Bogen Communications International, Inc. and Subsidiaries

Consolidated Financial Statements

December 31, 2015 and 2014

BAKER TILLY

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BOGEN COMMUNICATIONS INTERNATIONAL, INC. AND SUBSIDIARIES

Contents

Financial Statements

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INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders
Bogen Communications International, Inc. and Subsidiaries

We have audited the accompanying consolidated financial statements of Bogen Communications International, Inc. and Subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2015, the related consolidated statements of operations, comprehensive loss, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bogen Communications International, Inc. and Subsidiaries as of December 31, 2015, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The consolidated financial statements of Bogen Communications International, Inc. and Subsidiaries for the year ended December 31, 2014, were audited by another auditor who expressed an unmodified opinion on those statements dated June 25, 2015.

Baker Tilly Virchow Krause, LLP

Pittsburgh, Pennsylvania
October 18, 2016

BOGEN COMMUNICATIONS INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(Dollars in Thousands)

	December 31, 2015	December 31, 2014
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 217	$ 1,604
Restricted cash	-	2,268
Trade receivables, net	142	300
Other receivables	23	20
Inventories	9	7
Prepaid expenses and other current assets	80	214
TOTAL CURRENT ASSETS	471	4,413
Equipment, furniture, and leasehold improvements, net	330	339
Goodwill	4,340	4,399
Other intangible assets, net	516	613
Deferred income taxes	3,155	3,370
TOTAL ASSETS	$ 8,812	$ 13,134
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable-related parties	$ -	$ 1,568
Notes payable-other	-	999
Accounts payable	290	242
Accrued expenses	1,007	1,971
TOTAL CURRENT LIABILITIES	1,297	4,780
Long-term liabilities	1,619	1,804
TOTAL LIABILITIES	2,916	6,584
COMMITMENTS AND CONTINGENCIES (See Notes L and M)		
STOCKHOLDERS' EQUITY		
Preferred stock - $.001 par value; 100,000 and 800,000 shares authorized at December 31, 2015 and 2014, respectively; none issued or outstanding at December 31,2015 or 2014	-	-
Common stock - $.001 par value; 5,400,000 and 10,000,000 shares authorized at December 31, 2015 and 2014, respectively; 4,109,489 shares issued and 4,079,740 shares outstanding at December 31, 2015 and 2014	4	4
Additional paid-in-capital	2,947	2,947
Retained earnings	1,683	2,074
Accumulated other comprehensive income	1,432	1,695
Treasury stock at cost - 29,749 shares at December 31, 2015 and 2014	(170)	(170)
TOTAL STOCKHOLDERS' EQUITY	5,896	6,550
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 8,812	$ 13,134

See accompanying notes to consolidated financial statements.

BOGEN COMMUNICATIONS INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Dollars in Thousands)

	2015	2014
Net sales	$ 5,897	$ 8,784
Cost of goods sold	1,055	1,537
Gross profit	4,842	7,247
Operating expenses:		
Research and development	1,566	2,360
Selling, general and administrative	3,291	3,945
Amortization of intangibles	117	122
Income (loss) from operations	(132)	820
Other (income) expenses:		
Interest income	(1)	-
Interest expense	347	411
Other expense, net	11	84
Income (loss) before income taxes	(489)	325
Income tax expense (benefit)	(98)	109
Net income (loss)	$ (391)	$ 216

See accompanying notes to consolidated financial statements.

BOGEN COMMUNICATIONS INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Dollars in Thousands)

	2015	2014
Net income (loss)	$ (391)	$ 216
Other comprehensive loss:		
Translation adjustments	(263)	(338)
Comprehensive loss	$ (654)	$ (122)

See accompanying notes to consolidated financial statements.

BOGEN COMMUNICATIONS INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Dollars in Thousands)

	Common Stock Number of Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock Number of Shares	Treasury Stock Amount	Total Stock-holders' Equity
Balance at January 1, 2014	4,109,489	$ 4	$ 2,947	$ 1,858	$ 2,033	29,749	$ (170)	$ 6,672
Net income	-	-	-	216	-	-	-	216
Translation adjustments	-	-	-	-	(338)	-	-	(338)
Balance at December 31, 2014	4,109,489	4	2,947	2,074	1,695	29,749	(170)	6,550
Net loss	-	-	-	(391)	-	-	-	(391)
Translation adjustments	-	-	-	-	(263)	-	-	(263)
Balance at December 31, 2015	4,109,489	$ 4	$ 2,947	$ 1,683	$ 1,432	29,749	$ (170)	$ 5,896

See accompanying notes to consolidated financial statements.

BOGEN COMMUNICATIONS INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Dollars in Thousands)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (391)	$ 216
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	83	120
Amortization of intangible assets	117	122
Deferred income taxes	(133)	125
Loss (gain) on disposal of equipment	11	(9)
Change in operating assets and liabilities:		
Receivables	120	(33)
Inventories	(2)	25
Prepaid expenses and other current assets	114	23
Restricted cash	2,075	(2,474)
Accounts payable and accrued expenses	(701)	789
Net cash provided by (used in) operating activities	1,293	(1,096)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment, furniture, and leasehold improvements	(122)	(130)
Purchase of intangible assets	(82)	(141)
Proceeds from sale of equipment	1	12
Net cash used in investing activities	(203)	(259)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments of notes payable-related parties	(1,434)	-
Payments of notes payable-other	(914)	-
Proceeds from notes payable-related parties	-	1,124
Proceeds from notes payable-other	-	1,090
Net cash (used in) provided by financing activities	(2,348)	2,214
Effects of foreign exchange rate on cash	(129)	(159)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,387)	700
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,604	904
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 217	$ 1,604
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	$ 347	$ 255
Cash paid for income taxes	$ 4	$ 4

See accompanying notes to consolidated financial statements.

NOTE A – ORGANIZATION

Bogen Communications International, Inc. ("BCII"), together with its subsidiaries (the "Company"), develops, markets, and sells telecommunications software and related hardware as well as services and support for that software and hardware to customers primarily in Europe and the Middle East. The Company's offices are located in the United States and Germany.

On November 29, 2012, a special meeting of the shareholders of BCII was held to consider and vote on spinning off Bogen Corporation and Subsidiaries ("Bogen"), a company with operations in the United States and a subsidiary of BCII, to BCII's shareholders of record as of November 19, 2012. At that meeting, the shareholders approved the spin-off, which became effective as of December 21, 2012. Immediately after the spin-off, Bogen began operating as a separate company, wholly independent of BCII.

Each shareholder of BCII received one share of common stock of Bogen for each share held of BCII. BCII shareholders were not required to pay any consideration for the shares of Bogen common stock that they received in the spin-off and they were not required to surrender or exchange BCII shares. Shareholder-level income taxes, if any, resulting from the spin-off are the responsibility of the individual shareholders. All of the outstanding shares of Bogen had been owned by BCII; therefore there is no current trading market for those shares. Bogen's shares have not been registered with the Securities and Exchange Commission or with any state securities commission and are currently restricted.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Principles of consolidation:

The consolidated financial statements of the Company include the accounts of BCII, BCII's wholly-owned subsidiary, Speech Design International Inc. ("SDI"), and SDI's wholly-owned subsidiary, Speech Design GmbH ("Speech Design").

All inter-company balances, profits and losses, and transactions have been eliminated in consolidation.

[2] Cash and cash equivalents:

Cash includes cash on-hand and all highly liquid investment instruments purchased with original or remaining maturities of three months or less.

[3] Restricted cash:

At December 31, 2015, there was no restricted cash. At December 31, 2014, restricted cash consisted of a deposit for $2,268 at one of Speech Design's banks. This customer deposit was in lieu of a guarantee for the full amount of a customer's prepayment for future performance on current orders.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONT'D)

[4] Concentrations of credit risk:

The Company's domestic operations maintain banking relationships at one financial institution with locations throughout the northeast United States. The balance at the institution is insured up to $250 by Federal Deposit Insurance Corporation. At December 31, 2015 and 2014, no amounts were at risk.

The Company's foreign operations maintain banking relationships with several financial institutions in Germany. The institutions in Germany are members of the Deposit Protection Fund of the Association of German Banks (Einlagensicherungsfond des Bundesverbandes deutscher Banken e.V.), whose by-laws include the protection of all liabilities which are required to be shown in the balance sheet item "Liabilities to customers", up to a certain protection ceiling established and regularly calculated for each institution. Among these are demand, term and savings deposits, including registered savings certificates. The respective protection ceiling applies for each creditor. Not protected are claims in respect of the institutions that have issued bearer instruments, e.g., bearer bonds and bearer certificates of deposit, as well as liabilities to banks. Speech Design's balances total less than the protection ceiling and therefore are 100% insured at December 31, 2015 and 2014.

The Company performs on-going credit evaluations of its customers. (See Note N.)

[5] Marketable securities:

From time to time, the Company may invest some of its cash balances in short-term, highly liquid, available-for-sale marketable securities, which are carried on its consolidated balances sheets at fair value as a Level 1 input under ASC 820. Unrealized gains and losses are reported in stockholders' equity as a component of accumulated other comprehensive income (loss), unless the Company concludes that unrealized losses represent other-than-temporary impairment. In that circumstance, the credit portion of such other-than-temporary impairment would be reflected in the consolidated statements of operations. Realized gains and losses are included in other income (expense). Fair value is based upon quoted market prices for these or similar instruments.

[6] Trade accounts receivable:

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based on historical write-off experience by business channel and takes into account national economic data. Speech Design reviews its allowance for doubtful accounts quarterly. Past-due balances over a certain amount are reviewed individually for collectability. The Company does not have any off-balance sheet credit exposure related to its customers. At December 31, 2015 and 2014, no allowance for doubtful accounts was deemed necessary.

[7] Inventories:

Inventories are stated at the lower cost or market and are valued using the first in, first out method.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONT'D)

[8] Equipment, furniture, and leasehold improvements:

Equipment, furniture, and leasehold improvements are recorded at cost, less accumulated depreciation and amortization. Depreciation of equipment and furniture is provided using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are amortized on a straight-line basis over the shorter of the remaining term of the lease or the estimated useful life of the improvement. The current estimated useful lives used in computing depreciation and amortization of equipment, furniture, and leasehold improvements are:

Machinery and equipment	3-10 Years
Furniture and office equipment	3-10 Years
Computer software and hardware	2-7 Years
Vehicles	5 Years
Leasehold improvements	Lesser of 10 years or remainder of lease

Expenditures for maintenance, repairs, and renewals of minor items are charged to operations as incurred. Major renewals and improvements are capitalized. Upon disposition, the cost and related accumulated depreciation is removed from the accounts and the resulting gain or loss is reflected in the consolidated statements of operations for the period.

[9] Goodwill:

The Company reviews goodwill for impairment annually. Management has determined that it operates as one reporting unit and therefore assesses goodwill for impairment on an enterprise-wide basis. Goodwill is tested for impairment at the reporting unit level. In 2012, the Company adopted Accounting Standards Updates ("ASU") 2011-08, Testing Goodwill for Impairment. Under the amendments in this ASU, an entity is not required to calculate the fair value of a reporting unit unless the entity determines that it is more likely than not that its fair value is less than its carrying amount. If, after assessing the qualitative factors, the Company determines that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then the Company performs a two-part impairment test. In the first step, the Company would use the income approach to assess the fair value of the reporting unit. If fair value is less than the carrying amount of the reporting unit, the second step would compare the implied fair value of goodwill with its carrying amount. If impairment is determined, the Company would then recognize additional charges to operating expenses in the period in which they are identified, which would result in a reduction of operating results and a reduction in the amount of goodwill. During the years ended December 31, 2015 and 2014, the Company determined that no impairment of goodwill existed.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONT'D)

[10] Impairment and long-lived assets:

The Company reviews long-lived assets, on an individual basis, for impairment when circumstances indicate that the carrying amount of an asset may not be recoverable. Such review analyzes the undiscounted estimated future cash flows from such assets to determine if the carrying values of those assets are recoverable from their respective cash flows. If impairment is indicated, it is measured by comparing the discounted cash flows for the long-lived asset to its carrying value. During the years ended December 31, 2015 and 2014, the Company did not record any impairment charges.

[11] Revenue recognition:

The Company, through Speech Design, derives its revenue from the sale of telecommunications software and related hardware as well as from services and support revenue associated with prior sales of that software and hardware. The Company recognizes product revenue, net of discounts, returns, and rebates, where persuasive evidence of sales arrangements exist, title or risk of loss has transferred, the buyer's price is fixed or determinable, contractual obligations have been satisfied, and collectability is reasonably assured. Services and support revenue are recognized upon customer acceptance where a product deliverable or repair is called for, or ratably over the contract term in the case of support or maintenance contracts.

The Company accounts for development projects using the Percentage-of-Completion Method, which recognizes income as work on a contract progresses. The Company measures the cost incurred to date as a percentage of estimated total costs and accrues cumulative revenue as that percentage of the contract price, as adjusted for revenues recognized in prior periods. In such cases, the Company receives confirmation of performance or progress from its customers.

Management must make estimates of potential future product returns related to current period product revenue. Management analyzes historical returns, current economic trends, and changes in customer demand and acceptance of the Company's products when evaluating the adequacy of the sales returns and other allowances. Significant management judgments and estimates must be made and used in connection with establishing the sales returns and other allowances in any accounting period. Differences may result in the amount and timing of the Company's revenue for any period if management made different judgments or utilized different estimates.

The Company reports all amounts billed to a customer related to shipping and handling costs as revenue and reports all costs incurred for shipping and handling as cost of goods sold.

[12] Research and development:

Internal research and development costs are expensed as incurred for most projects. Certain development projects that meet the requirements needed to achieve technical feasibility are capitalized and amortized over their expected useful lives. Internally-developed software costs of $82 and $141 were capitalized during the years ended December 31, 2015 and 2014, respectively.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONT'D)

[13] Income taxes:

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date.

No provision has been made for U.S. Federal income or withholding taxes which may be payable on the remittance of undistributed retained earnings of foreign subsidiaries. These earnings have been reinvested to meet future operating requirements and the Company intends to continue such policy for the foreseeable future. The cumulative retained deficit of the foreign subsidiary was $3,029 and $2,731 at December 31, 2015 and 2014.

[14] Product warranty:

The Company's warranty policy generally covers its products for a period from one to five years. The Company believes that its warranty policy is competitive with other companies within the industry. The Company accrues for product warranty costs at the time of sale. The Company considers its reserve for projected future warranty liability to be adequate, based on historical trends of warranted products serviced annually. At December 31, 2015, no warranty reserve was deemed necessary. At December 31, 2014, the warranty reserve was $2.

[15] Stock-based compensation:

The fair value of each stock option is estimated on the date of grant using the Black-Scholes option-pricing calculation model. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

No options were granted in 2015 or 2014.

[16] Comprehensive income (loss):

The Company's comprehensive income (loss) consists of net income (loss) and foreign currency translation adjustments and is presented in the consolidated statements of comprehensive loss.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONT'D)

[17] Use of estimates:

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Some of the more significant estimates made by management involve the percentage of completion on development projects, the allowance for doubtful accounts, the allowance for sales returns, product warranty reserves, and the evaluation of the recoverability of goodwill, intangible assets, equipment, furniture, leasehold improvements, and deferred tax assets. Actual results could differ from those estimates.

[18] Translations of foreign currencies:

Foreign currency-denominated assets and liabilities of the Company are translated from local currency into U.S. Dollars at the exchange rate in effect at the end of the period. Revenues and expenses are translated at average exchange rate prevailing during the period. Adjustments that arise from the translation of subsidiary financial statements denominated in foreign currency into U.S. Dollars are accumulated as a separate component of accumulated other comprehensive income (loss). Transaction gains and losses that arise from exchange rate changes on transactions denominated in a currency other than the local currency are included in the consolidated statements of operations when incurred.

[19] Fair value measurements:

The recorded amounts of cash and cash equivalents, trade and other receivables, accounts payable, accrued expenses, and revolving credit agreements approximate fair value due to the short-term maturities of these assets and liabilities.

[20] Commitments and contingencies:

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

[21] Reclassifications:

Whenever required, prior year balances and transactions are reclassified to conform to the current year presentation.

(Dollars and Euros in Thousands)

NOTE C – INVENTORIES

Inventories are comprised of the following items:

At December 31,	2015	2014
Finished goods	$ 9	$ 7

NOTE D – EQUIPMENT, FURNITURE, AND LEASEHOLD IMPROVEMENTS

Equipment, furniture, and leasehold improvements are comprised of the following items:

At December 31,	2015	2014
Machinery, equipment, and vehicles	$ 425	$ 1,221
Furniture and office equipment	1,860	2,237
Computer hardware and software	832	921
Equipment, furniture, and computers, at cost	3,117	4,379
Less: accumulated depreciation and amortization	(2,787)	(4,040)
Equipment, furniture, and leasehold improvements, net	$ 330	$ 339

Depreciation and amortization expense was $83 and $120 for the years ended December 31, 2015 and 2014, respectively.

NOTE E – GOODWILL AND OTHER INTANGIBLE ASSETS

Annually, and whenever events or changes in circumstances indicate that the carrying value may not be recoverable, the Company considers whether or not goodwill is impaired by comparing the carrying value of its net assets, including goodwill, to its fair value. The fair value is based on management estimates and calculated based upon a discounted cash flow methodology. Such estimates include a considerable amount of management judgment and there is potential for material impact to the Company's financial position and results of operations in the event that such estimates significantly change.

The Company performed its annual impairment test as of December 31, 2015, upon completion and approval of the Company's financial operating plan for 2016 and projections through 2022 and concluded that no goodwill impairment existed as of December 31, 2015.

The Company cannot predict the occurrence of the certain events that might adversely affect the reported value of goodwill. Such events may include, but are not limited to, strategic decisions made in response to economic and competitive conditions, the impact of the economic environment on the Company's customer base, or a material negative change in its relationships with significant customers.

(Dollars and Euros in Thousands)

NOTE E – GOODWILL AND OTHER INTANGIBLE ASSETS - (CONT'D)

Goodwill totaled $4,340 and $4,399 at December 31, 2015 and 2014, respectively. The table below reconciles the change in the carrying amount of goodwill for the period from January 1, 2014, to December 31, 2015:

	Total
Balance at January 1, 2014	$ 4,475
Foreign currency translation adjustments	(76)
Balance at December 31, 2014	4,399
Foreign currency translation adjustments	(59)
Balance at December 31, 2015	$ 4,340

The following tables present certain information on the Company's other intangible assets as of December 31, 2015 and 2014. All intangible assets are being amortized on a straight-line basis over their estimated useful lives, as indicated below, with no estimated residual values.

	Weighted Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Balance
At December 31, 2015				
Hosting Software	7 Years	$ 772	$ (256)	$ 516
Trademarks	15 Years	650	(650)	-
Total		$ 1,422	$ (906)	$ 516
At December 31, 2014				
Hosting Software	7 Years	$ 771	$ (158)	$ 613
Trademarks	15 Years	650	(650)	-
Total		$ 1,421	$ (808)	$ 613

The aggregate intangible amortization expense for the years ended December 31, 2015 and 2014, was approximately $117 and $122, respectively. The estimated intangible asset amortization expense for the year ending December 31, 2016, and the four subsequent years is as follows:

Year Ended December 31	Estimated Amortization Expense
2016	$ 111
2017	$ 111
2018	$ 111
2019	$ 103
2020	$ 60

(Dollars and Euros in Thousands)

NOTE F – CREDIT FACILITY

BCII maintains a banking relationship with KeyBank National Association ("Key"). As of December 31, 2015 and 2014, BCII had no borrowings.

Speech Design has a credit line of $22 at December 31, 2015, from one bank; interest rates are tied to short-term bank notes and Euro market loans. At December 31, 2015, the interest rate was 14.94%. At December 31, 2015 and 2014, Speech Design had no borrowings against the credit line.

NOTE G – LEASES

The Company occupies its offices and operates certain equipment and vehicles under operating leases expiring at various dates through 2018. The office leases contain escalation clauses and provide for payments of taxes and expenses over base rent and also contain renewal options of varying lengths.

Future minimum annual lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) as of December 31, 2015, are as follows:

Year Ending December 31,	Operating Leases
2016	$ 304
2017	265
2018	196
Total minimum lease payments	$ 765

Rent expense charged to operations totaled approximately $338 and $461 for the years ended December 31, 2015 and 2014, respectively.

NOTE H – ACCRUED EXPENSES

Accrued expenses are comprised of the following items:

At December 31,	2015	2014
Accrued salaries and benefits	$ 396	$ 571
Legal and other professional fees	83	107
Rebates and commissions	80	190
Sales and other taxes	28	101
Customer advance payments	89	434
All other	331	568
Total accrued expenses	$ 1,007	$ 1,971

(Dollars and Euros in Thousands)

NOTE I – INCOME TAXES

The Company's pre-tax book income (loss) is as follows:

Year Ended December 31,	2015	2014
Domestic operations	$ (55)	$ (41)
Foreign operations	(434)	366
Total pre-tax book income (loss)	$ (489)	$ 325

The components of income tax expense (benefit) are as follows:

Year Ended December 31,	2015	2014
Current income tax expense (benefit)	$ (17)	$ (16)
Deferred income tax expense (benefit)	(81)	125
Total income tax expense (benefit)	$ (98)	$ 109

The difference between the provision for (benefit from) income taxes computed at the U.S. Federal income tax rate of 34% and the income tax expense (benefit) as reported is as follows:

Year Ended December 31,	2015	2014
Computed "expected" tax expense (benefit)	$(166)	$ 111
State tax expense, net of federal benefit	3	3
Change in valuation allowance	52	-
Foreign taxes greater (less) than U.S. taxes	13	(5)
Income tax expense (benefit) as reported	$ (98)	$ 109

The tax-effected components of deferred tax assets and liabilities are as follows:

At December 31,	2015	2014
Deferred tax assets:		
Foreign loss carry forwards	$ 3,155	$ 3,370
Total deferred tax assets	$ 3,155	$ 3,370

The Company has foreign loss carryforwards of approximately €9,751 (approximately $10,635) as of December 31, 2015. These foreign loss carryforwards do not have an expiration date.

The Company has a valuation allowance of $52 on its domestic loss carryforwards. The Company does not have valuation allowances on its foreign loss carryforwards at December 31, 2015 or 2014. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences and loss carry forwards become deductible. Based upon the level of historical taxable income and projections for future taxable income, by jurisdiction, over the periods that the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences and loss carry forwards. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

NOTE I – INCOME TAXES - (CONT'D)

Uncertain tax positions are required to be recognized in the financial statements for positions that are considered more likely than not of being sustained based on the technical merits of the position on audit by the tax authorities. Pursuant to the accounting guideline concerning provisions for uncertain income tax positions contained in ASC 740-10, there are no unrecognized tax benefits reflected in the accompanying financial statements.

The Company uses a two-step approach to recognize and measure uncertain tax positions. The first step evaluates the tax position for recognition by determining if the weight of the available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of the related appeals or litigation processes, if any. The second step measures the tax benefit as the largest amount that is more than fifty percent likely to be realized upon ultimate settlement. The Company has identified its U.S. Federal consolidated tax return, its state tax return in New Jersey, and Speech Design's German Federal tax return as major tax jurisdictions as defined.

Until December 21, 2012, the Company had a tax sharing agreement with its former subsidiaries, Bogen Corporation and Bogen Communications, Inc. ("BCI"). The agreement permitted consolidated income tax expenses and benefits to be allocated among the affiliated entities so that each may record an appropriate share of the consolidated tax expense or benefit on its own books. Income tax expenses and benefits were allocated based on the taxable income or loss of each affiliate compared to the consolidated taxable income or loss.

The Company's 2010 and 2011 Federal consolidated tax returns were under examination by the Internal Revenue Service ("IRS"). The Company, BCI, and the IRS agreed to several adjustments, the examination report was accepted by the IRS, and no further changes to the returns are expected. The adjustments did not materially affect the consolidated financial statements or financial position of either company.

All domestic tax returns for the year ended December 31, 2015, were filed by September 15, 2016. The Company classifies potential interest and penalties related to income taxes in interest expense and within operating expenses, respectively.

NOTE J – PREFERRED STOCK

The Company is authorized to issue 100,000 shares of preferred stock with such designations, voting, and other rights and preferences as may be determined from time to time by the Board of Directors. Prior to September 24, 2015, the Company was authorized to issue 800,000 shares of preferred stock.

NOTE K – COMMON STOCK

The Company is authorized to issue 5,400,000 shares of common stock with such designations, voting, and other rights and preferences as may be determined from time to time by the Board of Directors. Prior to September 24, 2015, the Company was authorized to issue 10,000,000 shares of common stock.

NOTE K – COMMON STOCK - (CONT'D)

The Company has a Stock Option Incentive Plan (the "Plan") under which shares of the Company's common stock are reserved for issuance pursuant to the Plan. As of May 29, 2002, the stockholders of the Company approved an amendment to increase the shares under the Plan to 2,000,000. Under the Plan, the Board of Directors or Compensation Committee can award stock options to eligible employees of the Company and its subsidiaries (including employee directors), non-employee directors, and independent contractors and consultants who perform services for the Company. The options generally vest over a period of five years and are exercisable at prices determined on a case-by-case basis but not less than the fair market value of the stock at the date of grant. None may be exercised more than 10 years from the date of grant. From time to time, the Company has also granted additional stock options to individuals outside of the Plan.

In November 2006, the Company granted 20,000 stock options to a key employee which expires in November 2016. The per-share fair value of the options granted was $3.97 and the options vested ratably over five years. These options have an exercise price of $6.60, a remaining contractual life of 0.88 years, and all were exercisable at December 31, 2015. There was no unrecognized compensation cost at December 31, 2015. At December 31, 2015, these were the only options outstanding. At December 31, 2015, there were 1,212,020 options available for future grants under the terms of the Plan.

NOTE L – LITIGATION

During 2015 and 2014, the Company was neither a party to nor the subject of any material legal proceedings.

NOTE M – EMPLOYMENT CONTRACTS

The Company has entered into management contracts with two officers of Speech Design. The management contract with one officer extends through December 2017 and the management contract with the other officer extends through December 2019. Total contractual compensation is approximately $369, $386, $256, and $267 for the years ended December 31, 2016, 2017, 2018, and 2019, respectively.

NOTE N – ECONOMIC CONCENTRATION

In 2015, the Company's foreign subsidiary, Speech Design, had sales of $5,200 to two customers, both of which accounted for more than 10% of consolidated net sales. The Company's receivables from these customers comprised approximately 48% of consolidated trade receivables at December 31, 2015.

In 2014, the Company's foreign subsidiary, Speech Design, had sales of $7,918 to three customers, each of which accounted for more than 10% of consolidated net sales. The Company's receivables from these customers comprised approximately 82% of consolidated trade receivables at December 31, 2014.

In 2015, the Company's foreign subsidiary, Speech Design, made purchases totaling $1,043 from three vendors, each of which accounted for more than 10% of consolidated net purchases.

(Dollars and Euros in Thousands)

NOTE N – ECONOMIC CONCENTRATION - (CONT'D)

In 2014, the Company's foreign subsidiary, Speech Design, made purchases totaling $1,116 from three vendors, each of which accounted for more than 10% of consolidated net purchases.

NOTE O – EMPLOYEE CONTRIBUTION PLAN

Until March 24, 2016, employees of the Company's former subsidiary, BCI, were eligible to participate in a BCII-sponsored defined contribution 401(k) plan. BCI may elect to provide a contribution based on funds contributed by participants. There was no contribution in 2015. The elective contribution in 2014 was $1.

Effective January 1, 2016, the 401(k) Plan sponsor was changed from BCII to BCI.

NOTE P – NOTES PAYABLE

The Company had no outstanding indebtedness at December 31, 2015. At December 31, 2014, Notes payable consisted of the following:

	At December 31, 2014					
	Related Parties	Unrelated Parties	Total	Related Parties	Unrelated Parties	Total
19.6% Note	$ 848	$ -	$ 848	€ 698	€ -	€ 698
26.8% Notes	720	999	1,719	592	822	1,414
	$ 1,568	$ 999	$ 2,567	€ 1,290	€ 822	€ 2,112

Related Parties:
In January 2014, a factoring agreement between Speech Design and a managing director (See Note Q) was replaced by a short-term note payable with an annual effective interest rate of 19.6%. At December 31, 2014, the outstanding note payable balance was €698 ($848). The note matured on July 31, 2015, and was repaid without penalty in August 2015. For the years ended December 31, 2015 and 2014, interest expense for this note was €74 ($80) and €102 ($135), respectively.

During 2014, Speech Design signed short-term notes payable with two related parties. Both notes carried an annual effective interest rate of 26.8%. At December 31, 2014, the outstanding balances on the two notes totaled €592 ($720). The two notes matured on July 31, 2015, and were repaid without penalty in August 2015. For the years ended December 31, 2015 and 2014, total interest expense for these notes was €94 ($105) and €80 ($106), respectively.

Other:
During 2014, Speech Design signed short-term notes payable with four unrelated parties. All of the notes carried an annual effective interest rate of 26.8%. At December 31, 2014, the outstanding balances on the four notes totaled €822 ($999). All of the notes matured on July 31, 2015, and were repaid without penalty in August 2015. For the years ended December 31, 2015 and 2014, total interest expense for these notes was €129 ($143) and €105 ($139), respectively.

NOTE Q – FACTORING AGREEMENTS

Speech Design utilized several factoring arrangements during the years ended December 31, 2015 and 2014, as follows:

Related Party:
In October 2010, Speech Design entered into a factoring agreement with a managing director of Speech Design at a 5% discount applied to customer trade receivables factored by the managing director without recourse. The agreement was terminated in January 2014 and replaced by a short-term note payable (See Note P). Over the term of the factoring agreement, approximately €5,213 ($7,115) of gross receivables had been sold to him without recourse and Speech Design had received proceeds of approximately €4,961 ($6,770).

In September 2015, Speech Design entered into a factoring agreement with a managing director of Speech Design at a 1% discount applied to customer trade receivables factored by the managing director without recourse. For the year ended December 31, 2015, approximately €735 ($800) of gross receivables had been sold to him without recourse and Speech Design had received proceeds of approximately €728 ($795).

Other:
Speech Design has a credit assignment and factoring agreement with a financing subsidiary of one of its customers. In addition to a 1% fee, interest charged on the invoices submitted is based on the Euribor rate. For 2015 the amount of factoring fees and interest expense was €29 ($32).

NOTE R – LONG-TERM LIABILITIES

At December 31, 2015 and 2014, long-term liabilities of $1,619 (€1,484) and $1,804 (€1,484), respectively, represent the remaining liability under terms of a 2009 agreement between Speech Design and a customer regarding a disputed software and service agreement. The Company in 2009 recognized a liability of $2,975 (€2,076) under the agreement which is subject to certain Company and customer terms and performance obligations as follows:

- The customer is required to place an order for licenses to proprietary software developed by Speech Design;
- Speech Design is to deliver such proprietary licenses without charge to the customer until proprietary licenses with $2,975 (€2,076) of value have been so delivered;
- The licenses have no stated value;
- The licenses are not functional to the customer until Speech Design has provided customization services to the software meeting customer specifications;
- Customization services are not a part of the 2009 agreement and will be sold to the customer at agreed upon values;
- In the remote circumstance that Speech Design is unable or unwilling to provide the un-customized licenses to the customer, the customer has the right to seek full cash compensation.

The cost to produce and deliver the proprietary licenses is de minimis.

(Dollars and Euros in Thousands)

NOTE R – LONG-TERM LIABILITIES - (CONT'D)

For the years ended December 31, 2015 and 2014, the value applied to the obligations for licenses issued in connection with the settlement were $17 (€15) and $123 (€93), respectively.

Through the year ended December 31, 2015, the customer has requested and the Company has delivered approximately $787 (€586) of proprietary licenses and the Company has recognized an additional $1,170 (€878) of revenue for customization services in the years ended December 31, 2009 through 2015, inclusive.

NOTE S – SUBSEQUENT EVENTS

In August 2016, Speech Design signed short-term notes payable and received loans from four unrelated parties and two related parties. All of the loans carry a 2% monthly interest rate. The funds were used to repay the outstanding balance on a factoring loan from a managing director and for project financing. At Speech Design's option, an additional round of funding from the same parties can be requested for 50% of the original lending amount.

The loans mature on June 1, 2017, but include provisions for repayment as payments for a specific project are received from the customer.

At August 31, 2016, Speech Design's outstanding indebtedness was:

	August 31, 2016					
	Related Parties	Unrelated Parties	Total	Related Parties	Unrelated Parties	Total
2.0% Notes	$ 683	$ 442	$ 1,125	€ 613	€ 396	€ 1,009

The Company has evaluated subsequent events through October 18, 2016, which is the date the consolidated financial statements were available to be issued.

NOTE T – RECENT ACCOUNTING PRONOUNCEMENTS

FASB Accounting Standards Update ("ASU") 2016-02, Leases.

In February 2016, the FASB issued ASU 2016-02. ASU 2016-02 requires lessees to recognize assets and liabilities arising from operating leases on the balance sheet. It is effective for annual reporting periods beginning after December 15, 2018. The amendments should be applied prospectively with earlier application permitted as of the beginning of an interim or annual reporting period. The Company is currently in the process of evaluating the impact of adoption of ASU 2016-02 on its consolidated balance sheets.

NOTE T – RECENT ACCOUNTING PRONOUNCEMENTS - (CONT'D)

FASB Accounting Standards Update ("ASU") 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities.

In January 2016, the FASB issued ASU 2016-01, which amends the guidance in U.S.GAAP on the classification and measurement of financial instruments. Although the ASU retains many current requirements, it significantly revises an entity's accounting related to (1) the classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial labilities measured at fair value. The ASU also amends certain disclosure requirements associated with the fair value of financial instruments.

The amendments in ASU 2016-01, among other things:

- Require equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income.
- Require public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes.
- Require separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (i.e., securities or loans and receivables).
- Eliminate the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost.

For public business entities, the ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. For all other entities, the ASU is effective for fiscal years beginning after December 15, 2018, and for interim periods within fiscal years beginning after December 15, 2019.

The new guidance permits early adoption of the own credit provision. In addition, the new guidance permits early adoption of the provision that exempts private companies and not-for-profit organizations from having to disclose fair value information about financial instruments measured at amortized cost.

The Company does not believe that adoption of this ASU will have a material effect on its financial position or its results of operations.

FASB Accounting Standards Update ("ASU") 2015-17, Balance Sheet Classification of Deferred Taxes.

In November 2015, the FASB issued ASU 2015-17 as part of its simplification initiative. The amendments in the ASU eliminate the current requirement for organizations to present deferred tax liabilities and assets as current and noncurrent in a classified balance sheet. Instead, organizations will be required to classify all deferred tax assets and liabilities as noncurrent. Netting of deferred tax assets and deferred tax liabilities by tax jurisdiction is still required under the new guidance.

For public business entities, the ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. For all other entities, the ASU is effective for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted.

The Company does not believe that adoption of this ASU will have a material effect on its financial position or its results of operations.

NOTE T – RECENT ACCOUNTING PRONOUNCEMENTS - (CONT'D)

FASB Accounting Standards Update ("ASU") 2015-16, Simplifying the Accounting for Measurement-Period Adjustments.

In September 2015, the FASB issued ASU 2015-16, to simplify the accounting for measurement-period adjustments in a business combination. The amendments in ASU 2015-16 require that an acquirer recognize adjustments to estimated amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The amendments require that the acquirer record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the estimated amounts, calculated as if the accounting had been completed at the acquisition date.

The amendments also require an entity to present separately on the face of the income statement or disclose in the notes the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the estimated amounts had been recognized as of the acquisition date.

For public business entities, the ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. For all other entities, the ASU is effective for fiscal years beginning after December 15, 2016, and for interim periods within fiscal years beginning after December 15, 2017.

The Company does not believe that adoption of this ASU will have a material effect on its financial position or its results of operations.

FASB ASU 2015-11, Simplifying the Measurement of Inventory.

In July 2015, the FASB issued ASU 2015-11, which requires entities to measure most inventory "at the lower of cost and net realizable value", thereby simplifying the current guidance under which an entity must measure inventory at the lower of cost or market (market in this context is defined as one of three different measures, one of which is net realizable value). The ASU does not apply to inventories that are measured by using either the last-in, first-out method or the retail inventory method.

In addition to reducing complexity, the proposal would make U.S. GAAP more comparable to International Financial Reporting Standards, under which inventory must be measured at the lower of cost or net realizable value.

The ASU is effective for all public entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016, and for all other entities for fiscal years beginning after December 15, 2016, and for interim periods thereafter. Early adoption is permitted, including adoption in an interim period.

The Company does not believe that adoption of this ASU will have a material effect on its financial position or its results of operations.

NOTE T – RECENT ACCOUNTING PRONOUNCEMENTS - (CONT'D)

FASB ASU 2015-10, Technical Corrections and Improvements.

In June 2015, the FASB issued ASU 2015-10, which makes certain technical corrections to the FASB Accounting Standards Codification. The technical corrections are divided into four main categories:

- Amendments to align Codification wording with that in pre-Codification standards.
- Corrections to references and clarification of guidance to avoid misapplication and misinterpretation.
- Minor edits to simplify the Codification and thereby improve its usefulness.
- Minor enhancements to Codification guidance that are not expected to have a significant effect on current practice.

The amendments that require transition guidance are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted, including adoption in an interim period. All other amendments were effective upon issuance. The Company does not believe that adoption of this ASU will have a material effect on its financial position or its results of operations.

FASB ASU 2015-05, Customer's Accounting for Fees Paid in a Cloud Computing Arrangement.

In April 2015, the FASB issued ASU 2015-05, which provides guidance on a customer's accounting for cloud computing costs. The ASU is being issued in response to feedback indicating that the lack of specific guidance on accounting for cloud computing fees had "resulted in some diversity in practice as well as unnecessary costs and complexity for some stakeholders". Under the ASU, a customer must determine whether a cloud computing arrangement contains a software license. If so, the customer would account for the fees related to the software license element in a manner consistent with how the acquisition of other software licenses is accounted for under ASC 350-40. If the arrangement does not contain a software license, the customer would account for the arrangement as a service contract. The ASU does not prescribe how to account for cloud computing arrangement deemed to be service contracts.

An arrangement would contain a software license element if both of the following criteria are met:

- "The customer has the contractual right to take possession of the software at any time during the hosing period without significant penalty".
- "It is feasible for the customer to either run the software on its own hardware or contract with another party unrelated to the vendor to host the software".

For public business entities, the ASU is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2015. For all other entities, the ASU is effective for annual periods beginning after December 15, 2015, and interim periods within annual periods beginning after December 15, 2016. Early adoption is permitted for all entities. The Company does not believe that adoption of this ASU will have a material effect on its financial position or its results of operations.

NOTE T – RECENT ACCOUNTING PRONOUNCEMENTS - (CONT'D)

FASB ASU 2015-01, Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items.

In January 2015, the FASB issued ASU 2015-01 to eliminate from U.S. GAAP the concept of an extraordinary item, which is an event or transaction that is both (1) unusual in nature and (2) infrequently occurring. Under the ASU, an entity will no longer (1) segregate an extraordinary item from the results of ordinary operations; (2) separately present an extraordinary item on its income statement, net of tax, after income from continuing operations; or (3) disclose income taxes and earnings-per-share data applicable to an extraordinary item. The ASU is part of the FASB's simplification initiative (i.e., projects to reduce the cost and complexity of certain aspects of U.S. GAAP).

The ASU is effective for all entities for annual reporting periods beginning after December 15, 2015, and interim periods within those annual periods. Early adoption is permitted if the guidance is applied as of the beginning of the annual period of adoption and entities may apply the guidance prospectively or retrospectively to all prior periods presented in the financial statements. The Company does not believe that adoption of this ASU will have a material effect on its financial position or its results of operations.

FASB ASU 2014-09, Revenue from Contracts with Customers and FASB ASU 2015-14, Revenue from Contracts with Customers, Deferral of the Effective Date.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers. The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance.

The core principle of the revenue model is that "an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services." In applying the revenue model to contracts within it scope, an entity:

- Identifies the contract(s) with a customer (step1).
- Identifies the performance obligations in the contract (step 2).
- Determines the transaction price (step 3).
- Allocates the transaction price to the performance obligations in the contract (step 4).
- Recognizes revenue when (or as) the entity satisfies a performance obligation (step 5).

The ASU applies to all contracts with customers except those that are within the scope of other topics on the FASB Accounting Standards Codification. Certain of the ASU's provisions also apply to transfers of nonfinancial assets, including in-substance nonfinancial assets that are not an output of an entity's ordinary activities. Existing accounting guidance applicable to these transfers has been amended or superseded. Compared with current U.S.GAAP, the ASU also requires significantly expanded disclosures about revenue recognition.

NOTE T – RECENT ACCOUNTING PRONOUNCEMENTS - (CONT'D)

FASB ASU 2014-09, Revenue from Contracts with Customers and FASB ASU 2015-14, Revenue from Contracts with Customers, Deferral of the Effective Date (cont'd.)

In July 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers: Deferred of the Effective Date, which deferred the effective date of ASU 2014-09. For public business entities, the new effective date is for annual reporting periods, and interim reporting periods within those periods, beginning after December 15, 2017. For all other entities, the new effective date is annual periods beginning after December 15, 2018, and interim periods within annual reporting periods beginning after December 15, 2019. Early adoption is permitted for public business entities as of annual reporting periods, and interim reporting periods within those periods, beginning after December 15, 2016, and for all other entities as of annual reporting periods beginning after December 15, 2016, including interim periods.

The Company does not believe that adoption of these ASUs will have a material effect on its financial position or its results of operations.

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

NOTE U – DEREGISTRATION AND DELISTING

On December 31, 2003, the Company filed a Form 15 with the Securities and Exchange Commission, which deregistered the Company's common stock under Section 12 of the Securities Exchange Act of 1934. Effective March 30, 2004, the Company is no longer subject to the reporting requirements of the Securities Exchange Act. The requirement under the Exchange Act to file Forms 10-K, 10-Q, or 8-K, proxy statements, or other similar filings with the SEC was suspended immediately upon the filing of Form 15. The Company is also not obligated to mail an annual report to its stockholders.

Furthermore, with the filing of the Form 15, the Company's shares are eligible for quotation only on the "pink sheets", an over-the-counter quotation service.