

To: jeffrey E.[jeevacation@gmail.com]
From: Eileen Alexanderson
Sent: Fri 8/1/2014 2:33:43 PM
Subject: FW: Some additional Requests

From: John Murphy [mailto: [REDACTED]]
Sent: Friday, August 01, 2014 10:27 AM
To: Eileen Alexanderson; Richard Joslin
Subject: FW: Some additional Requests

Fyi....

Loan will be repaid at 3X what is currently on the Balance Sheet.

Regards,

John.

From: Catherine Levene [mailto:cath@artspace.com]
Sent: Friday, August 01, 2014 10:12 AM
To: John Murphy
Subject: Re: Some additional Requests

Hi John.

Answers below.

On Aug 1, 2014, at 9:35 AM, John Murphy [REDACTED] > wrote:

Hi Catherine,

Some additional requests/questions:

- Is it possible to get a PDF of your latest summary payroll register, this will allow me to verify current headcount and salaries

Just emailed you the full invoice.

- I am reviewing the June 2014 Balance Sheet and notice we booked loans of \$875k and an interest expense of \$583,331 was booked this is a follow up from Eileen's email last night. The loan subsequently increased to \$1.1M in July is this the gross amount of the loan what will be paid back at the end of the loan

The total amount take in was \$736K so at three times that is 2,210,000 in liability. We do not expect to take in any more as of now provided that we can get this deal done asap!:-)

- We booked large legal fees in April/May and June, I know this is for the sale, do you expect similar expenses July/August/September? Are we fully accrued through June for legal expenses?

We are fully accrued through June. We are pre-paid from July - August 15th (our lawyers asked us to) at 135K. After we close the deal, I do not expect any material legal fees.

- I recall you stated we only have a nexus in NY for Sales Tax. Are we collecting sales tax when we invoice? Do we supply sales tax returns to NY and I notice we have a Sales Tax expense on the Balance Sheet is this for NY returns to be paid?

Correct. We collect sales tax to for customers in NYC at time of sale. We then remit NYC sales tax I believe quarterly...That is why we have a sales tax expense on the balance sheet. We accrue that monthly and pay on the time frames required by the state.

Let me know if this answers your question.

Best

Catherine

Thanks for all your help. We will speak at 11am.

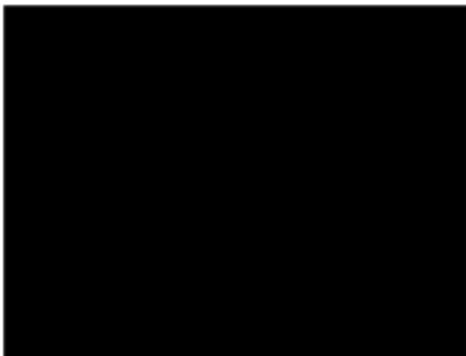
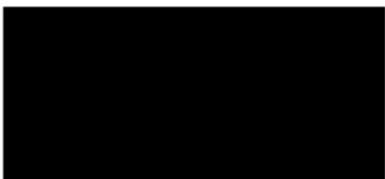
Regards,

John.

John Murphy

COO/CFO

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Catherine Levene

CEO



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