

	Board Plan				Updated Plan				Delta					Payroll	
	Q1 2014 Projected	Q2 2014 Projected	Q3 2014 Projected	Q4 2014 Projected	Q1 2014 Actual	Q2 2014 Projected	Q3 2014 Projected	Q4 2014 Projected	Q1 2014 Actual	Q2 2014 Projected	Q3 2014 Projected	Q4 2014 Projected	Annual Delta	Formula Error	Change in Budget
Target Plan															
Revenue	\$4,548	\$5,514	\$6,327	\$7,378	\$4,548	\$5,514	\$6,327	\$7,378	\$49	\$39	\$49	\$73	\$210		
YoY growth	17.7%	30.7%	53.3%	58.3%	19%	32%	54%	60%							
QoQ growth	-2%	21%	15%	17%	-1%	21%	15%	17%							
Cost of Sales	\$738	\$858	\$951	\$1,077	\$664	\$853	\$947	\$1,077	(\$73)	(\$5)	(\$3)	\$0	(\$81)		
Gross Profit	\$3,811	\$4,655	\$5,376	\$6,301	\$3,933	\$4,699	\$5,429	\$6,373	\$123	\$43	\$53	\$73	\$291		
Sales & Marketing	\$1,891	\$2,992	\$2,617	\$2,927	\$1,871	\$3,390	\$3,070	\$2,931	(\$20)	\$398	\$453	\$4	\$835	\$497	\$220
Research & Development	\$930	\$963	\$1,068	\$1,728	\$1,393	\$1,732	\$1,783	\$1,832	\$463	\$769	\$715	\$104	\$2,051	\$2,215	\$30
General & Administrative	\$682	\$708	\$714	\$1,128	\$883	\$976	\$1,003	\$989	\$201	\$268	\$289	(\$139)	\$619	\$325	\$60
Opex	\$3,503	\$4,664	\$4,399	\$5,783	\$4,147	\$6,098	\$5,857	\$5,752	\$644	\$1,434	\$1,458	(\$31)	\$3,505	\$3,037	\$310
Op Profit	\$308	(\$9)	\$977	\$518	(\$214)	(\$1,399)	(\$428)	\$622	(\$521)	(\$1,391)	(\$1,405)	\$104	(\$3,213)		
Free Cash Flow	\$687	(\$266)	\$699	\$425	(\$73)	(\$991)	(\$737)	\$276	(\$760)	(\$725)	(\$1,436)	(\$149)	(\$3,071)		

Notes:

- i. In the board plan bonus payout was in Q4, and it is now accrued throughout the year
- ii. Revenue increased due to more than expected SMS NPUs, which have a lower COS
- iii. Vacation accrual of \$309K and Bonus accrual of \$1,542M allow for variability as they are not actual cash payouts

	Q1 2012 Actual	Q2 2012 Actual	Q3 2012 Actual	Q4 2012 Actual	Q1 2013 Actual	Q2 2013 Actual	Q3 2013 Actual	Q4 2013 Actual	Q1 2014 Actual	Q2 2014 Projected	Q3 2014 Projected	Q4 2014 Projected
Target Plan					\$3,575	\$3,815	\$4,266	\$5,044	\$4,548	\$5,514	\$6,327	\$7,378
Revenueⁱ	\$3,030	\$3,336	\$3,139	\$3,716	\$3,864	\$4,219	\$4,127	\$4,662	\$4,598	\$5,552	\$6,376	\$7,451
<i>YoY growth</i>	17%	23%	16%	24%	28%	26%	31%	25%	19%	32%	54%	60%
<i>QoQ growth</i>	1%	10%	-6%	18%	4%	9%	-2%	13%	-1%	21%	15%	17%
<i>Achivement to Plan</i>					108%	111%	97%	92%	101%			
Cost of Sales	\$634	\$760	\$534	\$776	\$493	\$611	\$646	\$741	\$664	\$853	\$947	\$1,077
Gross Profit	\$2,396	\$2,576	\$2,605	\$2,939	\$3,372	\$3,608	\$3,481	\$3,921	\$3,933	\$4,699	\$5,429	\$6,373
GM%	73.3%	77.2%	83.0%	79.1%	87.3%	85.5%	84.3%	84.1%	85.5%	84.6%	85.1%	85.5%
<i>Sales & Marketing</i>	<i>\$581</i>	<i>\$638</i>	<i>\$652</i>	<i>\$581</i>	<i>\$1,152</i>	<i>\$1,420</i>	<i>\$2,288</i>	<i>\$1,704</i>	<i>\$1,871</i>	<i>\$3,390</i>	<i>\$3,070</i>	<i>\$2,931</i>
<i>Research & Development</i>	<i>\$275</i>	<i>\$379</i>	<i>\$485</i>	<i>\$691</i>	<i>\$973</i>	<i>\$1,021</i>	<i>\$1,182</i>	<i>\$1,153</i>	<i>\$1,393</i>	<i>\$1,732</i>	<i>\$1,783</i>	<i>\$1,832</i>
<i>General & Administrative</i>	<i>\$439</i>	<i>\$792</i>	<i>\$1,150</i>	<i>\$1,657</i>	<i>\$667</i>	<i>\$703</i>	<i>\$806</i>	<i>\$881</i>	<i>\$883</i>	<i>\$976</i>	<i>\$1,003</i>	<i>\$989</i>
Opex	\$1,294	\$1,809	\$2,287	\$2,929	\$2,792	\$3,143	\$4,276	\$3,738	\$4,147	\$6,098	\$5,857	\$5,752
Op Profit	\$1,101	\$767	\$318	\$11	\$580	\$465	(\$795)	\$184	(\$214)	(\$1,399)	(\$428)	\$622
Free Cash Flow	\$1,397	\$1,964	\$1,113	\$822	\$1,020	\$135	(\$730)	(\$1,302)	(\$73)	(\$991)	(\$737)	\$276
Distinct Buyers	9,121	9,744	9,899	10,629	11,269	12,512	13,688	13,928	15,470			
ARPUⁱⁱ	\$332	\$342	\$317	\$350	\$343	\$337	\$301	\$335	\$297			
Average Headcount	38	41	45	47	51	60	61	62	69	83	89	89
Annualized Rev per HC	\$319	\$325	\$281	\$319	\$303	\$281	\$269	\$299	\$265	\$268	\$287	\$335
OM%	36.3%	23.0%	10.1%	0.3%	15.0%	11.0%	-19.3%	3.9%	-4.6%	-25.2%	-6.7%	8.3%

Note: i. Annualized revenue normalization for 2010 was -\$1,070 and for 2011 was -\$1,073 and for 2012 was -\$1,583

Note: ii. ARPU for Jan 14 was \$144 and for Feb 14 was \$146 and for Mar 14 was \$154.

CallFire Proforma Summary Financials 2010 - 2014

	Total 2010 Actual	Total 2011 Actual	Total 2012 Actual	Total 2013 Actual	Total 2014 Projected
Target Plan				\$16,700	\$23,766
Revenueⁱ	\$7,030	\$9,920	\$13,221	\$16,872	\$23,976
<i>YoY growth</i>	25%	41%	33%	28%	42%
<i>QoQ growth</i>					
<i>Achivement to Plan</i>				101%	
Cost of Sales	\$1,936	\$2,486	\$2,704	\$2,490	\$3,543
Gross Profit	\$5,094	\$7,435	\$10,516	\$14,383	\$20,434
<i>GM%</i>	72.5%	74.9%	79.5%	85.2%	85.2%
<i>Sales & Marketing</i>	\$1,500	\$2,440	\$2,452	\$6,564	\$11,261
<i>Research & Development</i>	\$771	\$972	\$1,830	\$4,328	\$6,740
<i>General & Administrative</i>	\$2,036	\$2,320	\$4,037	\$3,057	\$3,851
Opex	\$4,307	\$5,732	\$8,319	\$13,949	\$21,853
Op Profit	\$787	\$1,703	\$2,197	\$434	(\$1,419)
Free Cash Flow	\$3,601	\$3,908	\$5,297	(\$878)	(\$1,526)
Distinct Buyers	12,324	17,255	20,754	26,165	
ARPUⁱⁱ			\$1,341	\$1,316	\$1,374
Average Headcount	20	28	43	59	83
Annualized Rev per HC	\$488	\$425	\$310	\$288	\$290
OM%	43.1%	37.1%	16.6%	2.6%	-5.9%

Key Operating Metrics

Metrics	Quarterly												Annual					
	1Q2012	2Q2012	3Q2012	4Q2012	1Q2013	2Q2013	3Q2013	4Q2013	1Q2014	2Q2014	3Q2014	4Q2014	2009	2010	2011	2012	2013	2014
ACCOUNTS																		
New Signups	12,536	12,763	13,772	17,117	26,521	20,431	26,109	24,676	25,761	41,524	31,746	37,503	18,484	24,333	38,553	56,188	97,737	136,534
Conversion Rate %	24%	25%	22%	19%	13%	20%	17%	15%	17%	15%	15%	18%	36%	33%	29%	22%	16%	16%
New Paid Users	3,012	3,250	2,961	3,222	3,559	3,990	4,337	3,793	4,434	6,229	4,762	6,751	6,626	8,084	11,148	12,445	15,679	22,175
QoQ/YoY Growth %	23%	8%	-9%	9%	10%	12%	9%	-13%	17%	40%	-24%	42%	0%	22%	38%	12%	26%	41%
New Plan Users	500	472	538	478	511	560	669	603	875	740	566	802	842	1,932	2,102	1,988	2,343	2,983
Total Active30 Accounts	12,904	14,039	14,837	15,827	16,631	17,999	19,354	19,849	23,065	25,028	26,681	27,913	9,502	12,913	18,595	24,473	31,204	39,197
QoQ/YoY Growth %	3%	9%	6%	7%	5%	8%	8%	3%	16%	8.5%	6.6%	4.6%		36%	44%	32%	28%	26%
Distinct Buyers	9,121	9,744	9,899	10,629	11,269	12,512	13,688	13,928	15,470	16,852	17,000	20,000	9,199	12,324	17,255	20,754	26,165	
QoQ/YoY Growth %	8%	7%	2%	7%	6%	11%	9%	2%	11%					34%	40%	20%	26%	
COSTS																		
Customer Acquisition Cost (CAC)	\$193	\$196	\$220	\$180	\$324	\$356	\$528	\$449	\$422	\$544	\$645	\$434	\$198	\$259	\$183	\$197	\$419	\$508
Paid advertising CAC	\$200	\$244	\$250	\$308	\$507	\$1,415	\$595	\$568	\$524				\$390	\$451	\$369	\$251	\$654	\$515
% from paid advertising	25%	25%	25%	25%	33%	14%	57%	45%	41%	45%	45%	45%	25%	25%	25%	25%	37%	45%
Account Cost of Service ³	\$74	\$61	\$45	\$48	\$51	\$48	\$50	\$55	\$49	\$65	\$65	\$67	\$134	\$163	\$149	\$129	\$115	\$162
INCOME																		
ARPU²	\$332	\$342	\$317	\$350	\$343	\$337	\$301	\$335	\$297	\$329	\$375	\$373				\$1,341	\$1,316	\$1,374
Average Rev per Min	\$0.041	\$0.043	\$0.042	\$0.034	\$0.045	\$0.045	\$0.060	\$0.037	\$0.041							\$0.039	\$0.052	
Average Rev per SMS	\$0.028	\$0.027	\$0.028	\$0.025	\$0.024	\$0.025	\$0.026	\$0.026	\$0.030							\$0.027	\$0.025	
LIFETIME VALUES																		
Lifetime Revenue (LTR)	\$2,657	\$2,739	\$2,537	\$2,797	\$2,743	\$2,698	\$3,015	\$3,347	\$2,972	\$3,295	\$3,751	\$3,725				\$2,682	\$3,291	\$3,436
Customer Lifetime Value (CLV)	\$1,875	\$2,055	\$1,956	\$2,236	\$2,013	\$1,962	\$1,989	\$2,348	\$2,065	\$2,103	\$2,458	\$2,623				\$2,227	\$2,614	\$2,524
CLV over CAC	972%	1047%	888%	1240%	622%	551%	377%	523%	489%	386%	381%	604%				1130%	624%	497%
CASH FLOW METRICS (000's)																		
Cash flow from operations	\$1,429	\$2,013	\$1,161	\$899	\$1,141	\$195	(\$784)	(\$1,115)	\$19	(\$1,140)	(\$737)	\$276	\$577	\$3,601	\$3,908	\$5,503	(\$564)	(\$1,583)
Capital expenditures	(\$31)	(\$49)	(\$48)	(\$77)	(\$121)	(\$60)	(\$43)	(\$187)	(\$92)	\$149	\$0	\$0	\$0	\$189	\$143	(\$206)	(\$412)	\$57
Free cash flow	\$1,397	\$1,964	\$1,113	\$822	\$1,020	\$135	(\$730) ¹	(\$1,302)	(\$73)	(\$991)	(\$737)	\$276	\$577	\$3,601	\$3,908	\$5,297	(\$878)	(\$1,526)

*Footnotes:

¹ Testing of new marketing strategies resulted in negative free cash flow

² Calculated for users in this quarter, not cumulative

³ Calculated using COGS + DevOps

CallFire**Profit & Loss Monthly**

	Jan-14 1Q2014 2014 Actual	Feb-14 1Q2014 2014 Actual	Mar-14 1Q2014 2014 Actual
Revenue			
Total Revenue	1,456,788	1,485,995	1,654,752
Cost of Sales			
Cost of Sales	212,974	227,546	223,929
Gross Profit Margin	1,243,814	1,258,449	1,430,823
<i>Gross Profit Margin %</i>	<i>85.4%</i>	<i>84.7%</i>	<i>86.5%</i>
Operating Expenses			
Sales & Marketing	562,482	546,860	761,361
Research & Development	499,281	437,923	455,374
General & Administrative	333,594	242,305	307,496
Total Operating Expenses	1,395,357	1,227,088	1,524,231
Operating Profit Margin(EBITDA)	(151,543)	31,362	(93,408)
Stock based Compensation	-	-	-
Depreciation / Amortization	252,278	252,278	252,278
EBIT	(403,821)	(220,916)	(345,686)
Other/Interst Income / {Expense}	96,642	85,773	184,854
Pre-tax Income	(500,462)	(306,689)	(530,540)
Income Tax Expense	-	-	-
Net Income	(500,462)	(306,689)	(530,540)

CallFire**Monthly Balance Sheet****Assets****Current Assets**

Cash and Cash Equivalents
Accounts Receivable
AR Allowance
Other Current Assets

Total Current Assets**Fixed Assets**

Furniture, fixtures and equipment
Servers, Storage & Routers
Accumulated depreciation

Total Fixed Assets

Other Assets

Total Other Assets**Total Assets****Liabilities and Shareholders' Equity****Current Liabilities**

Accounts payable
Deferred Revenue
Other Current Liabilities
Shane Neman
Multiplier Long-term debt

Total Current Liabilities

Other long-term liabilities

Total Liabilities**Shareholders' Equity**

Paid In Capital Series A Preferred
Paid In Capital Common
Preferred Issuance Cost
Common Stock
Series A Preferred Stock

Acquisition Related Adjustments

Acquisition Related Adjustments
Retained Earnings Acquisition Adjustment
Cash to Accrual Adjustment
Retained Earnings
Net Income

Total Equity**Total Liabilities and Shareholders' Equity**

	Jan-14	Feb-14	Mar-14
	Actual	Actual	Actual
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 3,279,300	\$ 3,205,560	\$ 3,401,814
Accounts Receivable	499,067	468,238	213,966
AR Allowance			
Other Current Assets	462,391	560,165	592,477
Total Current Assets	4,240,759	4,233,962	4,208,257
Fixed Assets			
Furniture, fixtures and equipment	601,348	607,415	612,454
Servers, Storage & Routers	522,746	571,801	571,801
Accumulated depreciation	(420,982)	(436,910)	(452,838)
Total Fixed Assets	703,111	742,306	731,417
Other Assets	20,630,787	20,398,033	20,158,087
Total Other Assets	20,630,787	20,398,033	20,158,087
Total Assets	\$ 25,705,559	\$ 25,390,685	\$ 24,965,771
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable	\$ 220,261	\$ 233,415	\$ 331,078
Deferred Revenue	\$ 2,331,023	\$ 2,237,217	\$ 2,226,244
Other Current Liabilities	1,257,169	1,436,094	1,573,364
Shane Neman	1,291,667	1,188,333	1,085,000
Multiplier Long-term debt	10,250,000	10,250,000	10,250,000
Total Current Liabilities	15,350,119	15,345,060	15,465,685
Other long-term liabilities	0	0	0
Total Liabilities	15,350,119	15,345,060	15,465,685
Shareholders' Equity			
Paid In Capital Series A Preferred	15,569,797	15,569,797	15,569,797
Paid In Capital Common	(1,099,971)	(1,099,971)	(1,099,971)
Preferred Issuance Cost	(378,121)	(378,121)	(393,121)
Common Stock	(29)	(29)	(29)
Series A Preferred Stock	1,930,197	1,930,197	1,930,197
Acquisition Related Adjustments			
Acquisition Related Adjustments	(535,804)	(535,804)	(535,804)
Retained Earnings Acquisition Adjustment	(2,084,410)	(2,084,410)	(2,084,410)
Cash to Accrual Adjustment			
Retained Earnings	(2,546,998)	(2,546,998)	(2,546,998)
Net Income	(499,222)	(809,036)	(1,339,576)
Total Equity	10,355,439	10,045,626	9,500,086
Total Liabilities and Shareholders' Equity	\$ 25,705,559	\$ 25,390,685	\$ 24,965,771

CallFire

Monthly Cash Flow Statement

Cash Flow Data	Jan-14	Feb-14	Mar-14
Operating activities			
Net income	\$ (500,462)	\$ (306,689)	\$ (530,540)
Depreciation & amortization	252,278	252,278	252,278
Stock-based compensation	0	0	0
Changes in:			
Accounts Receivable	(436,223)	30,829	254,272
Other Current Assets	(97,774)	(32,312)	116,062
Accounts Payable	(103,160)	13,154	97,663
Other Liabilities	138,258	178,925	137,270
Deferred Revenue	407,566	(93,805)	(10,974)
Net Cash Flow Operating	(339,517)	42,380	316,031
Investing activities			
Purchases of furniture, fixtures, equipm't	(80,918)	(6,067)	(5,039)
Other assets	0	(3,596)	3,596
Other long-term liabilities	0	0	0
Net Cash Flow Investing	(80,918)	(9,663)	(1,444)
Financing activities			
Issuance (repayment) of:			
Distributions			
Shane Neman	(103,333)	(103,333)	(103,333)
Multiplier Long-term debt	0	0	0
Line of Credit	0	0	0
Issuance of:			
Series A	0	0	0
Common Stock	0	0	0
Retained Earnings	0	0	(15,000)
Preferred Stock			
Net Cash Flow Financing	(103,333)	(103,333)	(118,333)
Cash at beginning of period	3,801,829	3,279,300	3,205,560
Change in cash during period	(523,769)	(70,616)	196,254
Cash at end of period	\$ 3,278,061	\$ 3,208,685	\$ 3,401,814