

To: jeffrey E.[jeevacation@gmail.com]
From: Richard Joslin
Sent: Sun 8/3/2014 2:50:24 PM
Subject: Fwd: Trends and Reconciliation to Tax Returns

I am looking as use of loans. Mostly to pay legal and M&A fees and TriNet is payroll

Begin forwarded message:

From: Richard Joslin [REDACTED]
Date: August 3, 2014 at 6:40:31 AM EDT
To: John Murphy [REDACTED] Eileen Alexanderson
[REDACTED]
Subject: RE: Trends and Reconciliation to Tax Returns

There are a smattering of bank statements on dropbox. An extract from the July Chase statement summarizes large inflows and outflows (pasted below) – not sure if readable on handheld. Capital Infusion by equityholders – Canaan, Vroom, Levene, Mott, Kramlich = \$412K; payments to Pillsbury Winthrop \$235k, Trinet \$153K; Sparring Capital Partners \$30K. Sparring appears to be M&A advice.

CANAAN IX		116,666
CHRIS VROMM		
	20,000	
CHRIS VROOM		
	33,333	53,333
DANIEL LEVENE		
	10,000	
DANIEL LEVENE		
	15,000	25,000
KRAMLICH		16,666
	16,666	
TIM MOTT		
	100,000	
TIM MOTT		200,000
	100,000	

		411,665
PILLSBURY WINTHROP	100,000	
PILLSBURY WINTHROP	135,000	235,000
TRINET	83,008	
TRINET	3,378	
TRINET	1,059	
TRINET	15,022	
TRINET	51,111	
TRINET	392	153,970
SPARRING CAPITAL PTRS	30,000	30,000
		418,970

From: John Murphy [REDACTED]
Sent: Friday, August 01, 2014 4:45 PM
To: Richard Joslin; Eileen Alexanderson
Subject: Trends and Reconciliation to Tax Returns

Richard/Eileen,

I have created a simple spreadsheet (ArtSpace Trends) that shows the major Income statements and Balance Sheet items by month. I will look at this to verify where the cash is going.

In the meantime I also used this file to tie back the QB financials to the Tax Returns and highlight any differences.

Note 2013 is based on accruals, while 2011 and 2012 was on a Cash basis.

As I look at 2012 and 2013 the major differences are disallowable T&E for Tax purposes. Comparing the tax returns to the QB files this gives us a comfort level on the validity of the data. I will perform some substantial testing to verify salaries etc.

(I will also question Catherine on some of the classification of 2011 expenses)

I will keep you updated as I make progress.

Regards,

John.

John Murphy
COO/CFO

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