

ADVANT-E CORPORATION

Years Ended December 31, 2013 and 2012



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Advant-e Corporation
Beavercreek, Ohio

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Advant-e Corporation and subsidiaries, which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We concluded our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Advant-e Corporation and subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with U. S. generally accepted accounting principles.

J.D. Cloud & Co. L.L.P.
Certified Public Accountants

March 21, 2014

ADVANT-E CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2013 and 2012

	2013	2012
Assets		
Current Assets:		
Cash and cash equivalents	\$ 5,072,989	2,709,857
Accounts receivable, net	884,507	890,704
Prepaid software maintenance costs	182,172	228,500
Prepaid expenses and deposits	89,065	80,283
Prepaid income taxes	—	13,826
Deferred income taxes	236,133	235,954
Total current assets	6,464,866	4,159,124
Software development costs, net	29,122	145,611
Property and equipment, net	233,772	310,026
Goodwill	1,474,615	1,474,615
Other intangible assets, net	29,366	88,082
Total assets	<u>\$ 8,231,741</u>	<u>6,177,458</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 106,082	298,952
Income taxes payable	45,179	—
Accrued salaries and other expenses	201,607	168,556
Deferred revenue	849,685	892,482
Total current liabilities	1,202,553	1,359,990
Deferred income taxes	96,708	181,800
Total liabilities	<u>1,299,261</u>	<u>1,541,790</u>
Shareholders' equity:		
Common stock, \$.001 par value; 100,000,000 shares authorized; 66,722,590 shares issued; 59,663,640 shares outstanding at December 31, 2013 and 60,073,640 shares outstanding at December 31, 2012	66,723	66,723
Paid-in capital	1,936,257	1,936,257
Retained earnings	6,708,998	4,316,336
Treasury shares, at cost, 7,058,950 shares at December 31, 2013 and 6,648,950 shares at December 31, 2012	(1,779,498)	(1,683,648)
Total shareholders' equity	<u>6,932,480</u>	<u>4,635,668</u>
Total liabilities and shareholders' equity	<u>\$ 8,231,741</u>	<u>6,177,458</u>

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

ADVANT-E CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenue	\$ 10,705,320	10,106,048
Cost of revenue	<u>4,236,433</u>	<u>3,960,341</u>
Gross margin	6,468,887	6,145,707
Marketing, general and administrative expenses	<u>2,844,524</u>	<u>3,114,288</u>
Operating income	3,624,363	3,031,419
Other income, net	<u>2,033</u>	<u>2,233</u>
Income before income taxes	3,626,396	3,033,652
Income tax expense	<u>1,233,734</u>	<u>1,032,810</u>
Net income	<u>\$ 2,392,662</u>	<u>2,000,842</u>
Earnings per share – basic and diluted	<u>\$ 0.040</u>	<u>0.030</u>
Weighted average shares outstanding – basic and diluted	<u>59,686,051</u>	<u>66,287,278</u>

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

ADVANT-E CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the years ended December 31, 2013 and 2012

	<u>Common Stock</u>	<u>Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Treasury Shares</u>	<u>Total</u>
Balance January 1, 2012	\$ 66,723	1,936,257	3,550,899	—	5,553,879
Net income			2,000,842		2,000,842
Dividends (\$0.02 per share)			(1,235,405)		(1,235,405)
Purchase of 6,648,950 shares				(1,683,648)	(1,683,648)
Balance December 31, 2012	66,723	1,936,257	4,316,336	(1,683,648)	4,635,668
Net income			2,392,662		2,392,662
Purchase of 410,000 shares				(95,850)	(95,850)
Balance December 31, 2013	<u>\$ 66,723</u>	<u>1,936,257</u>	<u>6,708,998</u>	<u>(1,779,498)</u>	<u>6,932,480</u>

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

ADVANT-E CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Net income	\$ 2,392,662	2,000,842
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation	137,335	114,618
Amortization of software development costs	116,489	116,491
Amortization of other intangible assets	58,716	71,714
Loss on disposal of assets	—	195
Deferred income taxes	(85,271)	(45,274)
Increase (decrease) in cash and cash equivalents arising from changes in assets and liabilities:		
Accounts receivable	6,197	(106,465)
Prepaid software maintenance costs	46,328	(38,071)
Prepaid expenses and deposits	(8,782)	27,588
Prepaid income taxes	13,826	(11,916)
Accounts payable	(192,870)	45,979
Income taxes payable	45,179	—
Accrued salaries and other expenses	33,051	(36,778)
Deferred revenue	(42,797)	143,654
Net cash flows from operating activities	<u>2,520,063</u>	<u>2,282,577</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(61,081)</u>	<u>(113,069)</u>
Cash flows from financing activities:		
Purchases of treasury shares	(95,850)	(1,683,648)
Dividends paid	—	(1,235,405)
Net cash flows from financing activities	<u>(95,850)</u>	<u>(2,919,053)</u>
Net increase (decrease) in cash and cash equivalents	2,363,132	(749,545)
Cash and cash equivalents, beginning of year	<u>2,709,857</u>	<u>3,459,402</u>
Cash and cash equivalents, end of year	<u>\$ 5,072,989</u>	<u>2,709,857</u>
Supplemental disclosures of cash flow items:		
Income taxes paid	\$ 1,260,000	1,090,000
Non-cash item:		
Purchases of property and equipment on account	—	140,571

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

ADVANT-E CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013

Note 1: Basis of Presentation, Organization and Other Matters

Nature of Operations

Advant-e Corporation through its wholly-owned subsidiaries, Edict Systems, Inc. and Merkur Group, Inc. (collectively, the "Company"), develops, markets, resells, and hosts software and provides services that enable its customers to send and receive business documents electronically in standard and proprietary formats. Edict Systems, Inc. specializes in providing hosted Electronic Data Interchange solutions that utilize the Internet as the primary communications method. Customers use Edict Systems, Inc. solutions to connect with business partners, integrate data with internal systems, expand and manage electronic trading communities, and validate data via a hosted business rule service. Merkur Group, Inc. develops and resells software, provides professional services, and provides technical maintenance and support that enables customers to automate delivery and receipt of business documents. Merkur Group, Inc. provides proprietary software that integrates and connects large Supply Chain Management (SCM), Customer Relationship Management (CRM), and Enterprise Resource Planning (ERP) systems with third party software that provides multiple delivery and document capture options. Customers consist of businesses primarily in the United States, and to a much lesser extent in some foreign geographic areas, principally Canada and to a lesser extent Mexico, Europe, and Puerto Rico.

Principles of Consolidation

The consolidated financial statements include the accounts of Advant-e Corporation and its wholly-owned subsidiaries, Edict Systems, Inc., and Merkur Group, Inc. Inter-company accounts and transactions are eliminated in consolidation. Management evaluates related party relationships for variable interest entity considerations.

Use of Estimates

The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates used in preparing these financial statements include those considered in the assessment of recoverability of capitalized software development costs, the assessment of potential impairment of goodwill, the assessment of the collectability of accounts receivable and the recording of prepaid software maintenance costs and deferred revenue. A reasonable possibility exists that estimates used will change within the next year.

Cash and Cash Equivalents

The Company classifies as cash equivalents all highly liquid investments with original maturities of three months or less.

Accounts Receivable and Credit Policies

Accounts receivable are uncollateralized customer obligations due under normal trade terms generally requiring payment upon receipt of invoice or within thirty days.

Accounts receivable include amounts billed to customers and amounts that are unbilled at the end of the period for services that were performed before the end of the period. Customer account balances with invoices dated over 30 days old are considered delinquent.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management generally considers account balances that are over 90 days old as having a high probability of uncollectibility, and typically includes those amounts in the valuation allowance. In addition, management individually reviews accounts receivable balances and, based on an assessment of current creditworthiness, estimates the account balances that will not be collected and includes those amounts, if any, in the valuation allowance. Accounts deemed uncollectible are charged off to the valuation allowance.

The allowance for uncollectible accounts was \$27,000 and \$30,000 at December 31, 2013 and 2012, respectively.

ADVANT-E CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013
(Continued)

Note 1: Basis of Presentation, Organization and Other Matters (Continued)

Software Development Costs

The Company accounts for the costs of computer software that it develops for internal use and costs associated with operation of its web sites in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 350, "Intangibles-Goodwill and Other" by capitalizing those costs. Such capitalized costs represent solely the salaries and benefits of employees working on the graphics and content development stages, or adding functionality or features. In accordance with ASC Topic 350, overhead, general and administrative and training costs are not capitalized. The Company accounts for the costs of computer software that it sells, leases and markets as a separate product in accordance with ASC Topic 985, "Software". Capitalized costs are amortized by the straight-line method over the remaining estimated economic lives of the software application, generally three years, and are reported at the lower of unamortized cost or net realizable value.

The ongoing assessment of recoverability of capitalized software development costs requires considerable judgment by management with respect to certain external factors, including, but not limited to, anticipated future revenues, estimated economic life and changes in software and hardware technologies. Impairment of asset value is considered whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Software Maintenance Costs

Prepaid software maintenance costs represent amounts paid to the primary software supplier of Merkur Group, Inc. for providing program upgrades and software modifications to remediate programming errors during the lives of the related customer maintenance and support contracts. These costs are charged to expense over the lives of the maintenance and support contract periods, generally twelve months.

Property and Equipment

Property and equipment is carried at cost. Depreciation is provided using the straight line method over the estimated useful lives of the assets of three to seven years. Costs of normal maintenance and repairs are charged to expense as incurred.

Goodwill and Other Intangible Assets

Goodwill represents the excess of the Company's purchase price over the fair value of the net identifiable assets of Merkur Group, Inc., acquired on July 2, 2007.

Other intangible assets, which arose from the acquisition of Merkur Group, Inc., consist of contractual vendor relationships, customer relationships, and proprietary computer software, and were initially recorded at fair values using the income or cost approach. Other intangible assets are amortized on a straight-line basis over their estimated useful lives of five to seven years.

Management assesses goodwill for impairment on an annual basis at year-end, and between annual tests if an event occurs or circumstances change that may more likely than not reduce the fair value of the reporting unit below its carrying value. Significant management judgment is required in assessing the impairment of goodwill, including the assignment of assets and liabilities and determination of fair value. Management uses the discounted cash flow method, which requires significant judgments and assumptions for estimates of future cash flows, growth rate, and useful life of the cash flows, and determination of the cost of capital. Changes in these estimates and assumptions could materially affect the determination of fair value and goodwill impairment, if any. Management completed the required annual impairment test and determined that goodwill was not impaired at December 31, 2013.

Revenue Recognition

The Company recognizes revenues when, in addition to other criteria, delivery has occurred or services have been rendered.

Revenue from Internet-based products and services are comprised of four components—account activation and trading partner set-up fees, monthly subscription fees, usage-based transactional fees and customer payments for the Company's development of applications designed to meet specific customer specifications.

Revenue earned from account activation and trading partner set-up fees are recognized after the Company performs consultative work required in order to establish an electronic trading partnership between the customer and their desired trading partners. Trading partnerships, once established, require no ongoing effort on the part of the Company and customers are able to utilize the electronic trading partnerships either directly with their customers or via a service provider other than the Company.

ADVANT-E CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013
(Continued)

Note 1: Basis of Presentation, Organization and Other Matters (Continued)

Revenue Recognition (Continued)

Revenue from monthly subscription fees is recognized over the period to which the subscription applies.

Revenue from usage based transaction fees is recognized in the period in which the transactions are processed.

Revenue from customer payments for the Company's development of applications designed to meet specific customer specifications is recognized over the contract period, generally twelve months.

Revenue from the sale of software and related products contains multiple element arrangements, and is recognized in accordance with the provisions of ASC Topic 985-605, "Software Industry Revenue Recognition". The multiple elements include the sale of software, hardware, professional services and software maintenance contracts. The relative selling price of each element is based on vendor-specific objective evidence, and the elements in the arrangements qualify as separate units of accounting. Revenue from the sale of software and hardware is recognized when title and risk of loss are transferred, which generally occurs upon delivery. Revenue from the sale of professional services is generally recognized when the services are completed, which is generally soon after the delivery of the software and hardware. Even though customers have a 30-day period in which they can return the software, historically returns have not been significant. Revenue from maintenance contracts is recognized over the life of the maintenance and support contract period, generally twelve months. Revenue from the sale of software and related products are recorded at gross, and any related purchases are included in cost of revenue.

Income Taxes

Deferred income taxes are determined using the liability method of accounting. Under this method, the net deferred tax asset or liability is determined based on the enacted laws and rates applied to the temporary differences between the financial statement and tax bases of assets and liabilities.

The Company recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. In determining its tax positions, the Company assumes that the positions will be examined by the appropriate taxing authority and the taxing authority would have full knowledge of all relevant information. The measurement of tax positions is based on managements' best judgment of the amount the Company would ultimately accept in a settlement with taxing authorities. Tax years subsequent to 2009 remain subject to examination by the Internal Revenue Service. At December 31, 2013 there were no uncertain tax positions.

Earnings Per Share

Earnings per share is computed by dividing net income by the weighted average number of shares outstanding during the year.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$17,316 and \$12,540 in 2013 and 2012, respectively.

Note 2: Software Development Costs

Software development costs at December 31, 2013 and 2012 and the changes during the years then ended are summarized as follows:

	Cost	Accumulated Amortization	Net
Balance, January 1, 2012	\$1,862,203	1,600,101	262,102
Amortization expense	—	116,491	(116,491)
Balance, December 31, 2012	1,862,203	1,716,592	145,611
Amortization expense	—	116,489	(116,489)
Balance, December 31, 2013	<u>\$1,862,203</u>	<u>1,833,081</u>	<u>29,122</u>

Software development costs are for internal use software and for website development and related enhancements. The balance consists primarily of development costs related to the latest version of the Company's Web EDI service. The majority of the enhancements related to this upgrade have been completed.

ADVANT-E CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013
(Continued)

Note 3: Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2013</u>	<u>2012</u>
Computer and office equipment	\$ 1,249,248	1,210,847
Computer software	317,488	294,808
Leasehold improvements	22,125	22,125
	<u>1,588,861</u>	<u>1,527,780</u>
Accumulated depreciation	(1,355,089)	(1,217,754)
Property and equipment, net	<u>\$ 233,772</u>	<u>310,026</u>

Note 4: Intangible Assets

Other intangible assets consist of the following at December 31:

	<u>2013</u>	<u>2012</u>
Contractual vendor relationships	\$ 130,000	130,000
Customer relationships	185,000	185,000
Proprietary computer software	226,000	226,000
	<u>541,000</u>	<u>541,000</u>
Accumulated amortization	(511,634)	(452,918)
Other intangible assets, net	<u>\$ 29,366</u>	<u>88,082</u>

Related amortization expense was \$58,716 in 2013 and \$71,714 in 2012. Amortization will be \$29,366 in 2014, when the assets will be fully amortized.

Note 5: Income Taxes

Income tax expense consists of the following:

	<u>2013</u>	<u>2012</u>
Current expense	\$1,319,005	1,078,084
Deferred benefit	(85,271)	(45,274)
Total income tax expense	<u>\$ 1,233,734</u>	<u>1,032,810</u>

Deferred income taxes consisted of the following at December 31:

	<u>2013</u>	<u>2012</u>
Deferred income tax assets:		
Deferred revenue	\$288,892	303,444
Allowance for doubtful accounts	9,180	10,200
Total deferred income tax assets	<u>298,072</u>	<u>313,644</u>
Deferred income tax liabilities:		
Capitalized software costs, net of accumulated amortization	9,901	49,508
Depreciation for tax purposes in excess of depreciation for financial reporting purposes	76,822	102,356
Prepaid software maintenance costs	61,939	77,690
Other intangible assets	9,985	29,936
Total deferred income tax liabilities	<u>158,647</u>	<u>259,490</u>
Net deferred income tax asset	<u>\$ 139,425</u>	<u>54,154</u>

ADVANT-E CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013
(Continued)

Note 6: Line of Credit

At December 31, 2013, the Company has a \$1,500,000 bank line of credit. Borrowings under the line of credit accrue interest at the bank's prime commercial rate, are collateralized by substantially all of the assets of the Company's subsidiaries, and are payable in full when the line of credit expires on May 25, 2014. Interest is payable monthly. Borrowings under the line of credit are guaranteed by the Company's Chief Executive Officer. No borrowings were outstanding throughout 2012 and 2013.

Note 7: Profit Sharing Plan

The Company has 401(k) plans covering employees who choose to participate in the plans. The Company's contributions to the plans, made in accordance with the terms of the plans, were \$53,576 and \$35,818 in 2013 and 2012, respectively.

Note 8: Financial Instruments and Concentration of Risks

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of deposits in high quality financial institutions that include large regional and national banks, and accounts receivable. The Company's policy is to manage those accounts so that the balances do not exceed federally insured limits as far as is practical. As a result, some bank deposits at times exceed federally insured limits. Credit risk with respect to trade accounts receivable is limited due to the large number of primarily domestic customers who are geographically dispersed.

Merkur Group, Inc. buys its software for resale and certain maintenance and support contracts predominantly from a single supplier. Purchases from this supplier were \$513,267 and \$508,159 during 2013 and 2012, respectively. Currently, the Company has a contract with that supplier that is renewable annually unless cancelled by either party. Similar software is available from other sources.

Note 9: Operating Leases

The Company has two non-cancellable operating leases at December 31, 2013, consisting of a lease for the corporate and administrative office of the Company that requires payments for base rent, taxes, insurance, maintenance, structural repairs, and other operating expenses, expiring on October 31, 2016; and an equipment lease that expires on March 31, 2017.

The lease for the Company's corporate and administrative offices is with a related party entity that is wholly-owned by the Company's CEO and majority shareholder.

Lease expense was \$373,813 in 2013 and \$341,872 in 2012, including \$372,071 in 2013 and \$339,745 in 2012 for the lease with the related party.

Total minimum annual lease payments under these three non-cancellable operating lease agreements are as follows:

	<u>Related Party</u>	<u>Other</u>	<u>Total</u>
2014	\$ 228,000	3,264	231,264
2015	228,000	3,264	231,264
2016	190,000	3,264	193,264
2017	—	816	816
Total	<u>\$ 646,000</u>	<u>10,608</u>	<u>656,608</u>

ADVANT-E CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013
(Continued)

Note 10: Segment Reporting

The Company has two reportable segments: Internet-based electronic commerce document processing (Edict Systems, Inc.) and software-based electronic commerce document processing (Merkur Group, Inc.). The Company evaluates the performance of each reportable segment on income before income taxes excluding the effects of acquisition-related amortization of other intangible assets and related income taxes. The accounting policies of the segments are the same as those for the Company. The Company's reportable segments are managed as separate business units.

The following is segment information for the years ended December 31, 2013 and 2012:

	Year Ended December 31, 2013			
	Internet-based	Software	Reconciling Items (a)	Total Consolidated
Revenue	\$ 9,257,648	1,447,672	—	10,705,320
Income before income taxes	3,306,413	378,699	(58,716)	3,626,396
Income tax expense	1,124,911	128,787	(19,964)	1,233,734
Net income	2,181,502	249,912	(38,752)	2,392,662
Expenditures for property and equipment	59,928	1,153	—	61,081
Depreciation and amortization	253,039	785	58,716	312,540
Interest income	1,256	777	—	2,033
Segment assets at December 31, 2013	5,119,090	1,608,670	1,503,981	8,231,741

	Year Ended December 31, 2012			
	Internet-based	Software	Reconciling Items (a)	Total Consolidated
Revenue	\$ 8,778,374	1,327,674	—	10,106,048
Income before income taxes	2,771,763	333,603	(71,714)	3,033,652
Income tax expense	943,617	113,578	(24,385)	1,032,810
Net income	1,828,146	220,025	(47,329)	2,000,842
Expenditures for property and equipment	251,476	2,164	—	253,640
Depreciation and amortization	231,049	60	71,714	302,823
Interest income	1,647	956	—	2,603
Segment assets at December 31, 2012	3,111,381	1,489,554	1,576,523	6,177,458

(a) Reconciling items generally consist of goodwill, other intangible assets and related amortization in connection with the Merkur Group, Inc. acquisition.

Revenue from customers located in areas outside the United States, principally in Canada, Mexico, and Puerto Rico, totaled less than 4% of consolidated revenue in both 2013 and 2012.

Note 11: Subsequent Events

The Company has evaluated the impact of events that have occurred subsequent to December 31, 2013 through March 21, 2014, the date the financial statements were available to be issued, for purposes of recognition and disclosure in the financial statements.