

Table of Contents

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

(3) Intangibles

Following is a summary of the Company's intangibles for the years ended December 31, 2014 and 2013:

	Intangible Assets, Gross of Accumulated Amortization	Accumulated Amortization	Intangible Assets, Net of Accumulated Amortization
Beginning balance as of January 1, 2014	\$ 2,370	\$ (1,933)	\$ 437
Additions	340	—	340
Retirements	(401)	401	—
Amortization	—	(298)	(298)
Ending balance as of December 31, 2014	<u>\$ 2,309</u>	<u>\$ (1,830)</u>	<u>\$ 479</u>
Beginning balance as of January 1, 2013	\$ 10,940	\$ (10,071)	\$ 869
Additions	386	—	386
Retirements	(8,956)	8,956	—
Amortization	—	(818)	(818)
Ending balance as of December 31, 2013	<u>\$ 2,370</u>	<u>\$ (1,933)</u>	<u>\$ 437</u>

For the years ended December 31, 2014 and 2013, amortization expense of \$298 and \$818, respectively, is included in other expenses in the statement of revenues and expenses.

(4) Related Party Transactions

The Company's primary operations are conducted through FDMS. FDMS charges the Company fees for services provided pursuant to an operating agreement (the "Operating Agreement") dated January 31, 2000, as amended and restated. The Members also agreed to perform certain additional management functions (the "Additional Services") of the Company, for which they will be reimbursed by the Company. These fees are included in cost of card services, cost of product sold and selling, general and administrative expenses within the statement of revenue and expense. The financial statements may not necessarily be indicative of the financial position that would have existed, or the results of operations or cash flows that would have occurred had the Company operated as an independent enterprise. During the years ended December 31, 2014 and 2013, the Company reimbursed FDMS and Wells Fargo for performing the Additional Services as follows:

	2014	
	First Data Merchant Services, Corporation	Wells Fargo Bank, NA
Cost of card services	\$ 66,980	\$ —
Cost of product sold	16,141	—
Selling, general and administrative	12,206	120,314
Total	<u>\$ 95,327</u>	<u>\$ 120,314</u>