* ("SFAS 161"), which requires enhanced disclosures for derivative and hedging activities. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. Early application is encouraged. SFAS 161 will become effective in 2009 and we are currently evaluating the impact of this standard on our consolidated financial statements.

In April 2008, the FASB issued Staff Position No. FAS 142-3, *The Determination of the Useful Life of Intangible Assets* ("FAS 142-3"), which amends the factors that should be considered in developing renewal or extension assumptions used to determine useful life of a recognized intangible asset under FASB 142. The intent is to improve the consistency between the useful life of a recognized intangible asset under FASB 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141(R), and other U.S. generally accepted accounting principles. FAS 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008 and early adoption is prohibited. We are currently evaluating the impact of this standard on our consolidated financial statements.

2. ACQUISITIONS AND DISPOSITIONS OF ASSETS

Assets of Alogent

On January 17, 2008, the Company completed an acquisition by merger of Alogent Corporation ("Alogent") for an aggregate purchase price of $43.7 million. The acquisition of Alogent broadened our product offerings, adding software licenses that provided remote capture, teller capture, image exchange and services associated with maintenance and support and implementation of these products. The price of our common stock issued to the former Alogent shareholders on the day of closing was $1.47 per share, which was the average closing price of our common stock over the 15 days ending on the day prior to the day of closing. For purchase price accounting reflected in the table below, the common shares were valued at $1.40 per share, calculated as the average closing price of the Company's shares for two days before and after the closing date. The operating results of Alogent are included with those of the Company beginning

January 17, 2008 and are included in our financial institution services segment. The transaction was accounted for in accordance with SFAS No. 141, *Business Combinations*.

The purchase price allocation is as follows (in thousands, except per share data):

Purchase price:	
Cash	$33,060
Convertible notes payable	7,000
Common shares (1,889,469 shares values at $1.40 per share)	2,638
Direct acquisition costs	1,000
Total purchase price	$43,698
Value assigned to assets and liabilities:	
Assets:	
Cash	1,061
Accounts receivable and unbilled accounts receivable	6,545
Current deferred income tax assets	423
Prepaid and other current assets	543
Property and equipment	183
Non-current assets	5
Customer list (estimated life of ten years)	7,740
Acquired technology (estimated life of five years)	11,240
Trade names (indefinite life)	5,300
In process research and development (expensed)	448
Non-compete agreements (estimated life of three years)	680
Goodwill—non-deductible for taxes	24,684
Liabilities:	
Accounts payable	(492)
Accrued liabilities	(2,009)
Deferred income tax liabilities	(6,711)
Deferred revenue	(5,942)
Total net assets	$43,698

The following pro-forma results assume the inclusion of Alogent as if the acquisition was completed at the beginning of the period (in thousands, except per share data).

	For the years ended December 31,	
	2008 pro forma combined	2007 pro forma combined
Revenue	$ 82,878	$ 78,657
Net loss	$ (38,515)	$ (387)
Loss per share	$ (2.02)	$ (0.02)

Assets of DataTrade, LLC

On May 1, 2007, the Company acquired certain operating assets and liabilities of DataTrade, LLC ("DataTrade"), a Missouri limited liability company, for total cash consideration of approximately $5.8 million, which was funded by the Company's revolving line of credit. In addition to the consideration at closing, the selling shareholders may be entitled to additional consideration or an earn out based on the financial performance of the acquired business during the next twenty-four months. In August 2008, Goldleaf paid $2.2 million of this earn out which added to the purchase price. This acquisition complements our existing product offering to community banks and their customers. The operating results of DataTrade are included with those of the Company beginning May 1, 2007. Pro forma financial results of DataTrade are not required due to the size of the transaction. The transaction was accounted for in accordance with SFAS No. 141, *Business Combinations*.

The purchase price allocation is as follows (in thousands):

Purchase price:	
Cash	$5,698
Earn out—paid August 2008	2,172
Direct acquisition costs	131
Total purchase price	$8,001
Value assigned to assets and liabilities:	
Assets:	
Accounts receivable and unbilled accounts receivable	$ 596
Deferred income tax assets	143
Prepaid and other current assets	13
Property and equipment	171
Customer list (estimated life of ten years)	950
Acquired technology (estimated life of five years)	720
Goodwill—tax deductible	5,966
Liabilities:	
Accounts payable	(100)
Accrued liabilities	(83)
Deferred revenue	(375)
Total net assets	$8,001

Assets of Community Banking Systems, Ltd.

On March 14, 2007, the Company executed an asset purchase agreement to acquire certain operating assets and liabilities from Community Banking Systems, Ltd. ("CBS"), in exchange for cash consideration of $4.8 million. This acquisition added in-house item and image processing services, document imaging and a payment exchange platform for correspondent financial institutions. In addition to the cash consideration at closing, the selling shareholders may be entitled to additional consideration based on the financial performance of the business during the next twenty four months. Simultaneous with the execution of the asset purchase agreement, the Company entered into two-year employment agreements with two of the principal officers of CBS. The operating results of CBS are included with those of the Company beginning March 14, 2007. Pro forma financial results of CBS are not required due to the size of the transaction. The transaction was accounted for in accordance with SFAS No. 141, *Business Combinations*.

The purchase price allocation is as follows (in thousands):

Purchase price:	
Cash	$4,650
Direct acquisition costs	136
Total purchase price	$4,786
Value assigned to assets and liabilities:	
Assets:	
Cash	$ 224
Accounts receivable and unbilled accounts receivable	275
Current deferred income tax assets	123
Prepaid and other current assets	15
Property and equipment	68
Customer list (estimated life of ten years)	504
Acquired technology (estimated life of five years)	1,040
Non-compete agreements (estimated life of three years)	170
Goodwill and unidentified intangibles—tax deductible	2,825
Liabilities:	
Accounts payable	(115)
Accrued liabilities	(23)
Deferred revenue	(320)
Total net assets	$4,786

Sale of core processing and WinTELLER

On December 31, 2008, the Company entered into an asset purchase agreement with Integrated Bank Technology, Inc. ("IBT") to sell substantially all of the assets comprising Goldleaf's business related to its core processing product, its WinTELLER product, its outsourced item processing center located in Denver, Colorado, and certain other assets. The core processing and WinTeller products were product lines within the Company's product offering to generate financial institution services revenue. The assets related to core and WinTELLER are not components of an entity as defined in SFAS 144: *Accounting for the Impairment or Disposal of Long-Lived Assets*, therefore the loss recognized on this group of assets has been included in operating income under the caption other operating expenses.

In addition to the cash consideration received at closing, Goldleaf may be entitled to additional consideration based on the future gross revenues of the business in the next four years ending December 31, 2012.

The loss consists of the following for the year ended December 31, 2008 (in thousands):

Sale price:	
Cash received	$ 250
Less value assigned to assets and liabilities:	
Assets:	
Accounts receivable	(183)
Prepaid and other current assets	(40)
Property and equipment	(376)
Intangibles and other non-current assets	(1,186)
Liabilities:	
Accounts payable and accrued liabilities	13
Deferred revenue	124
Other non-current liabilities	28
Loss on sale of assets (pre-tax)	$(1,370)

3. TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable is as follows as of December 31, (in thousands):

	2008	2007
Trade accounts receivable	$12,799	$7,522
Allowance for doubtful accounts	(561)	(604)
Trade accounts receivable, net	$12,238	$6,918

4. NET INVESTMENT IN DIRECT FINANCING LEASES

The following lists the components of the net investment in direct financing leases as of December 31, respectively (in thousands):

	2008	2007

	2008	2007
Total minimum lease payments to be received	$ 4,882	$ 4,695
Less: allowance for uncollectibles	—	—
Net minimum lease payments receivable	$ 4,882	$ 4,695
Plus: unguaranteed estimated residual values of leased property	341	559
Plus: initial direct costs	73	67
Plus: leases in process	81	54
Less: unearned income	(715)	(827)
Net investment in direct financing leases	$ 4,662	$ 4,548

All leased assets are pledged as security against the non-recourse lease notes payable discussed in Note 13.

At December 31, 2008, minimum lease payments for each of the next five years are as follows (in thousands):

2009	$1,938
2010	1,308
2011	895
2012	501
2013	230
Thereafter	10
Total minimum lease payments to be received	$4,882

5. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, are classified as follows (in thousands):

	2008	2007
Purchased software	$ 5,772	$ 5,123
Leasehold improvements	1,563	761
Furniture and equipment	8,752	8,875
	$ 16,087	$ 14,759
Less: accumulated depreciation and amortization	(11,774)	(11,098)
Property and equipment, net	$ 4,313	$ 3,661

Depreciation expense was approximately $2.0 million and $1.8 million, for the years ended December 31, 2008 and 2007, respectively. The portion of depreciation expense above included in cost of revenues totaled $371,000 and $362,000 for the years ended December 31, 2008 and 2007, respectively.

Depreciation expense related to property and equipment subject to capital lease arrangements totaled $361,000 and $366,000, for the years ended December 31, 2008 and 2007, respectively.

6. OPERATING LEASE PROPERTY

The following schedule provides an analysis of the Company's investment in property for our leasing business leased under operating leases by major classes as follows (in thousands):

	2008	2007
Copiers	$ 86	$ 76
Less: accumulated depreciation	(75)	(53)
Net property on operating leases	$ 11	$ 23

The following is a schedule by years of minimum future rentals on noncancelable operating leases as of December 31, 2008:

2009	$9
2010 and thereafter	
	$9

Depreciation expense on operating lease property was $12,000 and $27,000 for the years ended December 31, 2008 and 2007, respectively.

7. SOFTWARE DEVELOPMENT COSTS

Software development costs as of December 31, consisted of the following (in thousands):

	2008	2007
Software development costs	$11,340	$10,362
Less: accumulated amortization	(4,051)	(5,637)
	$ 7,289	$ 4,725

Total interest expense related to the line of credit	$ 2,172	$ 596
Interest expense capitalized	$ 270	$ 229
Amortization expense	$ 753	$ 244

In 2008, the Company wrote off $2.1 million in accumulated amortization related to software that was no longer being used by the Company along with $262,000 related to the sale of core and WinTELLER assets.

8. INTANGIBLE AND OTHER ASSETS

Intangible assets, as of December 31, 2008, consisted of the following (in thousands):

	Cost	Accumulated Amortization	Net
Debt issuance costs	$ 795	$ 587	$ 208
Non-compete agreements	3,205	1,708	1,497
Customer lists	12,720	2,963	9,757
Acquired technology	16,003	3,918	12,085
Trade names, indefinite life	9,160	—	9,160
Other, net	989	632	357
	$42,872	$ 9,808	$33,064

Intangible assets, as of December 31, 2007, consisted of the following (in thousands):

	Cost	Accumulated Amortization	Net
Debt issuance costs	$ 641	$ 401	$ 240
Non-compete agreements	3,540	1,695	1,845
Customer lists	6,483	2,161	4,322
Acquired technology	5,368	1,888	3,480
Trade names, indefinite life	3,860	—	3,860
Other, net	652	314	338
	$20,544	$ 6,459	$14,085

Amortization expense of identified intangible assets during the years ended December 31, 2008 and 2007 was approximately $5.6 million, of which $0.8 million is included in research and development, and $2.3 million, respectively.

The estimated amortization expense of intangible assets during the next five years is as follows (in thousands):

2009	$ 4,086
2010	3,678
2011	3,427
2012	3,141
2013	2,761
Thereafter	5,718
	$22,811

Intangibles that are not included in the estimated amortization for future years include a $0.9 million non-compete agreement, $9.2 million in trade names which have an indefinite life, and $0.2 million of other assets which mainly consist of deposits and capitalized web development.

9. GOODWILL

Goodwill relates to the excess of cost over the fair value of net assets resulting from an acquisition. On an annual basis, our goodwill is tested for impairment or when events and circumstances indicate an impairment may exist. In accordance with SFAS 142, *Goodwill and Other Intangible Assets*, we have determined that our reporting units are the reportable segments based on our organizational structure and the financial information that is provided to and reviewed by management. Our segments, defined as reporting units, include financial institution services ("FIS") and retail inventory management services ("RMSA").

Impairment testing is a two step process. For purposes of step one, to determine our fair value we utilized approaches that focused on our ability to produce income (the "Income Approach") utilizing a discounted cash flow methodology and our estimated consideration which we would receive if there were a sale of reporting units (the "Market Approach"). The key assumptions utilized in the determination of fair value in step one of the testing included:

- A forecast of operating results for 2009 through 2013 including projected revenues, operating expenses, projected margins, and income taxes. Given the economic decline and uncertainties in the global economy, we assumed no significant revenue growth.

- Forecasts of working capital and capital expenditure requirements to support our revenue growth. These assumptions were based on historical requirements. Our forecasts assumed we would make some investments to support our innovations but also stayed consistent with our cost cutting efforts.

- The per-share price of our common stock and our overall market capitalization was considered in the fair value analysis along with a control premium and an estimate of the fair value of any liabilities outstanding.

- For the FIS reporting unit, we relied upon a weighted average of the enterprise value conclusions reached by the discounted cash flow method (40%), internal market pricing method (40%), and publicly traded guideline company method (20%). The publicly traded guideline company method was given less weighting due to size and operational differences between Goldleaf and the public peer group.

- For the RMSA reporting unit, we weighted the discounted cash flow method (50%) and the internal market pricing method (50%). We assumed the absence of a meaningful sample of publicly traded companies for the RMSA reporting unit which led to our exclusion of this appraisal methodology.

As of December 31, 2007 we concluded the estimated fair value of our reporting units was greater than the carrying value so no impairment was recorded. As of December 31, 2008 we concluded that in step one the carrying value exceeded the estimated fair value of each reporting unit as a result of increased weighted cost of capital estimates, market pricing multiple declines, and general economic downturns.

For purposes of step two, we included estimations of the fair value of the financial institution and retail management assets and liabilities, including previously unrecognized intangible assets. In our step two analysis, we utilized multiple appraisal methodologies depending on the specific identifiable intangible asset that was selected. Specifically, the multi-period excess earnings method (an income-based approach) was utilized to value the FIS and RMSA reporting unit's customer relationships. The relief from royalty method (a hybrid income-based and market-based approach) was utilized to value the FIS reporting unit's trademarks and trade names and internally developed technology and software. The discounted cash flow method (an income-based approach) was selected as the

appraisal methodology for valuing the subject non-compete agreements. As a result of step two we concluded that goodwill exceeded the allocated fair value and we recorded impairment charges of $36.5 million and $1.6 million for our financial institution segment and our retail management segment, respectively, for the year ended December 31, 2008.

The weighted average cost of capital used for the FIS and RMSA reporting unit was 18.9% and 19.9%, respectively.

Our annual impairment review requires extensive use of accounting judgment and financial estimates, including projections about our business, our financial performance and the performance of the market and overall economy. Application of alternative assumptions and definitions could produce significantly different results. Because of the significance of the judgments and estimation processes, it is likely that materially different amounts could be recorded if we used different assumptions or if the underlying circumstances were to change.

The changes in the carrying amount of goodwill for 2008 and 2007 are as follows (in thousands):

	2008	2007
Balance as of January 1,	$ 34,217	$26,477
Financial institution services:		
Goodwill related to 2008 Alogent acquisition	24,684	—
Goodwill related to 2007 acquisitions	2,173	6,619
Goodwill related to 2006 acquisitions	1,486	—
Goodwill related to additional contingently issuable shares issued for 2005 acquisition of Captiva	—	1,418
Impairment of goodwill	(36,492)	—
Other changes	24	(297)
Retail management services:		
Impairment of goodwill	(1,624)	—
Balance as of December 31,	$ 24,468	$34,217

10. ACCRUED LIABILITIES

Accrued liabilities as of December 31, consist of the following (in thousands):

	2008	2007
Employee bonuses	$1,373	$ 445
Commissions	896	464
Accrued severance costs	115	272
Interest	492	81
Royalties	410	—
Hardware	334	—
Consulting	492	—
Sales tax and property tax accruals	229	252
Legal and accounting	226	143
Other	402	340
Total accrued liabilities	$4,969	$1,997

Employee bonuses in 2008 of $1.373 million, includes $0.6 million of contractually obligated payouts to Alogent employees.

11. REVOLVING LINE OF CREDIT AND LONG TERM DEBT

The Company is party to a Second Amended and Restated Credit Agreement with Bank of America, N.A., Wachovia Bank, N.A., and The People's Bank of Winder, dated November 30, 2006, which was amended on January 17, 2008, December 24, 2008, and February 18, 2009.

The December 24, 2008 amendment extended the maturity date of the line of credit to January 15, 2010.

The material terms of the syndicated credit facility are as follows:

- the revolving loan commitment is $45.0 million;
- the limit on annual capital expenditures is $7.0 million;
- two additional applicable interest rates are included in the pricing grid, with a minimum level of LIBOR plus 1.375%, and maximum level of LIBOR plus 3% (or base rate plus 0.50%), determined by the funded debt to EBITDA ratio (as defined); the rate used is at the option of the Company;
- the funded debt to EBITDA ratio (as defined) is 3.5 changing to 3.0 in 2009;
- the senior funded debt to EBITDA ratio (as defined) is 3.0; and
- the Company is to maintain a fixed charge coverage ratio (as defined) of not less than 2:1.

We borrowed $32.0 million against the line of credit to fund the Alogent acquisition in January 2008. As of December 31, 2008 and 2007 we owed $37.5 million and $10.0 million, respectively on the revolving line of credit. As of December 31, 2008 and 2007, we were in compliance with all restrictive financial and non-financial covenants contained in the second amended and restated credit agreement. At December 31, 2008, we had eligible capacity as defined to borrow $7.5 million under the second amended and restated credit agreement.

On February 18, 2009, we amended the definition of EBITDA for the purposes of the Credit Agreement so that the first sentence of the definition was deleted in its entirety and replaced by the following text:

> "**EBITDA**" means, with respect to any Person for any period, on a consolidated basis the sum of (a) net income available to common stockholders *plus* (b) to the extent deducted in arriving at net income, the sum of: (i) preferred stock dividends paid and preferred stock deemed distributions,

(ii) income tax expense (less income tax benefit), (iii) interest expense, (iv) depreciation and amortization, (v) annual maintenance fees that will be required to be excluded from deferred revenue and the profit and loss statement in accordance with GAAP purchase accounting rules and (vi) any non-cash charges and expenses, including goodwill impairment charges, *minus* (c) to the extent included in arriving at net income, any (i) non-cash gains and (ii) gains as a result of payments in connection with the sale of the core data processing and teller system business disposed of by Borrower including, without limitation, earn out payments; *provided, however*, for calculation periods ending on or after December 31, 2008, to the extent otherwise included for such calculation period, EBITDA shall not include EBITDA from the core data processing and teller system business disposed of by Borrower.

The Company entered into an installment payment agreement on March 21, 2008 for $462,000 for the purchase of internal use software licenses having a 36 month term and a 3.037% annual interest rate. The Company added to this agreement $135,000 in September 2008 for the purchase of additional software licenses. The following is a schedule of principal payments over the next five years (in thousands) for long term debt:

2009	$216
2010	219
2011	70
	$505

The Company executed convertible notes of $7.0 million delivered to the Alogent shareholders on January 17, 2008, having a 24 month term and a 7.0% annual interest rate payable quarterly in arrears. The principal under the notes is convertible, at the option of the holder, into shares of our common stock at a conversion price of $4.50 per share.

12. CAPITAL LEASE OBLIGATIONS

The Company has capital lease agreements for certain computer equipment, office equipment, and software. The leases are due in monthly installments through May 2010. Lease payments are collateralized by the leased property and bear interest at rates ranging from 3.62% to 9.75%. At December 31, 2008 and 2007, property and equipment included assets under capital leases of $1.8 million. As of December 31, 2008 and 2007, accumulated depreciation related to leased assets totaled $1.4 million and $1.0 million, respectively. As of December 31, 2008, the future maturities of the Company's capital lease obligations are as follows (in thousands):

	2008
2009	$ 430
2010	143
2011 and thereafter	—
Total minimum lease payments	573
Less: amounts representing interest	(29)
Present value of minimum lease payments	544
Less: current portion	(403)
Long-term portion of capital lease obligation	$ 141

13. NON-RECOURSE LEASE NOTES PAYABLE

As part of the leasing business included in financial institution services, the Company borrows funds from its community bank partners on a non-recourse basis in order to acquire the equipment to be leased. In the event of a lease default, the Company is not obligated to continue to pay on the

non-recourse note payable associated with that particular lease. At December 31, 2008 and 2007, non-recourse lease notes payable consisted of the following (in thousands):

	2008	2007
Non-recourse lease notes payable	$ 4,285	$ 4,066
Less: current portion of non-recourse lease notes payable	(1,702)	(1,638)
Non-recourse lease notes payable, net of current portion	$ 2,583	$ 2,428

Interest and principal are primarily due monthly with interest rates ranging from 4% to 11%.

The following is the scheduled non-recourse notes payable principal payments over the next five years as of December 31, 2008 (in thousands):

2009	$1,702
2010	1,120
2011	761
2012	481
2013	216
Thereafter	5
	$4,285

14. INCOME TAXES

Income tax provision consisted of the following for the years ended December 31, (in thousands):

	2008	2007
Current income tax expense	$ 378	$ —
Deferred tax (benefit) expense	(266)	1,258
Income tax provision, net	$ 112	$1,258

A reconciliation of the tax provision from the U.S. federal statutory rate to the effective rate for the years ended December 31, is as follows (in thousands):

	2008	2007
Tax expense (benefit) at U.S. federal statutory rate of 34%	$(13,155)	$ 232

State tax expense (benefit), net of reduction to federal taxes	(1,741)	31
Foreign tax expense	102	—
Stock compensation—incentive stock options	219	473
Accrual for uncertain tax positions	—	210
Valuation allowance	4,595	101
Goodwill impairment	10,139	—
Expenses not deductible	106	49
Other	(153)	162
Income tax provision, net	$ 112	$1,258

Effective January 1, 2007, the Company adopted the provisions of FIN 48. As of December 31, 2008 and 2007, the Company's accrual for uncertain tax positions totaled $528,000. During 2008, the Company identified no new uncertain tax positions, therefore, the Company did not accrue any additional amounts for uncertain tax positions as of December 31, 2008. The Company has elected to classify interest associated with uncertain tax positions as interest expense in the accompanying consolidated statements of operations. Additionally, penalties associated with uncertain tax positions will be classified as income tax expense in the accompanying consolidated statements of operations. There were no penalties and interest paid in the current year or accrued as of December 31, 2008 and 2007. The amount of unrecognized tax benefit that if recognized, would affect the Company's tax rate totaled $222,000 at December 31, 2008.

A reconciliation of the beginning and ending liability for uncertain tax positions (net of indirect benefits) is as follows (in thousands):

	2008	2007
Balance as of January 1,	$528	$368
Additions based on tax positions related to the current year	—	217
Reductions for tax positions related to the current year	—	(57)
Balance as of December 31,	$528	$528

Significant components of the Company's deferred income tax assets and liabilities, using an average tax rate of 38.5% at December 31 2008 and 2007, are as follows (in thousands):

	2008	2007
Current assets (liabilities):		
Deferred revenue	$ 27	$ 1,216
Allowances on assets	222	178
Net operating loss carryforwards	—	378
Valuation allowance	(124)	—
Prepaid and accrued expenses	(125)	(329)
Deferred income tax assets, current	—	1,443
Non-current assets (liabilities):		
Deferred revenue	158	366
Software development costs	(2,802)	(2,189)
Net operating loss carryforwards, net of current portion	13,247	5,823
Stock compensation—nonqualified options	1,061	895
Depreciation and amortization	(7,706)	(2,929)
Indefinite life intangibles	(3,527)	—
Valuation allowance	(4,572)	(101)
Tax credit carryovers	472	—
Other	142	672
Deferred income tax assets (liabilities), non-current	(3,527)	2,537
Total net deferred income tax assets (liabilities)	$ (3,527)	$ 3,980

As a result of the acquisition of Alogent, we recorded a net deferred tax liability of $6.3 million.

The Company has gross net operating loss ("NOL") carry forwards of approximately $64.9 million available as of December 31, 2008 for both federal and state tax purposes. Of this total, $37.2 million was acquired during the Towne merger and $6.5 million was acquired during the Alogent acquisition. At the time of the mergers, an analysis was performed to assess the realizability of these NOLs due to Section 382 of the U.S. tax code. The results of this analysis concluded that the likelihood of ever being able to utilize the majority of the NOLs was remote; therefore, a valuation allowance has been recorded against certain of the Company's federal and state NOL deferred tax assets at December 31, 2008.

We file income tax returns in the U.S. federal jurisdiction and various state jurisdictions. We are no longer subject to U.S. federal tax examinations for any returns before 2005. State jurisdictions that remain subject to examination range from 2002 to 2008.

15. EMPLOYEE STOCK OPTION PLANS

The Company has three active stock option plans: the 1999 Stock Option Plan, the 2004 Equity Incentive Plan, and the 2005 Long-Term Equity Incentive Plan. Options under these plans include non-qualified and incentive stock options and are issued to officers, key employees and directors of the Company. The Company has reserved 2,780,870 new shares of common stock for these plans under which the options are granted at a minimum of 100% of the fair market value of common stock on the date of the grant, expire 10 years from the date of the grant and are exercisable at various times determined by the Board of Directors. The Company also has approximately 169,696 shares of common stock reserved for the issuance of options under four plans associated with a prior acquisition. The Company also made grants of options pursuant to written agreements in 1994 and 88,511 shares are still outstanding. The Company applies SFAS No. 123R in accounting for its options in 2008, 2007 and 2006 and applied APB No. 25 in accounting for its options in 2005 and accordingly, no compensation cost was recognized in 2005.

As indicated in Note 1, the Company adopted SFAS 123R on January 1, 2006. Compensation expense of $1.0 million and $0.2 million was recognized for the years ended December 31, 2008 and 2007, respectively. Stock compensation expense, before income tax effect, is reflected in general and administrative expense in the accompanying consolidated statement of operations.

The fair value of each option award is estimated, on the date of grant using the Black-Scholes option pricing model, which incorporates ranges of assumptions for inputs as shown in the following table:

- The expected volatility is estimated based on the historical volatility of the Company's stock over the contractual life of the options and the Company's expectations regarding stock volatility in the future.
- The expected life of options granted is derived from historical Company experience and represents the period of time the options are expected to be outstanding.
- The Company uses historical data to estimate option exercise and employee termination behavior within the valuation model.
- The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods within the contractual life of the option.

	Year ended December 31,	
	2008	2007
Dividend yield range	0.0%	0.0%
Expected volatility	58%	58%
Risk-free interest rate range	2.87% - 3.34%	4.32% - 4.68%
Expected term (in years)	6.2 years	6.2 years

As of December 31, 2008, there was $1.8 million of total forfeiture adjusted unrecognized compensation cost related to unvested share-based compensation arrangements. We expected to recognize this cost over a weighted-average period of 2.4 years.

Below is a summary of the Company's option activity as of December 31, 2008 and 2007:

	Number of Shares	Weighted Average Exercise Price	Remaining Contractual Life	Intrinsic Value
Balance at December 31, 2006	1,426,189	$ 8.65		
Granted	871,000	5.00		
Exercised	(12,943)	4.14		
Forfeited and expired	(431,107)	6.39		
Balance at December 31, 2007	1,853,139	$ 7.50	8.17	$ —
Granted	862,500	2.32		
Exercised	—	—		
Forfeited and expired	(113,701)	20.75		
Balance at December 31, 2008	$ 2,601,938	$ 5.20	7.89	$ —
Balance exercisable at December 31, 2008	1,306,751	$ 6.93	6.81	$ —

The weighted-average grant date fair value of options granted during the years ended December 31, 2008, 2007 was $1.33 and $2.99, respectively. The total fair value of stock options that vested during the years ended December 31, 2008 and 2007 was approximately $759,000 and $1,600, respectively. The total intrinsic value of stock options exercised during the years ended December 31, 2008 and 2007 was $0 and $24,900, respectively.

We granted 90,000 shares of restricted stock options all of which are unvested for the year ended December 31, 2008 and the weighted average grant date fair value was $1.75.

16. LOSS PER SHARE

Basic income or loss per share is computed by dividing net income or loss available to common stockholders by the weighted average number of common shares outstanding during the year. Diluted income per share is computed by dividing net loss available to common stockholders by the weighted average number of dilutive common and common equivalent shares outstanding during the fiscal year, which includes the additional dilution related to conversion of preferred stock, common stock warrants and stock options as computed under the treasury stock method.

The following table is a reconciliation of the Company's basic and diluted loss per share in accordance with SFAS No. 128 (in thousands, except per share data):

	2008	2007
Net loss available to common stockholders	$(38,804)	$ (576)
Basic loss per share:		
Weighted average common shares outstanding	19,081	17,276
Basic loss per share	$ (2.03)	$ (0.03)
Diluted loss per share:		
Weighted average common shares outstanding	19,081	17,276
Dilutive common share equivalents	—	—
Total diluted shares outstanding	19,081	17,276
Diluted loss per share	$ (2.03)	$ (0.03)

All employee stock options, contingently issuable common shares, warrants and preferred shares were excluded from diluted loss per share for the years ended December 31, 2008 and 2007 as the effect would be anti-dilutive.

In connection with the Company's acquisition of Alogent, former Alogent shareholders received 1,889,469 shares of common stock with an aggregate market value of $2.8 million, based on the price of our common stock on the day of closing which was $1.47 per share.

17. COMMITMENTS AND CONTINGENCIES

The Company leases automobiles and office space and equipment under various operating lease agreements. Rent expense for the years ended December 31, 2008, 2007 totaled approximately $2.9 million and $2.5 million, respectively, and is included in general and administrative expense in the consolidated statements of operations.

As of December 31, 2008, the future minimum lease payments relating to operating lease obligations are as follows (in thousands):

2009	$2,451
2010	1,509
2011	779
2012	484
2013	423
Thereafter	—
	$5,646

The future minimum lease payments will be offset for the years ended December 31, 2009 and 2010 by $129,000 and $114,000, respectively, under noncancelable subleases.

Legal Proceedings

We are not currently a party to, and none of our material properties is currently subject to, any material litigation other than routine litigation incidental to our business.

Employment Agreements

The Company has entered into employment agreements, severance agreements and change of control agreements with certain executive officers and employees of the Company, most of which the Company acquired through its acquisition of GTI, CBS and Alogent. These agreements provide for compensation to the individuals in the form of annual base salaries and, occasionally, bonuses. As of December 31, 2008, the Company had nine employment agreements, four severance agreements, and seven change of control agreements. The employment agreements provide for severance benefits, ranging up to 24 months, upon the occurrence of certain events, including a change in control, as defined in the individual agreements. The severance agreements provide for severance benefits ranging from two to six months, depending on the circumstances under which the employee separates from the Company. The change in control agreements provide for severance benefits ranging from six to 12 months if the individual's employment terminates following a change of control. As of March 31, 2009, the number of employment agreements between the Company and its employees had decreased to six.

Earn out Agreements

In our May 2007 asset purchase agreement with Data Trade, we agreed to a twenty-four month earn out following the acquisition date based on EBITDA targets. In 2008 we paid $2.2 million of this earn out liability for the first twelve months of the earn out period. The shareholders may be entitled to additional payments under this agreement, if earned, based on the financial performance of the acquired business during the remaining twelve-month period ending April 30, 2009. The second payment if earned would be due on August 15, 2009.

18. EMPLOYEE BENEFIT PLANS

The Company has an employee savings plan, the Goldleaf Financial Solutions, Inc. 401(k) Retirement Plan (the "Plan"), which permits participants to make contributions by salary reduction pursuant to section 401(k) of the Internal Revenue Code. As of December 31, 2007 the Company matched contributions by employees up to a maximum of $1,000 per employee. In 2008, the Company matched contributions by employees up to a maximum of $1,250 per employee. Employees are eligible for participation in the plan upon hire and are eligible for matching contributions immediately following one year of service. Total contributions made by the Company to the Plan for the years ended December 31, 2008 and 2007 were $0.4 million and $0.2 million, respectively, and are included in operating expenses in the consolidated statements of income.

19. RELATED PARTY TRANSACTIONS

In conjunction with the acquisition of GTI discussed in Note 1, the Company issued two notes payable to the former President of GTI, as a portion of the consideration paid to him for executing an employment agreement with the Company. The notes had original principal balances of $850,000 (due June 15, 2006) and $150,000 (due April 30, 2007), were unsecured and carried interest at the prime rate as published in The Wall Street Journal (8.25% at April 30, 2007). On June 15, 2006, $350,000 of the $850,000 note was paid and the remaining $500,000 was paid on July 15, 2006. The remaining $150,000 was paid to the former President of GTI on April 30, 2007. These notes were included as a component of the GTI purchase price.

The Company executed convertible notes of $7.0 million delivered to the Alogent shareholders on January 17, 2008, having a 24 month term and a 7.0% annual interest rate payable quarterly in arrears. The principal under the notes is convertible, at the option of the holder, into shares of our common stock at a conversion price of $4.50 per share.

20. QUARTERLY FINANCIAL DATA (UNAUDITED)

	Quarter Ended (in thousands, except per share data)							
	Dec. 31, 2008	Sep. 30, 2008	June 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sep. 30, 2007	June 30, 2007	Mar. 31, 2007
Consolidated Statement of Income data:								
Revenues	$ 19,641	$22,248	$20,489	$19,195	$14,534	$14,343	$14,745	$13,047
Gross profit	$ 14,030	$16,434	$15,522	$14,727	$11,396	$11,220	$11,425	$10,256
Operating income (loss)	$(38,648)	$ 2,048	$ 1,012	$ 17	$ 967	$ 529	$ 305	$ (530)
Income (loss) before income taxes	$(39,664)	$ 1,323	$ 551	$ (902)	$ 948	$ 273	$ 74	$ (613)
Income tax provision (benefit)	$ (331)	$ 603	$ 229	$ (389)	$ 1,340	$ 181	$ (27)	$ (236)
Net (loss) income available to common stockholders	$(39,333)	$ 720	$ 322	$ (513)	$ (392)	$ 92	$ 101	$ (377)
(Loss) earnings per share:								
Basic	$ (2.05)	$ 0.04	$ 0.02	$ (0.03)	$ (0.03)	$ 0.01	$ 0.01	$ (0.02)
Diluted common share	$ (2.05)	$ 0.04	$ 0.02	$ (0.03)	$ (0.03)	$ 0.01	$ 0.01	$ (0.02)

Gross profit has been updated to reflect additional training expenses and other operational expenses that were previously in sales and marketing that should be reflected in cost of revenues and varies slightly compared to our previously filed Form 10-Qs. The differences consisted of $190,000 of additional cost of revenues for the fiscal year ended December 31, 2007 and $48,000 of additional cost or revenues related to the first and second quarter filings for the year ended December 31, 2008.

The net (loss) income available to common stockholders of $39.3 million for the quarter ended December 31, 2008 includes a goodwill impairment of approximately $38.1 million.

21. SEGMENT INFORMATION

The Company operates in two reportable segments: financial institution services and retail inventory management services. The Company presents its segment reporting under SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information.* Additionally, $1.5 million of the goodwill originating from the Towne acquisition has been allocated to the retail inventory management services segment and is therefore included in the segment's total assets as of December 31, 2007. For the year ended December 31, 2008 the $1.5 million of goodwill was charged to the consolidated statement of operations to record goodwill impairment.

The following table summarizes the financial information concerning the Company's reportable segments for the years ended December 31 (in thousands):

	2008			2007		
	Financial Institution Services	Retail Inventory Management Services	Total	Financial Institution Services	Retail Inventory Management Services	Total
Revenues	$ 73,871	$ 7,702	$81,573	$ 48,464	$ 8,205	$56,669
Gross profit	$ 53,892	$ 6,821	$60,713	$ 36,988	$ 7,309	$44,297
Goodwill impairment	$ 36,492	$ 1,624	$38,116	$ —	$ —	$ —
Assets	$ 94,327	$ 1,544	$95,871	$ 78,954	$ 3,224	$82,178
Total expenditures for additions to long-lived assets	$ 6,087	$ 87	$ 6,174	$ 4,286	$ 21	$ 4,307
Goodwill	$ 24,022	$ 446	$24,468	$ 32,147	$ 2,070	$34,217

Total gross profit by segment reconciles to operating income as follows (in thousands):

	2008	2007
Gross profit	$ 60,713	$ 44,297
Less: operating expenses	(96,284)	(43,026)
Operating income (loss)	$(35,571)	$ 1,271

22. SUBSEQUENT EVENTS

The Company amended its Credit Agreement on February 18, 2009 as further discussed in Note 11.

Exhibit 99.3

GOLDLEAF FINANCIAL SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	June 30, 2009 (unaudited)	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,483	$ 5,292
Restricted cash	39	1,312
Trade accounts receivable, net	8,250	12,238
Inventory	638	1,159
Investment in direct financing leases	1,621	1,755
Prepaids and other current assets	2,119	2,063
Total current assets	14,150	23,819
Property and equipment, net	3,897	4,313
Operating lease equipment, net	4	11
Software development costs, net	8,448	7,289
Investment in direct financing leases, net of current portion	2,685	2,907
Intangibles and other assets, net	31,022	33,064
Goodwill	24,468	24,468
Total assets	$ 84,674	$ 95,871
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Revolving line of credit	$ 35,500	$ —
Accounts payable	3,410	3,298
Accrued liabilities	3,554	4,969
Deferred revenue	11,082	13,946
Customer deposits	2,249	3,526
Capital lease obligations	342	403
Non-recourse lease notes payable	1,445	1,702
Current portion of long term debt	220	216
Convertible notes payable	7,000	—
Other current liabilities	249	405
Total current liabilities	65,051	28,465
Revolving line of credit	—	37,500
Deferred revenue, net of current portion	342	480
Capital lease obligation, net of current portion	—	141
Non-recourse lease notes payable, net of current portion	2,536	2,583
Long term debt, net of current portion	178	289
Convertible notes payable	—	7,000
Deferred income taxes, net of current portion	3,527	3,527
Other non-current liabilities	802	690
Total liabilities	72,436	80,675
Commitments and contingencies		
Stockholders' equity:		
Common stock, no par value; 100,000,000 shares authorized; shares issued and outstanding, 19,443,784 and 19,168,784, respectively	—	—
Preferred stock, no par value; 20,000,000 shares authorized, no shares outstanding	—	—
Additional paid-in capital	73,959	73,402
Accumulated deficit	(61,721)	(58,206)
Total stockholders' equity	12,238	15,196
Total liabilities and stockholders' equity	$ 84,674	$ 95,871

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

GOLDLEAF FINANCIAL SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
For the three months ended June 30, 2009 and 2008
(in thousands, except per share data)

	2009	2008
	(unaudited)	
Revenues:		

Financial institution services	$ 13,776	$ 17,510
Retail inventory management services	1,500	1,974
Other products and services	1,009	1,005
Total revenues	16,285	20,489
Cost of Revenues:		
Financial institution services	4,042	4,151
Retail inventory management services	197	215
Other products and services	698	601
Gross profit	11,348	15,522
Operating Expenses:		
General and administrative	5,184	6,404
Selling and marketing	4,221	5,027
Research and development	2,028	1,646
Amortization	929	1,409
Other operating (income) expenses	(63)	24
Total operating expenses	12,299	14,510
Operating (loss) income	(951)	1,012
Interest expense, net	485	461
(Loss) income before income taxes	(1,436)	551
Income tax provision	65	229
Net (loss) income	$ (1,501)	$ 322
(Loss) income per share:		
Basic	$ (0.08)	$ 0.02
Diluted	$ (0.08)	$ 0.02

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

GOLDLEAF FINANCIAL SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
For the six months ended June 30, 2009 and 2008
(in thousands, except per share data)

	2009	2008
	(unaudited)	
Revenues:		
Financial institution services	$ 28,813	$ 33,879
Retail inventory management services	3,112	3,951
Other products and services	2,706	1,854
Total revenues	34,631	39,684
Cost of Revenues:		
Financial institution services	8,427	7,891
Retail inventory management services	408	447
Other products and services	1,942	1,097
Gross profit	23,854	30,249
Operating Expenses:		
General and administrative	10,864	12,673
Selling and marketing	9,044	10,410
Research and development	4,178	3,502
Amortization	1,894	2,595
Other operating expenses	270	40
Total operating expenses	26,250	29,220
Operating (loss) income	(2,396)	1,029
Interest expense, net	1,025	1,380
Loss before income taxes	(3,421)	(351)
Income tax provision (benefit)	94	(160)
Net loss	$ (3,515)	$ (191)
Loss per share:		
Basic	$ (0.18)	$ (0.01)
Diluted	$ (0.18)	$ (0.01)

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

GOLDLEAF FINANCIAL SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six months ended June 30, 2009 and 2008
(in thousands)

	2009 (unaudited)	2008
Cash flows from operating activities:		
Net loss	$ (3,515)	$ (191)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	3,684	4,279
Depreciation on operating lease equipment	5	6
Deferred income taxes	—	(162)
Amortization of debt issuance cost and discount	110	91
Stock compensation expense	557	416
Amortization of lease income and initial direct costs	(242)	(292)
Loss on write-down or disposal of property and equipment and software development costs	6	22
Deferred gain on land sale	(8)	(8)
Gain on sale of leased equipment	—	(10)
Unrealized gain on interest rate swap	(156)	(36)
Loss on sale of core processing and WinTELLER assets	20	—
Changes in assets and liabilities:		
Restricted cash and customer deposits	(4)	2,270
Trade accounts receivable	3,988	(122)
Inventory	521	(306)
Prepaids and other current assets	(42)	(37)
Other non-current assets	63	—
Accounts payable	109	(228)
Accrued liabilities	(1,413)	1,129
Deferred revenue	(2,989)	(396)
Other non-current liabilities	118	(58)
Net cash provided by operating activities	812	6,367
Cash flows from investing activities:		
Acquisition of Alogent, net of cash acquired	—	(32,999)
Acquisition of businesses, net of cash acquired	—	(25)
Proceeds from lease termination	2	10
Investment in direct financing leases	(315)	(201)
Lease receivables collected	913	862
Additions to property and equipment	(560)	(1,395)
Software development costs	(1,821)	(1,537)
Additions to intangibles and other assets	(227)	(280)
Proceeds from sale of property and equipment	—	18
Net cash used in investing activities	(2,008)	(35,547)

- Continued -

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

GOLDLEAF FINANCIAL SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
For the six months ended June 30, 2009 and 2008
(in thousands)

	2009 (unaudited)	2008
Cash flows from financing activities:		
Proceeds from line of credit	1,000	33,500
Payments on line of credit	(3,000)	(1,000)
Payments on capital lease obligation	(202)	(208)
Proceeds from non-recourse lease note payable	626	683
Payments of non-recourse lease note payable	(930)	(940)
Payment of long term debt	(107)	—
Net cash (used in) provided by financing activities	(2,613)	32,035
Net change in cash and cash equivalents	(3,809)	2,855
Cash and cash equivalents at the beginning of period	5,292	2,648
Cash and cash equivalents at the end of period	$ 1,483	$ 5,503

Supplemental non-cash information:		
Issuance of additional 1,889,469 common shares as purchase consideration in the Alogent acquisition	$ —	$ 2,638
Issuance of convertible note payable as purchase consideration in the Alogent acquisition	$ —	$ 7,000
Purchase of software licenses through issuance of long-term debt	$ —	$ 462

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

GOLDLEAF FINANCIAL SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Organization and Basis of Presentation

Goldleaf Financial Solutions, Inc. (“Goldleaf” or the “Company”) offers a strategic suite of integrated technology and payment processing solutions to financial institutions of all sizes. Goldleaf’s products and services enable financial institutions to succeed in today’s competitive market, solidify their trusted financial relationships, expand their presence, and improve profitability through the efficient use of technology.

We generate revenue from the following three main sources:

- Financial institution services, which include:
  - Payment solutions, and
  - Lending solutions
- Retail inventory management services; and
- Other products and services

The accompanying consolidated financial statements are unaudited and include the accounts of Goldleaf Financial Solutions, Inc. and its wholly owned subsidiaries. All intercompany transactions and accounts have been eliminated. The Company operates in two reportable segments, financial institution services and retail inventory management services.

In the opinion of management, all adjustments, normal and recurring in nature, necessary for the fair presentation of the consolidated financial statements have been included. Additionally, certain amounts reported in prior periods have been reclassed to conform to current presentation.

Interim results are not necessarily indicative of results for the full year. The consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles for interim financial reporting, and with the instructions of Form 10-Q and Article 10 of Regulation S-X and accordingly they do not include all the information and footnotes required in the annual consolidated financial statements and accompanying footnotes. These consolidated financial statements and notes should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2008.

Our significant accounting policies include revenue recognition, software development, income taxes, acquisition accounting, accounting for long-lived assets, intangibles assets, and goodwill. Please refer to our critical accounting policies as described in our annual financial statements in our Annual Report on Form 10-K for the year ended December 31, 2008 for a more detailed description of these accounting policies.

2. Recent Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations* (“SFAS 141(R)”), which replaces SFAS No. 141, *Business Combinations.* SFAS 141(R) generally retains the underlying concepts of SFAS 141 because it requires all business combinations to be accounted for at fair value under the acquisition method of accounting, but it changes how the acquisition method of accounting is applied in a number of significant aspects. Acquisition costs will be expensed as incurred; contingent consideration will be recorded at fair value on the date of acquisition; restructuring costs associated with a business combination will be expensed subsequent to the acquisition date; and changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date will affect the income tax provision. SFAS 141(R) is effective on a prospective basis for all of the Company’s business combinations with an acquisition date on or after January 1, 2009, with the exception of the accounting for valuation allowances on deferred taxes and acquired tax contingencies. We adopted SFAS 141(R) and concluded it had no material impact on our consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities (an amendment of FASB Statement No. 133)* (“SFAS 161”), which requires enhanced disclosures for derivative and hedging activities. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. Early application is encouraged. We adopted SFAS 161, which became effective January 1, 2009, and the required disclosures have been included in Note 9. “Derivative”, to the consolidated financial statements.

In April 2008, the FASB issued Staff Position No. FAS 142-3, *The Determination of the Useful Life of Intangible Assets* (“FSP 142-3”), which amends the factors that should be considered in developing renewal or extension assumptions used to determine useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assets* (“SFAS 142”). The intent is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141(R), and other U.S. generally accepted accounting principles. We adopted FSP 142-3, which became effective January 1, 2009, and concluded it had no material impact on our consolidated financial statements.

In April 2009, the FASB issued Staff Position No. 107-1, *Interim Disclosures About Fair Value of Financial Instruments* (“FSP 107-1”). FSP 107-1 extends the disclosure requirements of SFAS No. 107, *Disclosures about Fair Value of Financial Instruments*, to interim financial statements of publicly traded companies. FSP 107-1 requires disclosures of the fair value of all financial instruments, with the exception of a few, that must be presented together with the carrying value of the financial instruments in a manner that clearly distinguishes between assets and liabilities and indicates where the amounts are reported

on the balance sheet. It also requires disclosure on the methods and significant assumptions used to estimate fair value. We have adopted FSP 107-1, which became effective in our interim reporting for the three months ended June 30, 2009, and the required disclosures have been included in Note 8. “Fair Value Measurements”.

In May 2009, the FASB issued SFAS No. 165, *Subsequent Events* (“SFAS 165”). SFAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS 165 requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date, that is, whether the date represents the date the financial statements were issued or were available to be issued. We have adopted SFAS 165, which became effective for the first interim period ending after June 15, 2009, and the required disclosures have been included in Note 11. “Subsequent Events”.

In June 2009, the FASB issued SFAS No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting*, (“SFAS 168”). SFAS 168 represents the last numbered standard to be issued by FASB under the old, or pre-codification numbering system, and amends the GAAP hierarchy established under SFAS 162. On July 1, 2009, the FASB launched FASB’s new Codification entitled *The FASB Accounting Standards Codification.* The Codification will supersede all existing non-SEC accounting and reporting standards. SFAS 168 is effective in the first interim and annual periods ending after September 15, 2009. This pronouncement will have no effect on our financial statements upon adoption other than current references to GAAP which will be replaced with references to the applicable codification paragraph.

3. Commitments and Contingencies

Revolving Line of Credit and Long-Term Debt

On August 14, 2009, we executed a Fourth Amendment and Waiver (the “Fourth Amendment”) to our Second Amended and Restated Credit Agreement with Bank of America, N.A., Wachovia Bank, N.A., and The People’s Bank of Winder, dated November 30, 2006, as amended on January 17, 2008, December 24, 2008, and February 18, 2009.

Pursuant to the Fourth Amendment, Bank of America, N.A., as Agent, waived the Company’s non-compliance with the debt to EBITDA ratio as of June 30, 2009. The Company also agreed that it would not borrow in excess of $40.0 million under the credit facility until such time as the Company was back in compliance with the funded debt to EBITDA ratio. Furthermore, beginning September 1, 2009, the pricing of the credit facility will change so that the Company will begin paying a rate of 4.75% per annum over LIBOR for LIBOR loans and letters of credit, a rate of 3.75% per annum over the bank’s Base Rate for Base Rate loans instead of rates based on a sliding scale. In addition, the lending group will now charge a 0.75% commitment fee on the unused portion of the Company’s $45.0 million debt facility. These changes will remain in effect until the Company is back in compliance with the debt to EBITDA ratio. Bank of America, as agent under the credit facility, charged a 25 basis point fee for the amendment.

The revolving line of credit is classified as a current liability as of June 30, 2009, compared to a long term liability as of December 31, 2008, as the maturity date of the credit agreement, which is January 15, 2010, causes this liability to be due in less than one year from the balance sheet date. As of June 30, 2009 and December 31, 2008 we owed $35.5 million and $37.5 million, respectively, on the revolving line of credit.   We were in compliance with all restrictive non-financial covenants and all but one financial covenant (the funded debt to EBITDA) as of June 30, 2009.

The material terms of the syndicated credit facility are as follows:

- the revolving loan commitment is $45.0 million, yet we have agreed to only borrow $40.0 million until such time as we are back in compliance with the funded debt to EBITDA ratio;

- the limit on annual capital expenditures is $7.0 million;

- 4.75% per annum over LIBOR for LIBOR loans and letters of credit, 3.75% per annum over the banks’ Base Rate for Base Rate loans, along with a 0.75% commitment fee for the unused portion of the credit facility up to $40.0 million;

- the funded debt to EBITDA ratio (as defined) is 3.0;

- the senior funded debt to EBITDA ratio (as defined) is 3.0; and

- the Company is to maintain a fixed charge coverage ratio (as defined) of not less than 2:1.

The Company executed convertible notes of $7.0 million delivered to the Alogent shareholders on January 17, 2008, having a 24 month term and a 7.0% annual interest rate payable quarterly in arrears. The principal under the notes is convertible, at the option of the holder, into shares of our common stock at a conversion price of $4.50 per share.   These notes have a maturity date of January 17, 2010 and are classified as a current liability as of June 30, 2009 compared to a long-term liability as of December 31, 2008.

If the Company is unable to complete the proposed merger with Jack Henry & Associates, Inc., it would need to refinance its debt. The Company’s ability to continue as a going concern would be contingent upon its ability to secure financing. There can be no assurances that refinancing would be available to the Company at all or on favorable terms.

Legal Proceedings

We are not currently a party to, and none of our material properties is currently subject to, any material litigation other than routine litigation incidental to our business.

Employment Agreements

The Company has entered into employment agreements, severance agreements and change of control agreements with certain executive officers and employees of the Company, most of which the Company acquired through its various acquisitions. These agreements provide for compensation to the individuals in the form of annual base salaries and, occasionally, bonuses. As of June 30, 2009, the Company had six employment agreements, four severance agreements, and eight change of control agreements. The employment agreements provide for severance benefits, ranging up to 24 months, upon the occurrence of certain events, including a change in control, as defined in the individual agreements. The severance agreements provide for severance benefits

ranging from two to six months, depending on the circumstances under which the employee separates from the Company. The change in control agreements provide for severance benefits ranging from six to 12 months if the individual's employment terminates following a change of control.

See also Note 11. Subsequent Events that discusses amendments to employment and change in control agreements.

Earn out Agreements

In our May 2007 asset purchase agreement with Data Trade, we agreed to a twenty-four month earn out following the acquisition date based on EBITDA targets. In 2008, we paid $2.2 million of this earn out liability for the first twelve months of the earn out period. The EBITDA target was not met for the second twelve month period ending April 30, 2009 and, therefore, we do not owe additional funds to the shareholders related to the asset purchase agreement.

4. Comprehensive Loss

Comprehensive income (loss) for the three and six months ended June 30, 2009 and 2008 was, in each case, comprised solely of net income (loss).

5. Net Income (Loss) per Share

Basic income or loss per share is computed by dividing net income or loss available to common stockholders by the weighted average number of common shares outstanding during the year. Diluted income per share is computed by dividing net income or loss available to common stockholders by the weighted average number of dilutive common and common equivalent shares outstanding during the fiscal year, which includes the additional dilution related to conversion of stock options as computed under the treasury stock method.

The following table is a reconciliation of the Company's basic and diluted loss or income per share in accordance with SFAS No. 128 (in thousands, except per share data):

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Net (loss) income	$ (1,501)	$ 322	$ (3,515)	$ (191)
Basic (loss) income per share:				
Weighted average common shares outstanding	19,404	19,169	19,286	18,992
Basic (loss) income per share	$ (0.08)	$ 0.02	$ (0.18)	$ (0.01)
Diluted (loss) income per share:				
Weighted average common shares outstanding	19,404	19,169	19,286	18,992
Dilutive common share equivalents	—	—	—	—
Total diluted shares outstanding	19,404	19,169	19,286	18,992
Diluted (loss) income per share	$ (0.08)	$ 0.02	$ (0.18)	$ (0.01)

All employee stock options and contingently issuable common shares were excluded from diluted loss per share for the three and six months ended June 30, 2009 and 2008 as the effect would be anti-dilutive.

6. Income Taxes

The effective tax rates for the three and six months ended June 30, 2009 were (4.5%) and (2.7%) compared to 41.6% and 45.6% for the three and six months ended June 30, 2008. For the three months ended June 30, 2009, tax expense totaled $65,000 and consisted of federal and state income tax benefit of approximately $0.5 million offset by foreign income tax expense of approximately $65,000, and a valuation allowance of $0.5 million. For the six months ended June 30, 2009, tax expense totaled $94,000 and consisted of federal and state income tax benefit of approximately $1.2 million offset by foreign income tax expense of approximately $94,000, and a valuation allowance of $1.2 million. For the three and six months ended June 30, 2008, tax expense (benefit) totaled $0.2 million and ($0.2) million, respectively. The primary reason for the difference between the effective tax rates period-over-period is due to the Company's valuation allowance that was recorded against deferred tax assets for the three and six months ended June 30, 2009.

As of June 30, 2009 and December 31, 2008, the Company believed that it is more likely than not that the Company will not be able to generate sufficient taxable income in future years in order to realize the deferred tax assets that are recorded, with certain exceptions. As such a valuation allowance of $5.9 million and $4.7 million has been provided against the Company's federal and state deferred tax assets as of June 30, 2009 and December 31, 2008, respectively.

7. Stock Compensation

As of June 30, 2009, there was $1.5 million of unrecognized total compensation cost related to unvested share-based compensation arrangements. We expect to recognize this cost over a weighted-average period of approximately 1.8 years.

8. Fair Value Measurements

Effective January 1, 2008, we adopted SFAS No. 157, *Fair Value Measurements* ("SFAS 157"), as it applies to our financial instruments. SFAS 157 defines fair value, outlines a framework for measuring fair value, and details the required disclosures about fair value measurements.

Under SFAS 157, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market. SFAS 157 establishes a hierarchy in determining the fair value of an asset or liability. The fair value hierarchy has three levels of inputs, both observable and unobservable. Level 1 inputs include quoted market prices in an active market for identical assets or liabilities. Level 2 inputs are market data, other than Level 1, that are observable either directly or indirectly. Level 2 inputs include quoted market prices for similar assets or liabilities, quoted market prices in an inactive market, and other observable information that can be corroborated by market data. Level 3 inputs are unobservable and corroborated by little or no market data.

The following table provides information on the assets and liabilities we measure at fair value on a recurring basis (in thousands).

	Carrying amount in consolidated balance sheets	Fair Value	Fair value measurements using Level 1	Level 2	Level 3
Interest rate swap liability as of June 30, 2009	$ 249	$ 249	$ —	$ 249	$ —
Interest rate swap liability as of December 31, 2008	$ 405	$ 405	$ —	$ 405	$ —

We determined the fair value of the derivative instrument shown in the table above by using external broker statements which use widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows. The analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market based inputs.

To meet the reporting requirements of FASB Staff Position No. 107-1 and APB Opinion No. 28-1, *Interim Disclosures about Fair Value of Financial Instruments*, the Company estimates the fair value of financial instruments. At June 30, 2009 and December 31, 2008, there were no material differences in the book values of the Company's financial instruments and their related fair values due to their short term nature. Financial instruments primarily consist of cash, accounts receivable, accounts payable, and debt instruments.

9. Derivative

The Company does not enter into derivatives or other financial instruments for trading or speculative purposes; however, in order to manage its exposure to interest rate risk from the Company's existing credit facility, on January 30, 2008, the Company entered into an interest rate swap (the "Swap") with a notional amount of $20.0 million, receiving a one month LIBOR interest rate while paying a fixed rate of 2.95% over the period beginning February 8, 2008 and ending November 30, 2009. The effect of the Swap is to lock the LIBOR component interest rate on $20.0 million of one month floating rate LIBOR debt at 2.95%. As of June 30, 2009 and December 31, 2008 the Swap had an estimated negative fair value equal to $0.2 million and $0.4 million, respectively, as classified under other current liabilities in the consolidated balance sheets. The estimated fair value of the Swap may rise and fall over the life of the Swap as market expectations of future floating LIBOR interest rates change in relation to the fixed rate of 2.95%. The recorded gains (losses) for the three and six month periods ended June 30, 2009 and 2008, that are recorded in interest expense, net in the consolidated statements of operations, in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* ("SFAS 133") are as follows:

	Three months ended June 30, 2009	2008	Six months ended June 30, 2009	2008
Unrealized gain on Swap	$ 93	$ 270	$ 156	$ 36

This Swap agreement contains provisions whereby if we default on our credit facility, we may also be deemed in default of our interest rate swap obligation. The fair value of our swap is in a liability position and totals approximately $0.2 million as of June 30, 2009. This Swap agreement shares the same collateral as that of our credit facility and no other collateral has been posted against this obligation. If we were to default on our agreement, we may be required to settle our obligation at the amount that would approximate the then fair value of the derivative.

10. Segment Information

The Company operates in two reportable segments: financial institution services and retail inventory management services. The Company presents its segment reporting under SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information.* Additionally, $1.5 million of the goodwill originating from the Towne acquisition has been allocated to the retail inventory management services segment and is therefore included in the segment's total assets as of June 30, 2008. The $1.5 million of goodwill originating from the Towne acquisition was included in the goodwill impairment recorded as of December 31, 2008.

The following table summarizes the financial information concerning the Company's reportable segments for the three and six months ended June 30, (in thousands):

	Three months ended June 30, 2009			Three months ended June 30, 2008		
	Financial Institution Services	Retail Inventory Management Services	Total	Financial Institution Services	Retail Inventory Management Services	Total
Revenues	$ 14,785	$ 1,500	$ 16,285	$ 18,515	$ 1,974	$ 20,489
Gross profit	$ 10,045	$ 1,303	$ 11,348	$ 13,763	$ 1,759	$ 15,522
Total expenditures for additions to long-lived assets	$ 1,416	$ 39	$ 1,455	$ 1,556	$ 3	$ 1,559

	Six months ended June 30, 2009			Six months ended June 30, 2008		
	Financial Institution Services	Retail Inventory Management Services	Total	Financial Institution Services	Retail Inventory Management Services	Total
Revenues	$ 31,519	$ 3,112	$ 34,631	$ 35,733	$ 3,951	$ 39,684
Gross profit	$ 21,150	$ 2,704	$ 23,854	$ 26,745	$ 3,504	$ 30,249
Assets	$ 83,377	$ 1,297	$ 84,674	$ 133,650	$ 3,155	$ 136,805
Total expenditures for additions to long-	$ 2,541	$ 67	$ 2,608	$ 3,187	$ 25	$ 3,212

lived assets												
Goodwill	$	24,022	$	446	$	24,468	$	56,959	$	2,070	$	59,029

Total gross profit by segment reconciles to operating income as follows (in thousands):

	Three months ended June 30,				Six months ended June 30,			
	2009		2008		2009		2008	
Gross profit	$	11,348	$	15,522	$	23,854	$	30,249
Less: operating expenses		(12,299)		(14,510)		(26,250)		(29,220)
Operating income (loss)	$	(951)	$	1,012	$	(2,396)	$	1,029

11. Subsequent Events

We have evaluated the period from June 30, 2009, the date of the financial statements, through August 19, 2009, the date of the issuance and filing of the financial statements for subsequent events. The following subsequent events occurred during this period.

Amendment to Credit Agreement

On August 14, 2009, we executed a Fourth Amendment to Credit Agreement, Consent and Waiver. The details of this amendment are further explained in Note 3. Commitments and Contingencies.

Execution of Merger Agreement

On August 16, 2009 we entered into an Agreement and Plan of Merger or Merger Agreement with Jack Henry & Associates, Inc., a Delaware corporation or Jack Henry and Peachtree Acquisition Corporation, a Delaware corporation and a wholly-owned subsidiary of Jack Henry. Under the terms of the Merger Agreement, Peachtree Acquisition Corporation will be merged with and into Goldleaf, with Goldleaf continuing as the surviving corporation and a wholly-owned subsidiary of Jack Henry.

At the effective time of the Merger, each outstanding share of our common stock, other than any shares owned by Goldleaf, Jack Henry, or Peachtree Acquisition Corporation will be cancelled and converted into the right to receive $0.98 in cash, without interest.

We, Jack Henry, and Peachtree Acquisition Corporation have made customary representations, warranties and covenants in the Merger Agreement. Many of our representations and warranties are qualified by a materiality or material adverse effect standard.

Our Board of Directors unanimously approved the Merger Agreement on August 16, 2009.

The Merger Agreement subjects us to a “no-shop” restriction on our ability to solicit third party proposals, provide information and engage in discussions with third parties. The no-shop provision is subject to a “fiduciary-out” provision that allows Goldleaf to provide information and participate in discussions with third parties that that have delivered, or are reasonably likely to deliver, a “superior proposal,” as defined in the Merger Agreement, if our board determines, in good faith and after consultation with advisors, that it is required to do so in order to comply with its fiduciary duties .

We may terminate the Merger Agreement under certain circumstances, including if our board determines in good faith that we have received a superior proposal, and otherwise complies with certain terms of the Merger Agreement. In connection with such termination, we must pay a fee of $1.5 million to Jack Henry.

Consummation of the Merger is not subject to a financing condition, but is subject to various other conditions, including approval of the Merger by our shareholders and other customary closing conditions. The liability of Jack Henry and Peachtree Acquisition Corporation for monetary damages under the Merger Agreement, including monetary damages resulting from Jack Henry’s refusal to consummate the Merger when required by the Merger Agreement, is capped at $20 million. The parties expect to close the Merger late in the third quarter or early in the fourth quarter of this year.

The above summary of the Merger does not set forth all details of the Merger and is subject to, and qualified in its entirety by, the full text of the Merger Agreement attached as Exhibit 2.1 to this quarterly report, which we incorporate to this description by reference.

This description may be deemed to be solicitation material in respect of the proposed acquisition of the Company by Jack Henry. In connection with the proposed acquisition, we intend to file relevant materials with the SEC, including a proxy statement on Schedule 14A. SHAREHOLDERS OF GOLDLEAF ARE URGED TO READ GOLDLEAF’S PROXY STATEMENT BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Investors and security holders will be able to obtain the proxy statement and other relevant documents free of charge at the SEC’s web site, http://www.sec.gov, and our shareholders will receive information at an appropriate time on how to obtain transaction-related documents for free from the Company. Such documents are not currently available.

We, our directors, and our executive officers may be deemed to be participants in the solicitation of proxies from the holders of our common stock in respect of the proposed transaction. Information about our directors and executive officers is set forth in the proxy statement for our 2009 Annual Meeting of Shareholders, which was filed with the SEC on April 21, 2009. Investors may obtain additional information regarding the interest of such participants by reading the proxy statement regarding the acquisition when it becomes available.

Amendment to Employment and Change in Control Agreements

In connection with the execution of the Merger Agreement, the Company negotiated reductions in the amounts that could have been payable to several of our senior employees following the consummation of the Merger, in order to directly increase the merger consideration payable to the shareholders of the Company. These employees included two of our named executive officers, Lynn Boggs and Dan Owens. The agreements providing for these reductions are described below.

On August 16, 2009, we executed a Payment Waiver Agreement with Mr. Boggs. In the Payment Waiver Agreement, Mr. Boggs agreed to waive both the right to receive $235,077 of the total change of control payments to which he could be entitled following the Merger, and the right to continuation of his stock options following the Merger. Mr. Boggs executed the Payment Waiver Agreement in order to induce Jack Henry to directly increase the merger consideration payable to the shareholders of the Company by $318,875. The provisions of the Payment Waiver Agreement will only be effective if the Merger is consummated.

On August 16, 2009, we executed a First Amendment to our Change in Control Severance Pay Agreement or First Amendment with Mr. Owens. In the First Amendment, Mr. Owens agreed to reduce the $230,000 to which he could be entitled following the Merger to $211,600. Mr. Owens executed the First Amendment in order to induce Jack Henry to directly increase the merger consideration payable to the shareholders of the Company by $18,400. The provisions of the First Amendment will only be effective if the Merger is consummated.

Exhibit 99.4

JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES
PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
JUNE 30, 2009
(In thousands)
(Unaudited)

	Historical JKHY	Historical Goldleaf	Reclassifications	Pro Forma Adjustments	Reclassifications and Pro Forma Combined
			(Note 3)	(Note 3)	
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 118,251	1,483	39 A	(67,567)	$ 52,206
Restricted cash	-	39	(39) A		-
Investments, at amortized cost	1,000	-			1,000
Receivables	192,733	8,250			200,983
Income tax receivable	2,692	-			2,692
Inventory	-	638	(638) B		-
Investment in direct financing leases	-	1,621			1,621
Prepaid expenses and other	24,371	2,119			26,490
Prepaid cost of product	19,717	-	638 B		20,355
Deferred income taxes	882	-		431 L	1,313
Total current assets	359,646	14,150	-	(67,136)	306,660
PROPERTY AND EQUIPMENT, net	237,778	3,897			241,675
OTHER ASSETS:					
Prepaid cost of product	6,793	-			6,793
Operating lease equipment, net	-	4			4
Computer software, net of amortization	82,679	8,448	9,221 C	(9,196) H	91,152
Investment in direct financing leases, net of current portion	- -	2,685			2,685
Intangibles and other assets, net	-	31,022	(31,022) C		-
Other non-current assets	11,955	-	3,934 C		15,889
Customer relationships, net of amortization	55,450	-	8,658 C	22,739 H	86,847
Trade names	3,999	-	9,209 C	(8,569) H	4,639
Goodwill	292,400	24,468		9,558 I	326,426
Total other assets	453,276	66,627	-	14,532	534,435
Total assets	1,050,700	$ 84,674	$ -	$ (52,604)	$ 1,082,770
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Accounts payable	$ 8,206	3,410			$ 11,616
Accrued expenses	34,018	3,554		1,703 J	39,275
Accrued income taxes	1,165	-			1,165
Note payable and current maturities of capital leases	63,461	- -	36,062 D	(35,500) K	64,023
Revolving line of credit	-	35,500	(35,500) D		-
Capital lease obligations	-	342	(342) D		-
Non-recourse lease notes payable	-	1,445			1,445
Current portion of long term debt	-	220	(220) D		-
Convertible notes payable	-	7,000		(7,000) K	-
Customer deposits	-	2,249	(2,249) E		-
Other current liabilities	-	249			249
Deferred revenues	237,557	11,082	2,249 E		250,888
Total current liabilities	344,407	65,051	-	(40,797)	368,661
LONG TERM LIABILITIES:					
Deferred revenues	7,981	342			8,323
Deferred income taxes	65,066	3,527		(325) L	68,268

	Historical JKHY	Historical Goldleaf	Reclassifications	Pro Forma Adjustments	Reclassifications and Pro Forma Combined
Non-recourse lease notes payable, net of current portion	- -	2,536			2,536
Long term debt, net of current portion	-	178	(178) F		-
Other long-term liabilites, net of current maturities	6,740	802	178 F		7,720
Total long term liabilities	79,787	7,385	0	(325)	86,847
Total liabilities	424,194	72,436	-	(41,122)	455,508
STOCKHOLDERS' EQUITY					
Preferred stock	-	-			-
Common stock	980	-			980
Additional paid-in capital	298,378	73,959		(73,959) M	298,378
Retained earnings (accumulated deficit)	636,733	(61,721)		61,721 M	636,733
Less treasury stock at cost	(309,585)	-			(309,585)
Total stockholders' equity	626,506	12,238	-	(12,238)	626,506
Total liabilities and stockholders' equity	$ 1,050,700	$ 84,674	$ -	$ (53,360)	$ 1,082,014

JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
YEAR ENDED JUNE 30, 2009

(In thousands)

(Unaudited)

	Historical JKHY	Historical Goldleaf	Reclassifications (Note 3)	Pro Forma Adjustments (Note 3)	Reclassifications and Pro Forma Combined
REVENUE					
License	$ 58,434	$ -	$ 13,549 N		$ 71,983
Support and service	614,242	-	59,040 N		673,282
Hardware	72,917	-	3,931 N		76,848
Financial Institution Services	-	64,254	(64,254) N		-
Retail Inventory Management Services	-	6,863	(6,863) N		-
Other products and services	-	5,403	(5,403) N		-
Total	745,593	76,520	-	-	822,113
COST OF SALES					
Cost of license	6,885		741 N		7,626
Cost of support and service	385,837		44,107 N	(166) O	429,778
Cost of hardware	53,472		3,096 N		56,568
Financial Institutions Services	-	18,021	(18,021) N		-
Retail Inventory Management Services	-	844	(844) N		-
Other products and services	-	3,337	(3,337) N		-
Total	446,194	22,202	25,742	(166)	493,972
GROSS PROFIT	299,399	54,318	(25,742)	166	328,141
OPERATING EXPENSES					
Selling and marketing	54,931	19,303	(6,372) N		67,862
Research and development	42,901	7,597	(610) N		49,888
General and administrative	43,681	22,326	25,326 N	(38,116) P	53,217
Goodwill Impairment	-	38,116	(38,116) N		-
Amortization	-	4,106	(4,106) N		-
Other operating expenses	-	1,864	(1,864) N		-
Total	141,513	93,312	(25,742)	(38,116)	170,967
OPERATING INCOME					

OPERATING INCOME	157,886	(38,994)	-	38,282	157,174
INTEREST INCOME (EXPENSE)					
Interest income	781				781
Interest expense	(1,357)	(2,766)		2,766 Q	(1,357)
Total	(576)	(2,766)	-	2,766	(576)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	157,310	(41,760)	-	41,048	156,598
PROVISION FOR INCOME TAXES	54,208	366		(1,385) R	53,189
NET INCOME	$ 103,102	$ (42,126)	$ -	$ 42,433	$ 103,409
Diluted net income per share	$ 1.22				$ 1.22
Diluted weighted average shares outstanding	84,830				84,830
Basic net income per share	$ 1.23				$ 1.23
Basic weighted average shares outstanding	84,118				84,118

Notes to Pro Forma Condensed Consolidated Financial Statements

(In Thousands)

(Unaudited)

Note 1: Basis of Pro Forma Presentation

The unaudited pro forma condensed consolidated financial statements are based on the historical financial statements of Jack Henry and Goldleaf after giving effect to the cash to be paid by Jack Henry to consummate the Goldleaf acquisition, as well as certain reclassifications and pro forma adjustments.

The unaudited pro forma condensed consolidated balance sheet data assumes that the acquisition of Goldleaf occurred on June 30, 2009. As Jack Henry has a fiscal year ending on June 30 and Goldleaf had a fiscal year ending on December 31, the pro forma condensed consolidated balance sheet combines the historical balances of Jack Henry as of June 30, 2009 with the historical balances of Goldleaf as of June 30, 2009, plus reclassifications and pro forma adjustments.

The unaudited pro forma condensed consolidated statement of operations data assumes that the acquisition of Goldleaf occurred on July 1, 2008. As Jack Henry has a fiscal year ending on June 30 and Goldleaf had a fiscal year ending on December 31, the pro forma condensed consolidated statements of operations combine the historical results of Jack Henry for the year ended June 30, 2009 with the historical results of Goldleaf for the twelve months ended June 30, 2009, plus reclassifications and pro forma adjustments. Goldleaf's data has been calculated by combining its reported interim data for each quarter within the period.

The unaudited pro forma condensed consolidated financial statements assume that the acquisition is accounted for in accordance with generally accepted accounting principles for business combinations and represents the current pro forma information based upon available information of the combining companies' results of operations during the periods presented. As of the date of this document, Jack Henry has not completed the detailed valuation studies necessary to arrive at the required estimates of the fair value of the Goldleaf assets acquired and liabilities assumed and the related allocations of the purchase price. However, Jack Henry has made certain adjustments to the historical book values of the assets and liabilities of Goldleaf, based on currently available information, to reflect certain preliminary estimates of fair value in preparing the unaudited pro forma condensed consolidated financial data. The preliminary purchase price allocation assigns values to certain identifiable intangible assets, including customer relationships and core technology. Actual results may differ materially from this unaudited pro forma condensed consolidated data once Jack Henry has completed the detailed valuation studies necessary to finalize the required purchase price allocation.

The unaudited pro forma condensed consolidated financial statements are presented for illustrative purposes only and do not purport to be indicative of the results of operations or financial position for future periods or the results that actually would have been realized had the acquisition described above been consummated as of June 30, 2009 or July 1, 2008.

Note 2: Preliminary Purchase Price Allocation.

The purchase price was $19,085 and was comprised of the following:

19,458,238 Goldleaf shares at $0.98	$ 19,069
70,500 Goldleaf employee options at $0.98 less the average exercise price of these options	16
Cash paid for equity	$ 19,085

In addition, Jack Henry paid $48,482 in cash at closing to settle various outstanding obligations of Goldleaf, resulting in a total cash outlay at closing of $67,567. This cash outlay was funded using existing operating cash.

The purchase price will be allocated to Goldleaf tangible and intangible assets acquired and liabilities assumed, based on their estimated fair values as of the acquisition date. The excess of the purchase price over the net tangible and identifiable intangible assets will be recorded as goodwill. Based upon a preliminary valuation, the purchase price was allocated as follows:

Current assets	$	14,150
Non-current assets		10,520
Intangible assets		40,510
Goodwill		35,075
Total assets acquired		100,255
Liabilities assumed		(32,688)
Net assets acquired	$	67,567

The preliminary allocation of the purchase price is based upon management's estimates. As noted below, these estimates and assumptions are subject to change upon final valuation.

Deferred Revenues: For the purpose of these pro forma condensed consolidated statements, the carrying value of deferred revenue has been assumed to approximate its fair value. Therefore, the pro forma condensed consolidated balance sheet and statements of operations do not reflect any impact on deferred revenue and revenue that would occur as a result of any change in deferred revenue on the opening balance sheet pursuant to the final valuation.

Cash and other net tangible assets/liabilities: Cash and other net tangible assets and liabilities were recorded at their respective carrying amounts for the purpose of these unaudited pro forma condensed consolidated statements. It was assumed that these carrying values approximate their fair values.

Goodwill: Goodwill represents the excess of the purchase price over the estimated fair value of tangible and identifiable intangible net assets acquired.

Identifiable intangible assets: Identifiable intangible assets acquired include developed software, customer relationships and tradenames.

The fair value of intangible assets is based on management's preliminary valuation.

Deferred tax balances: As of June 30, 2009, Goldleaf had significant deferred tax assets that were subject to valuation allowances including deferred tax assets related to federal net operating loss ("NOL") carryforwards of approximately $68,500. Internal Revenue Code Section 382 imposes substantial restrictions on the utilization of these NOL carryforwards in the event of an "ownership change" of the corporation. Jack Henry has currently not fully assessed its ability to utilize these tax attributes prior to their expiration. For the purpose of these pro forma statements, the deferred taxes arising from the acquisition have been estimated using a rate of 37%. The final valuation of the deferred tax assets may have a material impact on the final purchase price allocation, and could result in an allocation of goodwill materially different from that indicated herein.

Pre-acquisition contingencies: Jack Henry has not identified any pre-acquisition contingencies where a liability is probable and where the amount of the liability can be reasonably estimated. If information becomes available prior to the end of the purchase price measurement period that would indicate that it was probable that a liability existed at the acquisition date, such items will be included in the purchase price allocation to the extent that can be reasonably estimated. These amounts identified, if any, would result in additional goodwill.

Note 3: Reclassifications and Pro Forma Adjustments

The following adjustments have been reflected in the unaudited pro forma condensed consolidated financial statements:

(A) To reclassify an immaterial amount of restricted cash to "Cash and cash equivalents"

(B) To reclassify Goldleaf's inventory balance to "Prepaid cost of product," consistent with Jack Henry's normal presentation.

(C) To reclassify Goldleaf's "Intangibles and other assets, net" into the appropriate line items within Jack Henry's financial statement presentation.

(D) To reclassify Goldleaf's current notes payable and the current maturities of long term debt into the appropriate line items within Jack Henry's financial statement presentation.

(E) To reclassify Goldleaf's Customer deposits liability into "Deferred revenues," consistent with Jack Henry's normal presentation.

(F) To reclassify Goldleaf's Long term debt into the appropriate line item within Jack Henry's financial statement presentation.

These adjustments (A) - (F), had no impact on the historical net income reported by Jack Henry or Goldleaf.

(G) Represents the total cash consideration paid by Jack Henry upon consummation of the acquisition to the shareholders of Goldleaf and in settlement of various outstanding obligations of Goldleaf. (see Note 2)

(H) To record the preliminary valuation of intangible assets related to the acquisition of Goldleaf.

Acquired technology-based intangible assets (preliminary)	$	8,473
Acquired customer-based intangible assets (preliminary)		31,397
Acquired trademarks (preliminary)		640
		40,510
Elimination of Goldleaf historical intangible assets		(35,536)
	$	4,974

(I) To record the preliminary valuation of goodwill related to the acquisition of Goldleaf and to eliminate the historical goodwill of Goldleaf.

Preliminary goodwill from Goldleaf acquisition	$	34,026
Elimination of Goldleaf historical goodwill		(24,468)

	$ 9,558

(J) To accrue for amounts due under pre-existing change-of-control provisions of Goldleaf employment agreements.

(K) To reflect the extinguishment of outstanding Goldleaf debt at the acquisition date.

(L) To record the estimated change in deferred taxes related to acquired identifiable intangible assets at 37%.

(M) To record the elimination of Goldleaf's Additional paid-in capital and Accumulated deficit.

(N) To adjust Goldleaf's presentation to conform to Jack Henry's presentation . This adjustment had no impact on the historical net income reported by Jack Henry or Goldleaf.

(O) To record amortization related to the identifiable intangible assets recognized at the time of the acquisition of Goldleaf and to eliminate Goldleaf's historical amortization of intangible assets

Amortization of acquired intangible assets	
Elimination of Goldleaf's historical intangible asset amortization	$ (4,106)
Amortization of acquired intangible assets related to Goldleaf	3,940
	$ (166)

The Company has estimated the useful lives of the acquired technology-based intangibles to be 5-7 years and the useful lives of the acquired customer-based intangibles to be 10-15 years. For the purposes of these estimates, the Company assumed straight-line amortization; however, actual amortization will be recorded in accordance with applicable generally accepted accounting principles and may differ from these estimates.

(P) To eliminate Goldleaf's 2008 goodwill impairment.

(Q) To reduce Goldleaf's historical net interest expense in relation to the elimination of the majority of their outstanding interest-bearing debt.

(R) To record the estimated income tax effect of the business combination and the pro forma adjustments at an estimated rate of 37%. The pro forma combined provision for income taxes does not necessarily represent the amounts that would have resulted had Jack Henry and Goldleaf filed consolidated income tax returns for the period presented.