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WELLS FARGO MERCHANT SERVICES, LLC
(A Joint Venture)
Financial Statements
December 31, 2014 and 2013
(Dollars in thousands, unless otherwise noted)

required to record a tax provision related to uncertain tax positions, in accordance with the recognition, measurement, classification, and disclosure requirements of ASC 740-10. The U.S. is the major tax jurisdiction for the Company. The tax returns of the Company can be examined by the relevant taxing authorities until the applicable statute of limitations has expired, which is generally three to four years from the date the return is initially filed, depending on the specific jurisdiction. Based on analysis by the Company, there were no material positions identified which did not meet the "more likely than not" standard as of and for the years ended December 31, 2014 and 2013.

(h) Members' Equity

An equity account is maintained for each Member. In certain instances, the Members may be required to make additional contributions to the Company. Such contributions will be determined on a pro-rata basis in accordance with each Member's Membership Interest at the time of the request and will be added to the Member's equity account. Membership Interest is defined as the ownership percentage of the Company by each member.

(i) Revenue Recognition

The Company recognizes card services revenues from its transaction processing and authorization services as such services are performed. The revenues from transaction processing and authorization services are included in card services revenue in the statement of revenue and expenses. The Company recognizes revenue when the price is fixed or determinable, persuasive evidence of an arrangement exists, the service is performed and collectability of the resulting receivable is reasonably assured. Certain revenues are recorded net of certain costs not controlled by the Company, including interchange and assessment fees charged by the Card Associations. Such costs totaled \$3.5 billion and \$2.9 billion for the years ended December 31, 2014 and 2013. The Company recognizes product revenue from merchant referred leases, rentals and sales as such services are performed in the form of a fee and a corresponding charge from affiliates of FDMS.

Debit revenues are recorded gross and are included within card services revenue in the statement of revenues and expenses. Debit Network fees are recorded within cost of card services in the statement of revenues and expenses. Debit revenues are recognized as such services are performed. Debit Network fees totaled \$101.6 million and \$96.4 million for the years ended December 31, 2014 and 2013.

In addition to the above, the Company recognizes other fees for services as such services are performed. The other revenue caption on the statement of revenues and expenses includes relevant items such as monthly fees, new account fees, income from cash advances, chargeback fees, supply fees and early termination fees.

(j) Comprehensive Income

For the year ended December 31, 2014 and 2013 net income equals comprehensive income.