

To: jeffrey E.[jeevacation@gmail.com]
From: Richard Joslin
Sent: Sun 8/3/2014 3:01:28 PM
Subject: FW: Trends and Reconciliation to Tax Returns
[LOANS.pdf](#)

Lacking general ledger and reviewing all the cash flows, it appears that some of the loans made in July were repaid in July – The attached is show the change in loans from June 30 to July 25. Per the Catherine at Artspace, the debt that is subject to 3X is \$736K. The additional payables owed by Black trust were to be commissions. Not clear on what is to be paid on non-3x debt, but conversation with Catherine on conference call was only the 3x debt.

Last, the payment of Pillsbury legal fees were pre-payment for services (ie to cover sale negotiations)

From: Richard Joslin
Sent: Sunday, August 03, 2014 7:17 AM
To: 'John Murphy'; Eileen Alexanderson
Subject: RE: Trends and Reconciliation to Tax Returns

It appears there was a repayment in July of the July loans of \$145K as well – not clear where the money came from this. Not scientific as I have not combed all bank statements.

From: Richard Joslin
Sent: Sunday, August 03, 2014 6:41 AM
To: 'John Murphy'; Eileen Alexanderson
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	116,666
IX	

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	
		<hr/>
		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		153,970
	392	

SPARRING
CAPITAL PTRS

30,000	<u>30,000</u>
	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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