

To: Richard Joslin [REDACTED]
From: jeffrey E.
Sent: Sun 8/3/2014 5:09:54 PM
Subject: Re: Trends and Reconciliation to Tax Returns

use of 9 million since 2 /13 ? cna't find it

On Sun, Aug 3, 2014 at 8:50 AM, Richard Joslin <[REDACTED]> wrote:

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	
		<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	
		<hr/>
		30,000
		418,970

From: John Murphy [<mailto:JMurphy@phaidon.com>]

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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please note

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