

May 8, 2017

**REDACTED PUBLIC COPY**

**Via Overnight Courier**

Nicholas Bournakel  
Administrator - SQF, LLC  
245 Commercial St., Suite 203  
Portland, ME 04101

Florida Public Service Commission  
Office of the Commission Clerk  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

RECEIVED-FPSC  
2017 MAY 11 AM 11:08  
COMMISSION CLERK

**Re: SQF, LLC – Application for Authority to Provide Telecommunications Company Service within the State of Florida/ Request for Confidential Treatment**

Enclosed for filing please find the Application for Authority to Provide Telecommunications Company Service within the State of Florida (“Application”) of SQF, LLC (“SQF”). Also enclosed, please find a check payable to the Florida Public Service Commission in the amount of \$500.00 in payment of the requisite filing fee.

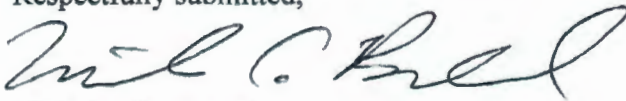
As part of its application, SQF has submitted confidential business and financial information, as defined by Section 364.183(3) F.S. in the attached **Exhibit D**. Pursuant to Section 364.183(1) F.S., and FL PUC Rule Section 25-22.006(5) SQF requests confidential treatment of this information, which is sensitive information, the disclosure of which would adversely affect SQF and its parent company’s competitive position. SQF’s express request for confidential treatment is contained in the attached **Exhibit C**.

Enclosed with this application are the following documents:

- One (1) original copy of the Application, including all confidential materials;
- One (1) copy of the Application highlighting the information claimed as confidential; and
- Two (2) redacted (public) copies of the Application

Please date stamp and return the additional copy of this cover letter in the enclosed postage prepaid envelope. Please contact me if you should have any questions regarding the Application.

Respectfully submitted,



Nicholas Bournakel  
Administrator – SQF, LLC  
(207) 358-7415  
[nbournakel@tilsonotech.com](mailto:nbournakel@tilsonotech.com)

**REDACTED**

COM	_____
AFD	_____
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# FLORIDA PUBLIC SERVICE COMMISSION

## OFFICE OF TELECOMMUNICATIONS

### APPLICATION FORM FOR AUTHORITY TO PROVIDE TELECOMMUNICATIONS COMPANY SERVICE WITHIN THE STATE OF FLORIDA

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#### Instructions

- A. This form is used as an application for an original certificate and for approval of transfer of an existing certificate. In the case of a transfer, the information provided shall be for the transferee (See Page 8).
- B. Print or type all responses to each item requested in the application. If an item is not applicable, please explain.
- C. Use a separate sheet for each answer which will not fit the allotted space.
- D. Once completed, submit the original and one copy of this form along with a non-refundable application fee of **\$500.00** to:

**Florida Public Service Commission  
Office of Commission Clerk  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850  
(850) 413-6770**

- E. A filing fee of **\$500.00** is required for the transfer of an existing certificate to another company.
- F. If you have questions about completing the form, contact:

**Florida Public Service Commission  
Office of Telecommunications  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850  
(850) 413-6600**

1. This is an application for (check one):

**Original certificate** (new company).

**Approval of transfer of existing certificate:** Example, a non-certificated company purchases an existing company and desires to retain the original certificate of authority rather than apply for a new certificate.

2. Name of company: **SQF, LLC**

3. Name under which applicant will do business (fictitious name, etc.):

**Not Applicable. SQF will do business under its legal name, SQF, LLC.**

4. Official mailing address:

Street/Post Office Box: **245 Commercial St., Suite 203**

City: **Portland**

State: **Maine**

Zip: **04101**

5. Florida address: **Not Applicable. SQF does not currently have an office in Florida**

Street/Post Office Box: \_\_\_\_\_

City: \_\_\_\_\_

State: \_\_\_\_\_

Zip: \_\_\_\_\_

6. Structure of organization:

Individual

Corporation

Foreign Corporation

Foreign Partnership

General Partnership

Limited Partnership

Other, please specify:

**Foreign Limited Liability Company**

**If individual**, provide:

Name: **Not Applicable (N/A)**

Title: \_\_\_\_\_

Street/Post Office Box: \_\_\_\_\_

City: \_\_\_\_\_

State: \_\_\_\_\_

Zip: \_\_\_\_\_

Telephone No.: \_\_\_\_\_

Fax No.: \_\_\_\_\_  
E-Mail Address: \_\_\_\_\_  
Website Address: \_\_\_\_\_

7. **If incorporated in Florida**, provide proof of authority to operate in Florida. The Florida Secretary of State corporate registration number is: **Not Applicable**
8. **If foreign corporation**, provide proof of authority to operate in Florida. The Florida Secretary of State corporate registration number is: **M17000003708**  
**Please also see the attached Exhibit A**
9. **If using fictitious name (d/b/a)**, provide proof of compliance with fictitious name statute (Chapter 865.09, FS) to operate in Florida. The Florida Secretary of State fictitious name registration number is: **Not Applicable**
10. **If a limited liability partnership**, please proof of registration to operate in Florida. The Florida Secretary of State registration number is: **Not Applicable**
11. **If a partnership**, provide name, title and address of all partners and a copy of the partnership agreement.

Name: **Not Applicable (N/A)** \_\_\_\_\_  
Title: \_\_\_\_\_  
Street/Post Office Box: \_\_\_\_\_  
City: \_\_\_\_\_  
State: \_\_\_\_\_  
Zip: \_\_\_\_\_  
Telephone No.: \_\_\_\_\_  
Fax No.: \_\_\_\_\_  
E-Mail Address: \_\_\_\_\_  
Website Address: \_\_\_\_\_

12. **If a foreign limited partnership**, provide proof of compliance with the foreign limited partnership statute (Chapter 620.169, FS), if applicable. The Florida registration number is: **Not Applicable**

13. Provide F.E.I. Number: **35-2449113**

14. Who will serve as liaison to the Commission in regard to the following?

(a) The application:

Name: **Nicholas Bournakel**  
Title: **Administrator**  
Street Name & Number: **245 Commercial St., Suite 203**  
Post Office Box: \_\_\_\_\_  
City: **Portland**  
State: **Maine**  
Zip: **04101**  
Telephone No.: **(207) 358-7415**  
Fax No.: **(207) 772-3427**  
E-Mail Address: **[nbournakel@tilsonotech.com](mailto:nbournakel@tilsonotech.com)**  
Website Address: **SQF does not have a website**

(b) Official point of contact for the ongoing operations of the company:

Name: **Nicholas Bournakel**  
Title: **Administrator**  
Street Name & Number: **245 Commercial St., Suite 203**  
Post Office Box: \_\_\_\_\_  
City: **Portland**  
State: **Maine**  
Zip: **04101**  
Telephone No.: **(207) 358-7415**  
Fax No.: **(207) 772-3427**  
E-Mail Address: **[nbournakel@tilsonotech.com](mailto:nbournakel@tilsonotech.com)**  
Website Address: **SQF does not have a website**

(c) Where will you officially designate as your place of publicly publishing your schedule (a/k/a tariffs or price lists)?

- Florida Public Service Commission
- Website – *Website address:*
- Other – *Please provide address:*

15. List the states in which the applicant:

(a) has operated as a telecommunications company.

**SQF has operated as a telecommunications company in the states of New Jersey, Pennsylvania, and New York.**

(b) has applications pending to be certificated as a telecommunications company.

**SQF has applications pending in Maryland and North Carolina.**

(c) is certificated to operate as a telecommunications company.

**SQF is certificated to operate as a telecommunications company in: Maine, New Jersey, Pennsylvania, New York, the District of Columbia, Georgia, Oregon, Washington, Delaware, Rhode Island, Virginia, and West Virginia.**

(d) has been denied authority to operate as a telecommunications company and the circumstances involved.

**SQF has not been denied authority to operate in any state. SQF's application submitted to the Colorado PUC earlier this year was deemed unnecessary and not reviewed by that Commission because SQF's services were not considered subject to PUC jurisdiction there.**

(e) has had regulatory penalties imposed for violations of telecommunications statutes and the circumstances involved.

**SQF has not had any regulatory penalties imposed on it for violations of telecommunications statutes.**

(f) has been involved in civil court proceedings with another telecommunications entity, and the circumstances involved.

**SQF has not been involved in any civil court proceedings with any other telecommunications entity.**

16. Have any of the officers, directors, or any of the ten largest stockholders previously been:

(a) adjudged bankrupt, mentally incompetent (and not had his or her competency restored), or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings.  Yes  No

If yes, provide explanation.

(b) granted or denied a certificate in the State of Florida (this includes active and canceled certificates).  Yes  No

If yes, provide explanation and list the certificate holder and certificate number.

(c) an officer, director, partner or stockholder in any other Florida certificated or registered telephone company.  Yes  No

If yes, give name of company and relationship. If no longer associated with company, give reason why not.

17. Submit the following:

(a) **Managerial capability:** resumes of employees/officers of the company that would indicate sufficient managerial experiences of each. Please explain if a resume represents an individual that is not employed with the company and provide proof that the individual authorizes the use of the resume.

**Please see the attached Exhibit B.**

(b) **Technical capability:** resumes of employees/officers of the company that would indicate sufficient technical experiences or indicate what company has been contracted to conduct technical maintenance. Please explain if a resume represents an individual that is not employed with the company and provide proof that the individual authorizes the use of the resume.

**Please see the attached Exhibit B.**

(c) **Financial Capability:** applicant's audited financial statements for the most recent three (3) years. If the applicant does not have audited financial statements, it shall so be stated. Unaudited financial statements should be signed by the applicant's chief executive officer and chief financial officer affirming that the financial statements are true and correct and should include:

1. the balance sheet,
2. income statement, and
3. statement of retained earnings.

**Note:** *It is the applicant's burden to demonstrate that it possesses adequate managerial capability, technical capability, and financial capability. Additional supporting information can be supplied at the discretion of the applicant.*

**Please see the attached Exhibit C.**

**THIS PAGE MUST BE COMPLETED AND SIGNED**

**REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee. Regardless of the gross operating revenue of a company, a minimum annual assessment fee, as defined by the Commission, is required.

**RECEIPT AND UNDERSTANDING OF RULES:** I acknowledge receipt and understanding of the Florida Public Service Commission's rules and orders relating to the provisioning of telecommunications company service in Florida.

**APPLICANT ACKNOWLEDGEMENT:** By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide telecommunications company service in the State of Florida. I have read the foregoing and declare that, to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

Further, I am aware that, pursuant to Chapter 837.06, Florida Statutes, "**Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083.**"

I understand that any false statements can result in being denied a certificate of authority in Florida.

COMPANY OWNER OR OFFICER

Print Name: Joshua Broder  
Title: President  
Telephone No.: (207) 591-6427  
E-Mail Address: jbroder@tilsontech.com

Signature:  Date: 5/8/17



## CERTIFICATE TRANSFER

As current holder of Florida Public Service Commission Certificate Number \_\_\_\_\_, I have reviewed this application and join in the petitioner's request for a transfer of the certificate.

### COMPANY OWNER OR OFFICER

Print Name: **Not Applicable (N/A)** \_\_\_\_\_  
Title: \_\_\_\_\_  
Street/Post Office Box: \_\_\_\_\_  
City: \_\_\_\_\_  
State: \_\_\_\_\_  
Zip: \_\_\_\_\_  
Telephone No.: \_\_\_\_\_  
Fax No.: \_\_\_\_\_  
E-Mail Address: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Table of Exhibits**

**Exhibit A** - SQF, LLC Foreign Certificate of Authority

**Exhibit B** - SQF, LLC Managerial/Technical Capability

**Exhibit C** - SQF Request for Confidentiality

**Exhibit D** - SQF Parent Company Audited Financials 2014-2016 (CONFIDENTIAL)

**Exhibit A - SQF, LLC Foreign Certificate of Authority**

# State of Florida



## Department of State

I certify from the records of this office that SQF, LLC, is a Maine limited liability company authorized to transact business in the State of Florida, qualified on April 28, 2017.

The document number of this limited liability company is M17000003708.

I further certify that said limited liability company has paid all fees due this office through December 31, 2017, and its status is active.

I further certify that said limited liability company has not filed a Certificate of Withdrawal.

Given under my hand and the  
Great Seal of the State of Florida  
at Tallahassee, the Capital, this the  
Second day of May, 2017



CR2EO22 (1-11)

*Ken Detzner*

Ken Detzner  
Secretary of State

**Exhibit B – SQF, LLC Managerial/Technical Capability**

## **Exhibit B – SQF, LLC Managerial/Technical Capability**

### **Joshua Broder, President**

Joshua Broder is the President of SQF, LLC and CEO of its parent company, Tilson Technology Management, Inc. (“Tilson”). He has a diverse background in telecommunications, organizational leadership, and corporate growth as a former Army Signal officer, an industry consultant, and an executive.

While in the U.S. Army, Joshua served as Operations Officer in charge of the tactical satellite communications network supporting U.S. and NATO Combat Forces and other U.S. Government agencies at 33 remote locations in Central Asia (Afghanistan, Uzbekistan, and Pakistan). Joshua was awarded the Bronze star for his tour in Afghanistan.

Joshua joined Tilson in 2006 as the third employee. Today, Tilson employs 200 people and has a worldwide practice, providing clients with cutting-edge consulting services. Under Joshua’s leadership, Tilson has managed the planning, design, and construction of over a dozen telecommunications deployments throughout New England and the mid-Atlantic, including smart grid, fiber optic, and cellular LTE projects. Most recently, Joshua led Tilson’s efforts to support Central Maine Power in its roll out of territory-wide AMI infrastructure and the Maine Fiber Company and the Massachusetts Broadband Institute to deploy large-scale, publicly-funded fiber optic networks in rural Maine and Massachusetts respectively.

Joshua’s efforts to grow and sustain Tilson’s business have been widely recognized in the local and national business communities. Under Joshua’s leadership, Tilson was awarded the 2010 Governor's Award as Technology Company of the Year from TechMaine, an award recognizing a company that significantly contributes to Maine's position as a cutting-edge technology state. Joshua was also one of four business leaders recognized by the Portland Regional Chamber of Commerce in 2011, the youngest ever recipient of the Chamber’s President's Award. Josh earned a BA in History from Middlebury College with a minor in Military Studies from the University of Vermont, and holds an Advanced Certificate in Entrepreneurship from John F. Kennedy University.

Please see the attached resume for Joshua Broder on the following page.

## JOSHUA BRODER RESUME

245 Commercial St. Suite 203. Portland, ME 04101 | 207-591-6427 | jbroder@tilsontech.com

### EDUCATION

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#### JOHN F. KENNEDY UNIVERSITY

##### Advanced Certificate in Entrepreneurship

Portland ME  
2013

- AT&T Operation Hand Salute
- Vermont Military Studies Program, Distinguished Military Graduate

#### MIDDLEBURY COLLEGE

##### Bachelor of Arts, History

Middlebury VT  
2001

- Minor, Military Studies
- ROTC Scholarship
- Vermont Military Studies Program, Distinguished Military Graduate

### PROFESSIONAL EXPERIENCE

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#### TILSON

*Chief Executive Officer, Owner*

Portland, ME  
2006 - Present

- CEO and owner of Tilson, a high growth (three years on the Inc. 5000), 200 employee team of telecom and information technology professionals with a world-wide practice building and maintaining large telecom and IT capital projects in the public and private sectors.
- Led the company's growth from 10 employees to 200 employees, including leading several rounds of bank and venture financing.
- Led and built a growth senior management team.
- Leading roles in sales and client consulting on large capital projects.

#### MAINE FIBER COMPANY

*President*

Portland, ME  
2010 - 2011

- Led the Maine Fiber Company through its business formation, staffing, regulatory approvals, public outreach, funding, and network build out of a federally and private equity funded, 1,100 mile fiber optic network.
- Stayed on as a consultant through completion of their \$32MM network build out

#### UNITED STATES ARMY

*Captain, Army Signal Officer*

Europe, Middle East, Central Asia  
2002 - 2006

- During Operation Enduring Freedom served as Operations Officer in charge of the tactical satellite communications network supporting US and NATO Combat Forces and other US Government agencies at 33 remote locations in Central Asia (Afghanistan, Uzbekistan, and Pakistan). Directed efforts of around 300 technicians to provide all theater telecom and IT services. Engineered the communications support for the US humanitarian response to the 2005 earthquake in Pakistan and the first UN monitored parliamentary elections in Afghanistan. Coordinated communications links between Central Asia and Germany, Italy, Bahrain, England, the US, Qatar, and Kuwait. Prior to Central Asia, served as a platoon leader and executive officer in Germany, responsible for 10 deployable tactical data communications packages in support of US Army Europe, with missions in Western and Eastern Europe, Africa, the Middle East, Central Asia, and former Soviet republics.

### ADDITIONAL INFORMATION

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- **Maine Health InfoNet**, Board of Directors.
- **Gulf of Maine Research Institute**, Board of Directors
- **ConnectME Authority**, Board of Advisors
- **Bangor Savings Bank**, Corporator
- **Klienschmidt**, Board of Directors

(Exhibit B, Cont'd)

**Michael Svigelj**, Controller

Michael Svigelj serves as Controller of SQF and Tilson. Prior to joining SQF's parent company, Tilson, he served as a financial officer for several firms as he was the Cost Control Analyst for ECC, a worldwide design-build, construction, environmental remediation, engineering and design management firm. Earlier in his career, Mike was Corporate Accounting Manager for the Pernix Group, a leading construction, general contracting, design/build firm, and Controller for Maxim Construction. Mike holds a BA in Accounting from Michigan State University.

Please see the attached resume for Michael Svigelj on the following page.



## Michael S. Svigelj, CCIFP

### **OBJECTIVE**

To secure a challenging position in the accounting field that will utilize my strong accounting background, education, and leadership skills.

### **WORK EXPERIENCE**

#### **Tilson Technology Management, Inc., Portland, ME**

04/15 – Present

##### *Controller/FSO*

- Responsible for the overseeing the accounting department, internal controls, ERP system and financial reporting.
- Provides month over month financial data and forecasting to executive management.
- Provides daily cash updates and monthly forecasting.
- Manages the bonding, banking, surety and third party CPA firm relationships.
- Oversees and manages the facility Clearance and all associated requirements.
- Works closely with operations to analyze monthly contract cost and update the work in process report.
- Manages and administrates the corporate credit card programs.

#### **Environmental Chemical Corporation, Burlingame, CA**

11/13 – 04/15

##### *Cost Control Analyst*

- Responsible for the oversight, review, and improvement of all cost control and cost reporting functions for the construction of a new U.S. Embassy in Bishkek, Kyrgyzstan.
- Work closely with site management and the Vice President of OBO Operations to prepare cash and accrual forecasts.
- Responsible for the procurement and upkeep of project related insurance policies.
- Work closely with the procurement department to ensure all purchase orders are captured in the accounting system accurately and to forecast out remaining items to be purchased along with the timing of the required funds.
- Preparation of the monthly estimate to complete report including month to month variance analysis narrative for operations and corporate as well as the review of the online WIP report.
- Responsible for the oversight of the monthly billing package for submittal to the United States Department of State to ensure accurate billings and timely receipts.
- Assist and oversee the logistics team and the site warehouse to ensure all shipments and materials are accounted for accurately from receiving port to project site.
- Perform weekly general conditions and labor cost analysis.
- Oversee the reconciliation of the site petty cash account to ensure accurate coding of transactions.
- Work with core focus group to review all IT systems and processes to make recommended changes and to develop implementation strategies.

#### **Pernix Group, Inc., Lombard, IL**

12/07 – 11/13

##### *Corporate Accounting Manager*

- Responsible for managing accounting staffs in Lombard, Fiji, Saipan, Vanuatu and Germany including construction, transmitter, and energy business segments.
- Responsible for internal control procedures and ensuring SOX and CAS compliance at all Pernix locations.
- Review monthly subsidiary financial statements and corresponding reconciliation schedules.
- Prepare the consolidated financial statements on a monthly basis.
- Coordinate the quarterly reviews and annual audits with the outside accounting firm.
- Preparation of the draft copies of the 10Q and 10K reports including all related financial schedules and variance analysis for the CFO's review.
- Track job costs in Timberline and prepare monthly anticipated cost reports, including the work-in-process report, pertaining to the construction of a new US Embassy in Fiji, multiple United States Department of State IDIQ projects in Iraq, and a US Embassy rehabilitation project in Niamey, Niger while working closely with operations at site locations and at the Washington D.C. office.
- Oversee the monthly billing package for submittal to the United States Department of State.
- Assist in the annual budget preparation as well as monthly budget to actual reporting.
- Assist the CFO in cash forecasting and foreign exchange analysis.
- Work with insurance and surety brokers to procure the appropriate insurance policies and bonding at the project level and for corporate.
- Responsible for the oversight and sign off on the bi-weekly payroll.
- Establishment, roll-out, and management of a new company wide online payroll system.

- Assist the CFO in due diligence work for potential acquisitions.

**Maxim Construction Corporation, Inc., Volo, IL**

10/06 – 12/07

**Controller**

- Responsible for all accounting functions in Timberline software including A/P, A/R, Job Cost, Cash Management, G/L, and Payroll.
- Prepared quarterly financial statements and the work-in-process report.
- Responsible for all payroll tax and union reporting.
- Prepared monthly progress billings including AIA documents, waivers, and certified payrolls.
- Worked closely with project managers using the Job Cost module to analyze and forecast job profitability and costs to complete.
- Bank reconciliation and cash forecasting.
- GL and WC insurance analysis.

**Power Construction Company, LLC, Schaumburg, IL**

7/05 – 10/06

**Project Accountant**

- Worked closely with owners, architects, project managers and subcontractors to ensure accurate monthly pay applications, timely collection of funds, and to disburse cash to subcontractors.
- Prepared and processed owner change orders as well as in-house change orders.
- Responsible for job cost transfers and budget transfers.
- Worked with small team to design and implement a new Job Billing Module in CMIC software.
- Worked with project management team to accurately forecast costs to complete.

**Tyler Lane Construction/Vacala Construction, Inc., Chicago, IL & Lake Forest, IL**

2/01 – 7/05

**Project Accountant, Chicago, IL (10/03 – 7/05)**

- Assisted CFO in daily and monthly accounting functions using Timberline software including A/P, A/R, Job Cost, and Cash Management.
- Responsible for all accounting functions in small division of company including Payroll, Payroll Taxes, A/P, A/R, Job Cost, Cash Management, General Ledger and Financial Reporting.
- Assisted in the preparation of monthly union reports and payments.
- Responsible for tracking all job costs and preparing and submitting pay applications.

**Project Accountant, Lake Forest, IL (2/01 – 10/03)**

- Prepared monthly pay applications including AIA Documents, Sworn Statement, and Waiver.
- Ensured accurate tracking of labor hours, general conditions, payables, and receivables on each job.
- Worked closely with Project Managers to ensure that all values and subcontractors are represented accurately on the schedule of values and that the pay application meets the specific guidelines of each owner.
- Prepared monthly job reports including Profit & Loss, Cost to Complete, and Committed Cost.
- Worked with subcontractors to ensure that their billings were timely, their waivers were completed accurately, and their payrolls were properly prepared and certified in order to make payments to them.
- Type of projects included both public and private involving hard bid or GMP shared savings.

**Kinnucan Tree Experts, Lake Bluff, IL**

5/99 – 8/99 & 5/00 – 2/01

**Office Manager (5/00 – 2/01)**

**Accounting Intern (5/99 – 8/99)**

- Responsible for accounts payable and receivable
- Prepared a wide variety of reports including Payments, Payables, Receivables, Man Hours per Job, Production, Income Statement, and Statement of Cash Flows.
- Prepared a daily deposit and bi-weekly payroll reports for Paychex Company.
- Worked with a team of managers to produce accurate, timely, and useful reports to help increase company efficiency.
- Conducted extensive auditing and cost analysis of multi-thousand dollar jobs and supervised office assistants.

**EDUCATION**

**Michigan State University, East Lansing, MI**

5/00

*Bachelor of Arts in Accounting*

## AWARDS & ACTIVITIES

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- Dean's List Michigan State University Spring and Fall 1999
- Livingston County MSU Alumni Scholarship 5/95
- Delta Upsilon International Fraternity
  - Pledge Educator, Vice President Internal, Assistant Rush Chairman, Assistant Social chairman
- Pernix Group, Inc. International Employee of the Quarter Spring 2010
- Grant Jr. Bulldogs Youth Football Head Coach and Board Member 2011-2013
- Greely Rangers Youth Football Coach 2014-2017
- Member of the CFMA 2012-2017
- Received Secret Security Clearance from the United States Government 2014
- Managing Government Contracts Certification 2015
- Received Certified Construction Industry Financial Professional designation 2016

## SPECIAL SKILLS

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- Microsoft Office Proficiency
- Strong Interpersonal and Organizational Skills
- Deltek Costpoint Experience
- Quick Books Experience
- E-Mail/Internet Use
- Timberline Proficiency
- CMIC Experience

(Exhibit B, Cont'd)

**William Ginn, Small Cell Program Manager**

Will Ginn is a Program Manager at SQF and Tilson. He comes from a background in carrier wireless and is knowledgeable in the myriad of technologies and methodologies utilized by carriers to select sites and locations. In the last two years he worked to select towers and negotiate business terms with the owners on over a hundred cellular sites in New England working as a PM for an ATT affiliate network. He has a BS from Lesley University in Cambridge, Mass.

Please see the attached resume for Will Ginn on the following page.

**William Micah Ginn**

245 Commercial St., Suite 203 Portland, Maine 04101

[wginn@tilsonotech.com](mailto:wginn@tilsonotech.com) 207-400-2740

**Summary of Skills**

- Strong writing, critical analysis and presentation skills including public speaking and formal presentations
- Clear electronic and verbal communicator; strong listening skills with attention to detail
- Experienced manager with entrepreneurial growth minded outside the box take on solving business problems.
- Experience with hiring and managing high growth projects and business lines.
- Strong project management skills, including forecasting, budget creation, and systems implementation
- Expert in all Microsoft Office products: Visio, Word, Excel, Outlook, Powerpoint.

**Work Experience**

**Manager: Tilson Technology Management LLC - Portland, Maine 2014 – Present**

- I oversaw expansive growth of Tilson's Small Cell / DAS program. (Telecommunications)
  - Managed 1k+ active sites for four regions in eight states, many with full scope of acquisition, engineering and construction.
  - Renegotiated or added pay points in every region within three months of taking position.
  - Standardized tracking within neighboring regions.
  - Opened up new market (GA.)
  - Oversaw the technical due diligence of the Extenet acquisition by Digital Bridge.
- I articulated a clear vision for self-performing engineering work and founded and managed Tilson's engineering division. Moved to managing and standing up engineering division full time late summer 2015.
  - Oversaw staff of 12 doing 4.4MM in revenue in projects as diverse as fiber to the home design on Maine islands, to pole loading analysis on wood utility poles for use in construction drawings for DAS sites.
  - Created initial divisional work flow and operating hierarchy.

**Consultant: Tilson Technology Management LLC - Portland, Maine 2012 – 2014**

- Managed the schedule, budget, and build of a ~30 million dollar cellular deployment in rural Maine.
- Responsible for all aspects of deployment from site acquisition timeline, A&E management, logistics and equipment ordering, construction scheduling to budget analysis.

**Analyst: CEI Ventures - Portland Maine Fall-Winter 2011**

CEI Ventures is a for-profit equity investment fund affiliated with Coastal Enterprises, Maine's leading community development organization. I researched potential investments, met with prospective companies and prepared annual and quarterly reports for current investors.

**Conservation Fellow: Honey Guide Foundation - Arusha, Tanzania Fall-Winter 2010**

HGF works with local people in Tanzania to develop ecotourism skills and programs. I designed a conference on tourism and collaborated with several local stakeholder organizations to develop standards for economically optimal and environmentally sound tourism practices. I worked on the strategy to spread adoption of these standards by developing a website that would accredit organizations and provide free advertising if they followed HGF guidelines.

**Education**

**Lesley University: BS Environmental Science 2010 (Cum Laude)**

*Course work at College of the Atlantic, Bar Harbor Maine 2010:* Two semesters of intensive environmental and sustainable business courses; Course work included development of business and marketing plans for agricultural products with a team of students

(Exhibit B, Cont'd)

**Description of the SQF's Technical Expertise**

SQF's personnel have extensive experience in the telecommunications industry, having managed the planning, design, and construction of telecommunications deployments throughout New England and the mid-Atlantic, including smart grid, fiber optic, and cellular LTE projects.

SQF also has experience supporting local utilities in their roll out of territory-wide Advanced Metering (AMI) infrastructure as well as the deployment of large-scale, publicly-funded fiber optic networks in New England. SQF personnel have extensive technical expertise managing DAS development and deployment, including cellular transport, site acquisition, and engineering and construction of tower and rooftop sites as well as DAS networks, and SQF personnel have significant experience and knowledge of technologies utilized by wireless carriers in site selection and acquisition, including leasing, permitting, and zoning of tower sites.

**Exhibit C – SQF, LLC Request for Confidentiality**

**Exhibit C - SQF, LLC Confidentiality Request**

As part of its application, SQF has submitted confidential business and financial information, as defined by Section 364.183(3) F.S. in the attached **Exhibit D**. Pursuant to Section 364.183(1) F.S., and FL PUC Rule Section 25-22.006(5) SQF requests confidential treatment of this information, which is sensitive information, the disclosure of which would adversely affect SQF and its parent company's competitive position. The particular pieces of confidential information are highlighted in the original confidential copy of the application in yellow and occur on pages 2 through 5, and pages 8 through 13 of its parent company's (Tilson Technology Management, Inc.) audited financial statements for the year ended 2014, and pages 2 through 5, and 8 through 13 of Tilson's audited financial statements for the years ended 2015 and 2016, once again, highlighted in yellow. As explained below, good cause exists to treat this information as confidential because SQF and Tilson will suffer competitive harm and disadvantage if the information is publicly disclosed.

The information for which this confidentiality request is asserted by SQF is not subject to inspection by either the public or by other parties unless an appropriate proprietary agreement is executed. The information cited has not been disclosed by SQF or its parent company and is not contained in materials which are routinely available to the general public, but instead is contained in private company-reviewed financial statements.

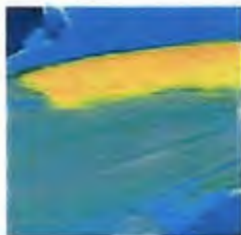
Furthermore, the highlighted confidential information is not contained in materials that are routinely available to other government agencies, including, Federal, state, and municipal agencies. Only upon request for various government applications or compliance is the information for which this request for confidentiality is asserted made available to such government agencies. Further, these entities treat this information as confidential because disclosure of such sensitive financial information would cause Tilson, and with it, SQF to suffer competitive harm and disadvantage if it were publicly disclosed. The primary harmful effect of disclosure would be that it would provide sensitive financial information regarding SQF and Tilson to competitors. Access to such financial information would allow SQF's competitors an unfair insight into SQF's competitive bidding position, and with it, provide an unfair competitive advantage to these entities, allowing these competitors to place bids on the basis of this information, and adversely affect Tilson's, and with it, SQF's business and bidding positions unfairly. SQF requests that the asserted confidential information be treated as confidential indefinitely.



## **Exhibit D – Financial Information**

As SQF commenced operations in late 2016, it is submitting the financials (2014-2016) of its parent company. SQF is a wholly-owned subsidiary of Tilson Technology Management, Inc.

EXHIBIT D - (REDACTED)



**TILSON**

**TILSON TECHNOLOGY MANAGEMENT, INC. AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

and

**SUPPLEMENTARY INFORMATION**

**December 31, 2014**

**With Independent Accountant's Review Report**

REDACTED





## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors  
Tilson Technology Management, Inc. and Subsidiaries

We have reviewed the accompanying consolidated balance sheet of Tilson Technology Management, Inc. and Subsidiaries (the Company) as of December 31, 2014, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the consolidated financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in conformity with U.S. generally accepted accounting principles.

Our review was made for the purpose of expressing a conclusion that there are no material modifications that should be made to the consolidated financial statements in order for them to be in conformity with U.S. generally accepted accounting principles. The supplementary information included in the accompanying schedule of contracts in progress is presented only for the purpose of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic consolidated financial statements, and we are not aware of any material modifications that should be made to it.

*BerryDunn McNeil & Parker, LLC*

Portland, Maine  
April 2, 2015

TILSON TECHNOLOGY MANAGEMENT, INC. AND SUBSIDIARIES

Consolidated Balance Sheet

December 31, 2014

ASSETS

Current assets

Cash  
Accounts receivable, net of allowance for doubtful accounts of \$7,000  
Unbilled service and consulting revenue  
Cost and estimated earnings in excess of billings  
on uncompleted construction contracts  
Prepaid expenses and other current assets  
Total current assets

\$  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

Property and equipment

Furniture and fixtures  
Computer equipment and software  
Field equipment and vehicles  
Leasehold improvements

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

Less accumulated depreciation  
Property and equipment, net

[REDACTED]  
[REDACTED]

Other assets

[REDACTED]

Total assets

\$ [REDACTED]

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities

Current portion of long-term debt  
Accounts payable and accrued liabilities  
Deferred revenue  
Billings in excess of cost and estimated earnings  
on uncompleted construction contracts  
Total current liabilities

\$  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

Long-term debt, excluding current portion  
Deferred income taxes

[REDACTED]  
[REDACTED]

Total liabilities

[REDACTED]

Stockholders' equity

Preferred stock- Series A  
Preferred stock- Series B  
Common stock  
Retained earnings  
Noncontrolling interests  
Total stockholders' equity

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

Total liabilities and stockholders' equity

\$ [REDACTED]

See independent accountant's review report. The accompanying notes are an integral part of these consolidated financial statements.

TILSON TECHNOLOGY MANAGEMENT, INC. AND SUBSIDIARIES

Consolidated Statement of Operations

Years Ended December 31, 2014

Revenues	
Service, consulting and completed construction contract revenues	
Lump-sum construction contracts in progress revenues	
Total revenues	
Cost of revenues	
Gross profit	
General and administrative expenses	
Loss from operations	
Other (expense) income	
Interest expense	
Other income	
Other income, net	
Net loss before income tax benefit	
Income tax benefit	
Net loss	
Net income attributable to noncontrolling interests	
Net loss attributable to Tilson Technology Management, Inc. and Subsidiaries	\$

REDACTED

See independent accountant's review report. The accompanying notes are an integral part of these consolidated financial statements.

TILSON TECHNOLOGY MANAGEMENT, INC. AND SUBSIDIARIES

Consolidated Statement of Changes in Stockholders' Equity

Years ended December 31, 2014

	Preferred Stock- Series A	Preferred Stock- Series B	Common Stock	Retained Earnings	Noncontrolling Interests	Total
Balance, December 31, 2013	\$ [REDACTED]	-	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	-	-	-	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	-	-	-	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	-	-	-	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

REDACTED

See independent accountant's review report. The accompanying notes are an integral part of these consolidated financial statements.

**TILSON TECHNOLOGY MANAGEMENT, INC. AND SUBSIDIARIES**

**Consolidated Statement of Cash Flows**

**Years Ended December 31, 2014**

Cash flows from operating activities	
Net loss	\$ [REDACTED]
Adjustments to reconcile net loss to net cash used by operating activities	
Depreciation and amortization	[REDACTED]
Loss on disposal of equipment	[REDACTED]
Deferred income taxes	[REDACTED]
(Increase) decrease in	
Accounts receivable	[REDACTED]
Unbilled service and consulting revenue	[REDACTED]
Cost and estimated earnings in excess of billings on uncompleted construction contracts	[REDACTED]
Prepaid expenses and other current assets	[REDACTED]
Other assets, net	[REDACTED]
Increase (decrease) in	
Accounts payable and accrued liabilities	[REDACTED]
Deferred revenue	[REDACTED]
Billings in excess of cost and estimated earnings on uncompleted construction contracts	[REDACTED]
Net cash used by operating activities	[REDACTED]
Cash flows from investing activities	
Purchases of property and equipment	[REDACTED]
Proceeds from sale of property and equipment	[REDACTED]
Net cash used by investing activities	[REDACTED]
Cash flows from financing activities	
Net borrowings on line of credit prior to conversion to long-term debt	[REDACTED]
Principal payments on long-term debt	[REDACTED]
Preferred stock issuance proceeds, net of issuance costs	[REDACTED]
Redemption of common stock	[REDACTED]
Preferred stock dividends	[REDACTED]
Net cash provided by financing activities	[REDACTED]
Net increase in cash	[REDACTED]
Cash, beginning of year	[REDACTED]
Cash, end of year	\$ [REDACTED]
Supplemental disclosures	
Cash paid for interest	\$ [REDACTED]
Cash paid for income taxes	\$ [REDACTED]
Noncash operating and financing activity	
Line of credit balance converted to long-term debt during the year	\$ [REDACTED]
Property and equipment reclassified to inventory	\$ [REDACTED]

See independent accountant's review report. The accompanying notes are an integral part of these consolidated financial statements.

# TILSON TECHNOLOGY MANAGEMENT, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2014

### Nature of Business

Tilson Technology Management, Inc.'s (TTM) mission is to serve its customers by building, integrating, and maintaining the information technology and communications infrastructure that enables great organizations to innovate and deliver. TTM is an information technology professional services and network construction company working in the following practice areas:

- Telecommunications facilities development for cellular, smart grid, and government including:
  - Real estate rights acquisition for tower, shelter, and utility pole sites;
  - Construction of wireless sites and fiber networks; and
  - Network services, including design, RF engineering, and field engineering.
- Consulting, software development, and information systems deployment for:
  - Government;
  - Energy; and
  - Construction.

Tilson Fiber Technology, LLC (TFT) - 52.5% owned by TTM - was created as a strategic partnership with the owner of Telecom Strategies & Facilities to manage fiber optic communications projects from site acquisition to full construction project management.

Tilson Government Services, LLC (TGS) - 49% owned by TTM - provides many of the same services as TTM, but caters to state and federal government information technology projects. Management is in the process of winding down and, ultimately, dissolving TGS once all contracts are assumed by, and continued under, TTM.

### **1. Summary of Significant Accounting Policies**

#### **Principles of Consolidation**

The consolidated financial statements include the accounts of TTM and its controlled subsidiaries which include TFT and TGS (collectively, the Company). All significant intercompany account balances and transactions have been eliminated in consolidation.

#### **Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

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See independent accountant's review report.



**TILSON TECHNOLOGY MANAGEMENT, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**

**December 31, 2014**

**Accounting for Service, Consulting and Construction Contracts**

The Company recognizes revenue from cost-plus and time-charge contracts as costs are incurred. Revenue from fixed-price contracts is recognized on the percentage-of-completion method. Under the percentage-of-completion method, contract completion status is measured by the percentage of cost incurred to date compared to estimated total cost for each contract. That method is used because management considers total cost to be the best available measure of progress on the contracts. Because of the inherent uncertainties in estimating costs, it is likely the estimates used will change within the near term.

As contracts often extend one or more years, revisions in revenue, cost and gross profit estimates during the performance of a contract are reflected in the accounting period in which the facts that require the revision become known.

Cost of revenue includes direct labor, subcontractors, equipment, vehicle, material and other expenses. General and administrative costs are charged to expense as incurred.

Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance and conditions, including those arising from penalty provisions and final contract settlements, may result in revisions to costs and income.

The asset, "Costs and estimated earnings in excess of billings on uncompleted construction contracts," represents revenues recognized in excess of the amounts billed. The liability, "Billings in excess of costs and estimated earnings on uncompleted construction contracts," represents billings in excess of revenues recognized.

**Cash**

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant risk on its cash.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management writes off or reserves against any accounts deemed to have collection risks based on an analysis of specific customers, taking into consideration the age of past due accounts and an assessment of the customer's ability to pay.

Credit is extended to customers after management performs credit evaluations, as deemed necessary.

**Property and Equipment**

Property and equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the related assets. Expenditures for major improvements that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

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See independent accountant's review report.

TILSON TECHNOLOGY MANAGEMENT, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2014

**Income Taxes**

Deferred income taxes are provided for the tax effects of differences between the financial and tax bases of assets and liabilities, and for operating losses that are available to offset future taxable income.

The Company accounts for uncertain tax positions based on management's best estimate of the amounts that will ultimately be accepted by the applicable tax authority. As of December 31, 2014, management does not believe it has taken any tax positions that would require recording an additional tax liability.

As of December 31, 2014, tax years 2010 and after remain subject to examination by federal and state authorities.

TFT and TGS are partnerships, and accordingly, all income, losses, and other tax attributes of TFT and TGS pass through to their partners and are taxed at the individual level.

**Subsequent Events**

Management has considered transactions or events occurring through April 2, 2015, the date the financial statements were available to be issued. Management has not evaluated subsequent events after that date for inclusion in the financial statements. Subsequent debt refinancing is disclosed in Note 4 and preferred stock redemption and issuance in Note 8.

**2. Concentrations**

Three customers accounted for approximately 44% of total revenues in 2014. Two of these customers accounted for approximately 58% of net accounts receivable at December 31, 2014.

**3. Construction Contract Status**

Construction contract status is summarized as follows as of and for the year ended December 31, 2014:

Costs incurred on construction contracts in progress	\$	██████████
Estimated earnings thereon		██████████
		██████████
Less billings to date		██████████
	\$	██████████

The above amount is included on the consolidated balance sheet as follows:

Costs and estimated earnings in excess of related billings on uncompleted construction contracts	\$	██████████
Billings in excess of related costs and estimated earnings on uncompleted construction contracts		██████████
	\$	██████████

See independent accountant's review report.

**TILSON TECHNOLOGY MANAGEMENT, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**

**December 31, 2014**

**4. Debt**

During 2014, TTM had a non-revolving line of credit with a bank in an original amount of \$ [REDACTED]. The balance outstanding as of December 31, 2014 was \$ [REDACTED]. In January 2015, the balance was refinanced with a different bank through a long-term note payable. See disclosure in long-term debt below.

Beginning January 2015, TTM has a \$ [REDACTED] bank line of credit available. Advances are limited to [REDACTED] of eligible accounts receivable and [REDACTED] of eligible inventory, as defined under the Loan Agreement.

In January 2015, TTM also obtained a \$ [REDACTED] equipment line of credit from the bank. Advances under the line are limited to [REDACTED] of new equipment cost and 80% of used equipment cost.

The lines bear interest at One-Month London Interbank Offered Rate (LIBOR) plus 3.00% and are renewable January 2016 at the bank's discretion. The lines are collateralized by all business assets of TTM, the unlimited corporate guarantees of TFT and TGS and the personal guarantee of TTM's majority common stockholder.

Under the terms of the line of credit, equipment line of credit and the 3.40% long-term note payable, the Company is required to meet certain financial covenants.

Long-term debt at December 31, 2014 consists of:

[REDACTED] note payable to the bank in monthly payments of \$ [REDACTED] including interest, through January 2015; collateralized by all business assets of the Company and a personal guarantee of the majority shareholder of TTM.	\$ [REDACTED]
3.40% note payable to the bank in monthly payments of \$ [REDACTED] including interest, through January 2019; collateralized by all business assets of the Company, unlimited corporate guaranty of TFT and TGS and a personal guarantee of the majority shareholder of TTM.	[REDACTED]
Less current portion	[REDACTED]
	\$ [REDACTED]

Principal maturities on long-term debt are as follows:

2015	\$ [REDACTED]
2016	[REDACTED]
2017	[REDACTED]
2018	[REDACTED]
2019	[REDACTED]
	\$ [REDACTED]

See independent accountant's review report.

**TILSON TECHNOLOGY MANAGEMENT, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**

**December 31, 2014**

**5. Leases**

The Company leases its office facilities under noncancelable operating leases expiring October 2015 through March 2018. Total rental expense in 2014 approximated \$ [REDACTED]

Future minimum lease payments required under the noncancelable operating leases are:

2015	\$	[REDACTED]
2016		[REDACTED]
2017		[REDACTED]
2018		[REDACTED]
	\$	[REDACTED]

**6. Retirement Plan**

TTM sponsors a 401(k) plan (the Plan) which is available to all employees over the age of 21. Under the Plan, TTM makes non-elective contributions of not less than 3% of earned wages each year as a safe harbor Plan contribution. Employer safe harbor contributions are fully vested once funded. The Company's non-elective contribution was approximately \$ [REDACTED] during 2014.

In addition, the Plan provides for a discretionary profit-sharing contribution as determined by management which, if made, would be allocated over the eligible employee accounts. There was no discretionary profit-sharing contribution made to the Plan during 2014.

**7. Income Taxes**

At December 31, 2014, TTM had federal net operating loss carryforwards available to offset future taxable income of approximately \$ [REDACTED]. State net operating loss carryforwards approximate federal amounts. These loss carryforwards begin to expire in 2034.

Income tax benefit (expense) for the year ended December 31, 2014 consists of:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	\$ -	\$ [REDACTED]	\$ [REDACTED]
State	[REDACTED]	[REDACTED]	[REDACTED]
<b>Total</b>	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

The effective tax rate differs from that which would result from applying federal statutory rates to income before income taxes primarily because of state income taxes.

The components of noncurrent deferred tax assets (liabilities) at December 31, 2014 are as follows:

Net operating loss carryforwards	\$ [REDACTED]
Depreciation differences	[REDACTED]
Research and development income tax credits	[REDACTED]
Electric car income tax credit	[REDACTED]
<b>Net noncurrent deferred income tax liability</b>	\$ [REDACTED]

See independent accountant's review report.

TILSON TECHNOLOGY MANAGEMENT, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2014

8. Preferred and Common Stock

Stock share information as of December 31, 2014 is as follows:

	<u>Number of Shares</u>	<u>Ownership Percent</u>
Preferred stock, no par value, 2.5% cumulative, convertible into voting common stock, [REDACTED] shares authorized		
Series A- issued and outstanding	[REDACTED]	[REDACTED] %
Series B- issued and outstanding	[REDACTED]	[REDACTED] %
Common stock, no par value, [REDACTED] shares authorized		
Issued and outstanding	[REDACTED]	[REDACTED] %
		<u>71</u> %
		[REDACTED] %

In January 2015, TTM redeemed and retired four shares of Series A preferred stock at their original total issuance price of \$ [REDACTED] and issued fifteen shares of Series B preferred stock for total issuance proceeds of \$ [REDACTED].

Dividends

Each outstanding share of preferred stock bears a cumulative cash dividend of 2.5% per year of the applicable share price to be paid on a quarterly basis on the first business day of each calendar year quarter. The dividend increases to 5.0% of the applicable share price in the event TTM fails to redeem any shares of the preferred stock pursuant the holders' optional redemption rights (see below), as defined in the Articles of Incorporation, or in the event TTM fails to pay the quarterly dividend on the first business day of each calendar year quarter.

Dividends payable at December 31, 2014 totaled \$ [REDACTED] and the balance is included in accounts payable and accrued expenses in the consolidated balance sheet. The dividends payable were paid timely in January 2015.

Voting Rights

The holders of preferred stock vote together with the holders of common stock as a single class with respect to any question upon which holders of common stock have the right to vote. The holder of each share of preferred stock is entitled to the number of votes equal to the number of whole shares of common stock into which such shares of preferred stock are then convertible.

Liquidation Preference

The holders of preferred stock are entitled to receive on a pro rata basis, prior and in preference to any distribution of any of the assets of TTM to the common stockholders or any other classes or series of preferred stock, the initial share price per share of the preferred stock plus all accrued and unpaid cumulative dividends. Further, Series A preferred stockholders have preference over Series B preferred stockholders in liquidation. However, Series A and Series B preferred stockholders have the same rights otherwise.

See independent accountant's review report.

**TILSON TECHNOLOGY MANAGEMENT, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**

**December 31, 2014**

Optional Redemption

At any time after the fifth anniversary of the issuance of the preferred stock, any holder of the preferred stock may cause TTM to redeem all or part of the then-outstanding shares of preferred stock owned by such holder at the price and upon the terms and conditions set forth in Section 6 of the Articles of Incorporation, subject to the approval of TTM's bank. The redemption price for each share of preferred stock shall be the higher of the initial share price plus all accrued and unpaid dividends thereon, if any, whether or not earned or declared, on such shares up to and including the date fixed for redemption, or fair market value for the shares as determined by an appraiser mutually agreeable to TTM and the holders of the preferred stock.

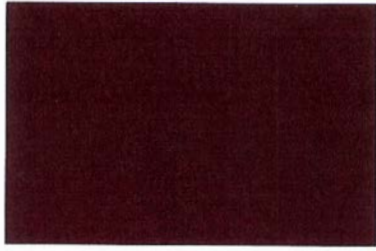
Optional Conversion

Each holder of preferred stock has the right at any time and from time to time to convert any or all preferred stock held into an equal number of shares of common stock of TTM.

REDACTED

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See independent accountant's review report.

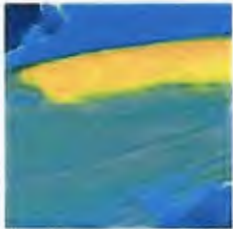


REDACTED

EXHIBIT D - (REDACTED)



BerryDunn



**TILSON**

**TILSON TECHNOLOGY MANAGEMENT, INC. AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS**

and

**SUPPLEMENTARY INFORMATION**

**December 31, 2016 and 2015**

**With Independent Accountant's Review Report**

REDACTED







## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors  
Tilson Technology Management, Inc. and Subsidiary

We have reviewed the accompanying consolidated financial statements of Tilson Technology Management, Inc. and Subsidiary (the Company) which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

### Management's Responsibility for the Financial Statements

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

### Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with U.S. generally accepted accounting principles. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in conformity with U.S. generally accepted accounting principles.

### Supplementary Information

The accompanying supplementary information included in Schedule of Contracts in Progress is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our reviews of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

*BerryDunn McNeil & Parker, LLC*

Portland, Maine  
March 20, 2017

**TILSON TECHNOLOGY MANAGEMENT, INC. AND SUBSIDIARY**

**Consolidated Balance Sheets**

**December 31, 2016 and 2015**

<b>ASSETS</b>		
	<u>2016</u>	<u>2015</u>
Current assets		
Cash	\$	\$
Accounts receivable		
Unbilled service and consulting revenue		
Costs and estimated earnings in excess of related billings on uncompleted construction contracts		
Prepaid expenses and construction inventory		
Total current assets		
Property and equipment		
Furniture and fixtures		
Computer equipment and software		
Field equipment and vehicles		
Leasehold improvements		
Less accumulated depreciation		
Property and equipment, net		
Other assets		
Total assets	\$	\$
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Line of credit	\$	\$
Current portion of long-term debt		
Cash overdraft		
Accounts payable and accrued liabilities		
Income tax payable		
Deferred revenue		
Billings in excess of related costs and estimated earnings on uncompleted construction contracts		
Total current liabilities		
Long-term debt, excluding current portion		
Notes payable to certain preferred stockholders		
Deferred income taxes		
Total liabilities		
Stockholders' equity		
Preferred stock- Series A		
Preferred stock- Series B		
Preferred stock- Series C		
Common stock		
Additional paid-in capital		
Retained earnings		
Total stockholders' equity		
Total liabilities and stockholders' equity	\$	\$

See independent accountant's review report. The accompanying notes are an integral part of these consolidated financial statements.

TILSON TECHNOLOGY MANAGEMENT, INC. AND SUBSIDIARY

Consolidated Statements of Income

Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues		
Service, consulting and completed construction contract revenues	\$ [REDACTED]	\$ [REDACTED]
Pole revenue	[REDACTED]	[REDACTED]
Lump-sum construction contracts in progress revenues	[REDACTED]	[REDACTED]
Total revenues	[REDACTED]	[REDACTED]
Cost of revenues	[REDACTED]	[REDACTED]
Gross profit	[REDACTED]	[REDACTED]
General and administrative expenses	[REDACTED]	[REDACTED]
Income from operations	[REDACTED]	[REDACTED]
Other income (expense)		
Interest expense	[REDACTED]	[REDACTED]
Other income	[REDACTED]	[REDACTED]
Other income, net	[REDACTED]	[REDACTED]
Income before income tax expense	[REDACTED]	[REDACTED]
Income tax expense	[REDACTED]	[REDACTED]
Net income	[REDACTED]	[REDACTED]
Net income attributable to noncontrolling interests	[REDACTED]	[REDACTED]
Net income attributable to Tilson Technology Management, Inc.	\$ [REDACTED]	\$ [REDACTED]

See independent accountant's review report. The accompanying notes are an integral part of these consolidated financial statements.

TILSON TECHNOLOGY MANAGEMENT, INC. AND SUBSIDIARY

Consolidated Statements of Changes in Stockholders' Equity

Years Ended December 31, 2016 and 2015

	Preferred Stock- Series A	Preferred Stock- Series B	Preferred Stock- Series C	Common Stock	Additional Paid-In Capital	Retained Earnings	Noncontrolling Interests	Total
Balance, December 31, 2014	\$ [REDACTED]	\$ [REDACTED]	\$ -	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Net income	-	-	-	-	-	[REDACTED]	[REDACTED]	[REDACTED]
Noncontrolling interests absorbed upon dissolution of TFT and transfer of TGS balances	-	-	-	-	-	[REDACTED]	[REDACTED]	-
Issuance of [REDACTED] shares of Series B preferred stock	-	[REDACTED]	-	-	-	-	-	[REDACTED]
Less issuance costs	-	[REDACTED]	-	-	-	-	-	[REDACTED]
Preferred stock dividends	-	-	-	-	-	[REDACTED]	-	[REDACTED]
Redemption and retirement of 4 shares of Series A preferred stock	[REDACTED]	-	-	-	-	-	-	[REDACTED]
Balance, December 31, 2015	[REDACTED]	[REDACTED]	-	[REDACTED]	-	[REDACTED]	-	[REDACTED]
Net income	-	-	-	-	-	[REDACTED]	-	[REDACTED]
Contribution to TFT	-	-	-	-	-	[REDACTED]	[REDACTED]	-
Final distribution for dissolution of TFT	-	-	-	-	-	-	[REDACTED]	[REDACTED]
Issuance of [REDACTED] shares of Series C preferred stock	-	-	[REDACTED]	-	-	-	-	[REDACTED]
Less issuance costs	-	-	[REDACTED]	-	-	-	-	[REDACTED]
Preferred stock dividends	-	-	-	-	-	[REDACTED]	-	[REDACTED]
Stock compensation expense	-	-	-	-	[REDACTED]	-	-	[REDACTED]
Balance, December 31, 2016	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

See accountant's independent review report. The accompanying notes are an integral part of these consolidated financial statements.

TILSON TECHNOLOGY MANAGEMENT, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Net income	\$ [REDACTED]	\$ [REDACTED]
Adjustments to reconcile net income to net cash (used) provided by operating activities		
Depreciation and amortization	[REDACTED]	[REDACTED]
(Gain) loss on disposal of equipment	[REDACTED]	[REDACTED]
Deferred income taxes	[REDACTED]	[REDACTED]
Stock compensation expense	[REDACTED]	[REDACTED]
(Increase) decrease in		
Accounts receivable	[REDACTED]	[REDACTED]
Unbilled service and consulting revenue	[REDACTED]	[REDACTED]
Costs and estimated earnings in excess of related billings on uncompleted construction contracts	[REDACTED]	[REDACTED]
Prepaid expenses and other current assets	[REDACTED]	[REDACTED]
Other assets, net	[REDACTED]	[REDACTED]
Increase (decrease) in		
Accounts payable and accrued liabilities	[REDACTED]	[REDACTED]
Income tax payable	[REDACTED]	[REDACTED]
Deferred revenue	[REDACTED]	[REDACTED]
Billings in excess of related costs and estimated earnings on uncompleted construction contracts	[REDACTED]	[REDACTED]
Net cash (used) provided by operating activities	[REDACTED]	[REDACTED]
Cash flows from investing activities		
Purchases of property and equipment	[REDACTED]	[REDACTED]
Proceeds from sale of property and equipment	[REDACTED]	[REDACTED]
Net cash used by investing activities	[REDACTED]	[REDACTED]
Cash flows from financing activities		
(Decrease) increase in cash overdraft	[REDACTED]	[REDACTED]
Net borrowings on line of credit	[REDACTED]	[REDACTED]
Long-term debt borrowings	[REDACTED]	[REDACTED]
Principal payments on long-term debt	[REDACTED]	[REDACTED]
Borrowings from certain preferred stockholders	[REDACTED]	[REDACTED]
Preferred stock issuance proceeds, net of issuance costs	[REDACTED]	[REDACTED]
Redemption of preferred stock	[REDACTED]	[REDACTED]
Preferred stock dividends paid	[REDACTED]	[REDACTED]
Final distribution upon dissolution of TFT	[REDACTED]	[REDACTED]
Net cash provided by financing activities	[REDACTED]	[REDACTED]
Net decrease in cash	[REDACTED]	[REDACTED]
Cash, beginning of year	[REDACTED]	[REDACTED]
Cash, end of year	\$ [REDACTED]	\$ [REDACTED]
Supplemental disclosures		
Cash paid for interest	\$ [REDACTED]	\$ [REDACTED]
Cash paid for income taxes	\$ [REDACTED]	\$ [REDACTED]
Noncash investing and financing activities		
Line of credit balance converted to long-term debt	\$ [REDACTED]	\$ [REDACTED]
Vehicles acquired through vendor financing	\$ [REDACTED]	\$ [REDACTED]
Noncontrolling interests absorbed into retained earnings upon dissolution of TFT and transfer of TGS balances	\$ [REDACTED]	\$ [REDACTED]

See independent accountant's review report. The accompanying notes are an integral part of these consolidated financial statements.

# TILSON TECHNOLOGY MANAGEMENT, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2016 and 2015

### Nature of Business

Tilson Technology Management, Inc.'s (TTM) mission is to serve its customers by building, integrating, and maintaining the information technology and communications infrastructure that enables great organizations to innovate and deliver. TTM is an information technology professional services and network construction company working in the following practice areas:

- Telecommunications facilities development for cellular, smart grid, and government including:
  - Real estate rights acquisition for tower, shelter, and utility pole sites;
  - Construction of wireless sites and fiber networks; and
  - Network services, including design, RF engineering, and field engineering.
- Consulting, software development, and information systems development for:
  - Government;
  - Energy; and
  - Construction.

Tilson Fiber Technology, LLC (TFT) - 52.5% owned by TTM - was created as a strategic partnership with the owner of Telecom Strategies & Facilities to manage fiber optic communications projects from site acquisition to full construction project management. Management dissolved TFT in March 2016; however, all balances were transferred to and all contracts were assumed by and continued under TTM in December 2015.

Tilson Government Services, LLC (TGS) - 49% owned by TTM - provided many of the same services as TTM, but catered to state and federal government information technology projects. Management dissolved TGS in December 2015 and all contracts were assumed by and continued under TTM.

SQF, LLC (SQF), a wholly-owned subsidiary of TTM formed in July 2012, commenced operations in 2016 providing wholesale network infrastructure to telecom service providers.

### 1. Summary of Significant Accounting Policies

#### Principles of Consolidation

The consolidated financial statements include the accounts of TTM and its controlled subsidiaries which include TFT and TGS, through dissolution, and SQF in 2016 (collectively, the Company). All significant intercompany account balances and transactions have been eliminated in consolidation.

#### Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

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See independent accountant's review report.

**TILSON TECHNOLOGY MANAGEMENT, INC. AND SUBSIDIARY**

**Notes to Consolidated Financial Statements**

**December 31, 2016 and 2015**

**Accounting for Service, Consulting and Construction Contracts**

The Company recognizes revenue from cost-plus and time-charge contracts as costs are incurred. Revenue from fixed-price contracts is recognized on the percentage-of-completion method. Under the percentage-of-completion method, contract completion status is measured by the percentage of cost incurred to date compared to estimated total cost for each contract. That method is used because management considers total cost to be the best available measure of progress on the contracts. Because of the inherent uncertainties in estimating costs, it is likely the estimates used will change within the near term.

As contracts often extend one or more years, revisions in revenue, cost and gross profit estimates during the performance of a contract are reflected in the accounting period in which the facts that require the revision become known.

Cost of revenue includes direct labor, subcontractors, equipment, vehicle, material and other contract expenses. General and administrative costs are charged to expense as incurred.

Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance and conditions, including those arising from penalty provisions and final contract settlements, may result in revisions to costs and income.

The asset, "Costs and estimated earnings in excess of related billings on uncompleted construction contracts," represents revenue recognized in excess of the amounts billed. The liability, "Billings in excess of related costs and estimated earnings on uncompleted construction contracts," represents billings in excess of revenues recognized.

**Cash**

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant risk on its cash.

Cash overdraft represents outstanding checks that have been remitted to the bank for payment.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management writes off or reserves against any accounts deemed to have collection risks based on an analysis of specific customers, taking into consideration the age of past due accounts and an assessment of the customers' ability to pay. Management believes all accounts receivable balances are collectible as of December 31, 2016 and 2015; accordingly, no allowance for doubtful accounts was established as of December 31, 2016 or 2015.

Credit is extended to customers after management performs credit evaluations, as deemed necessary.

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See independent accountant's review report.

# TILSON TECHNOLOGY MANAGEMENT, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2016 and 2015

### Inventory

Inventory of \$ [REDACTED] and \$ [REDACTED] at December 31, 2016 and 2015, respectively, is included in prepaid expenses and construction inventory, consists of construction and fabrication materials that have not been assigned and charged to specific contracts, and is stated at the lower of cost (on a first-in, first-out basis) or market.

### Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the related assets. Expenditures for major improvements that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

### Income Taxes

Deferred income taxes are provided for the tax effects of differences between the financial and tax bases of assets and liabilities, and for operating losses that are available to offset future taxable income.

The Company accounts for uncertain tax positions based on management's best estimate of the amounts that will ultimately be accepted by the applicable tax authority. As of December 31, 2016, management does not believe it has taken any tax positions that would require recording an additional tax liability.

### Subsequent Events

Management has considered transactions or events occurring through March 20, 2017, the date the financial statements were available to be issued. Management has not evaluated subsequent events after that date for inclusion in the financial statements.

### Stock Compensation

The Company generally recognizes compensation expense over the vesting period of the options granted, based on the estimated fair market value of the stock options on the date of grant. The estimated fair value of the options is determined using the Black Scholes model. See Note 9.

## 2. Concentrations

[REDACTED] customers accounted for approximately [REDACTED] of total revenues in [REDACTED] and [REDACTED] of accounts receivable at December 31, 2016. [REDACTED] customers accounted for approximately [REDACTED] of total revenues in [REDACTED] and one of these customers accounted for approximately [REDACTED] of accounts receivable at December 31, 2015.

See independent accountant's review report.



TILSON TECHNOLOGY MANAGEMENT, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

3. Construction Contract Status

Construction contract status as of December 31 is summarized as follows:

	<u>2016</u>	<u>2015</u>
Costs incurred on construction contracts in progress	\$ [REDACTED]	\$ [REDACTED]
Estimated earnings thereon	[REDACTED]	[REDACTED]
Less billings to date	[REDACTED]	[REDACTED]
	\$ [REDACTED]	\$ [REDACTED]

The above amount is included in the consolidated balance sheets as follows:

	<u>2016</u>	<u>2015</u>
Costs and estimated earnings in excess of related billings on uncompleted construction contracts	\$ [REDACTED]	\$ [REDACTED]
Billings in excess of related costs and estimated earnings on uncompleted construction contracts	[REDACTED]	[REDACTED]
	\$ [REDACTED]	\$ [REDACTED]

4. Debt

Lines of Credit

The Company has available a \$ [REDACTED] bank line of credit. Advances are limited to [REDACTED] of eligible accounts receivable and [REDACTED] of eligible inventory, as defined under the loan agreement. There were no advances outstanding under the bank line of credit at December 31, 2015.

The Company also has available a \$ [REDACTED] equipment line of credit from a bank. Advances are further limited to [REDACTED] of new equipment cost and [REDACTED] of used equipment cost. Advances are converted into term loans with an amortization period of four years. As of December 31, 2016, advances outstanding totaled \$ [REDACTED] and are included in long-term debt. There were no advances outstanding under the equipment line of credit at December 31, 2015.

The lines bear interest at One-Month London Interbank Offered Rate (LIBOR) plus 3.00% and are renewable annually in May at the bank's discretion. The lines are collateralized by all business assets of TTM and expire May 2017. The Company expects to renew the lines through at least May 2018 and anticipates no difficulty in doing so.

Under the terms of the line of credit, the equipment line of credit and the 3.40% long-term note payable, the Company is required to meet certain financial covenants. The Company was in compliance with or had obtained waivers for all covenants as of December 31, 2016.

See independent accountant's review report.

TILSON TECHNOLOGY MANAGEMENT, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

**Long-Term Debt**

Long-term debt consists of the following as of December 31:

	<u>2016</u>	<u>2015</u>
<p>██████████ note payable to the bank in monthly payments of \$██████████ including interest, through January 2019; collateralized by all business assets of the Company and a personal guarantee of the majority stockholder of TTM.</p>	\$ ██████████	\$ ██████████
<p>Notes payable under the equipment line of credit in monthly installments totaling \$██████████ including interest (██████████ at December 31, 2016), through 2020.</p>	██████████	-
<p>Notes payable to a finance company in monthly installments totaling \$██████████ including interest ranging from ██████████ to ██████████ through 2020; collateralized by certain vehicles.</p>	██████████	-
<p>Less current portion</p>	██████████	██████████
	\$ ██████████	\$ ██████████

**Notes Payable to Certain Preferred Stockholders**

Notes payable to certain preferred stockholders bear interest at ██████████ and are subordinate to all liabilities of the Company. Interest only is due in quarterly payments through September 2021 when the total unpaid principal balance is due.

**Principal Maturities**

Principal maturities on long-term debt and notes payable to certain stockholders are approximately as follows:

2017	\$ ██████████
2018	██████████
2019	██████████
2020	██████████
2021	██████████
	\$ ██████████

See independent accountant's review report.

TILSON TECHNOLOGY MANAGEMENT, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

5. Leases

The Company leases its office facilities under noncancelable operating leases expiring February 2017 through December 2027. The Company also rents certain office space as an at-will tenant under operating leases that can be terminated at any time by the Company. Total rent expense was approximately \$ [REDACTED] and \$ [REDACTED] in 2016 and 2015, respectively.

Future minimum lease payments required under these noncancelable operating leases for the years ending December 31 are:

2017	\$ [REDACTED]
2018	[REDACTED]
2019	[REDACTED]
2020	[REDACTED]
2021	[REDACTED]
Thereafter	\$ [REDACTED]

6. Retirement Plan

TTM sponsors a 401(k) plan (the Plan) which is available to all employees over the age of 21. Under the Plan, TTM makes non-elective contributions of not less than [REDACTED] of earned wages each year as a safe harbor Plan contribution. Employer safe harbor contributions are fully vested once funded. The Company's non-elective contributions totaled approximately \$ [REDACTED] and \$ [REDACTED] during 2016 and 2015, respectively.

In addition, the Plan provides for a discretionary profit-sharing contribution as determined by management which, if made, would be allocated over the eligible employee accounts. There was no discretionary profit-sharing contribution made to the Plan during 2016 or 2015.

7. Income Taxes

Income tax expense for the years ended December 31 consists of:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
<u>2016</u>			
Federal	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
State	[REDACTED]	[REDACTED]	[REDACTED]
Total	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
<u>2015</u>			
Federal	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
State	[REDACTED]	[REDACTED]	[REDACTED]
Total	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

See independent accountant's review report.

TILSON TECHNOLOGY MANAGEMENT, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

The effective tax rate differs from that which would result from applying federal statutory rates to income before income taxes primarily because of state income taxes.

The components of noncurrent deferred tax (liabilities) assets at December 31, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Depreciation differences	\$ [REDACTED]	\$ [REDACTED]
Research and development income tax credits	-	-
Stock compensation	[REDACTED]	-
Net noncurrent deferred income tax liability	\$ [REDACTED]	\$ [REDACTED]

8. Preferred and Common Stock

Stock share information as of December 31 is as follows:

	<u>2016</u>		<u>2015</u>	
	<u>Number of Shares</u>	<u>Ownership Percent</u>	<u>Number of Shares</u>	<u>Ownership Percent</u>
Preferred stock, no par value, [REDACTED] cumulative, convertible into voting common stock; [REDACTED] shares authorized				
Series A- issued and outstanding	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Series B- issued and outstanding	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Series C- issued and outstanding	[REDACTED]	[REDACTED]%	-	-
Common stock, no par value, [REDACTED] shares authorized				
Issued and outstanding	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%

Dividends

Each outstanding share of preferred stock bears a cumulative cash dividend of [REDACTED] per year of the applicable share price to be paid on a quarterly basis on the first business day of each calendar year quarter. The dividend increases to [REDACTED] of the applicable share price in the event TTM fails to redeem any shares of the preferred stock pursuant to the holders' optional redemption rights (see below), as defined in the Articles of Incorporation, or in the event TTM fails to pay the quarterly dividend on the first business day of each calendar year quarter.

[REDACTED]

See independent accountant's review report.

# TILSON TECHNOLOGY MANAGEMENT, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2016 and 2015

### Voting Rights

The holders of preferred stock vote together with the holders of common stock as a single class with respect to any question upon which holders of common stock have the right to vote. The holder of each share of preferred stock is entitled to the number of votes equal to the number of whole shares of common stock into which such shares of preferred stock are then convertible.

### Liquidation Preference

The holders of preferred stock are entitled to receive in liquidation on a pro rata basis, prior and in preference to any distribution of any of the assets of TTM to the common stockholders or any other classes or series of preferred stock from future issuances, the initial share price per share of the preferred stock plus all accrued and unpaid cumulative dividends. Further, Series C preferred stockholders have preference over Series A and B preferred stockholders in liquidation.

### Optional Redemption

At any time after the fifth anniversary of the issuance of the preferred stock, any holder of the preferred stock may cause TTM to redeem all or part of the then-outstanding shares of preferred stock owned by such holder at the price and upon the terms and conditions set forth in Section 6 of the Articles of Incorporation, subject to the approval of TTM's bank. The redemption price for each share of preferred stock shall be the higher of the initial share price plus all accrued and unpaid dividends thereon, if any, whether or not earned or declared, on such shares up to and including the date fixed for redemption, or fair market value for the shares as determined by an appraiser mutually agreeable to TTM and the holders of the preferred stock.

### Optional Conversion

Each holder of preferred stock has the right at any time and from time-to-time to convert any or all preferred stock held into an equal number of shares of common stock of TTM.

### 9. Stock Option Plan

The Company adopted an incentive stock option plan (the Plan) in 2015. Under the Plan, the exercise price, number of shares, vesting period and grant date are determined at the discretion of the Company's Board of Directors. No options were granted in 2015.

In 2016, the Company granted [REDACTED] common stock options to employees with an exercise price of \$ [REDACTED] per share, and [REDACTED] common stock options with an exercise price of \$ [REDACTED] per share. Grantees' options generally vest in the shares over a period of four years [REDACTED] per year on the anniversary date of the grant) in accordance with the terms outlined in the Plan. Management estimates the total expense related to these grants to be approximately \$ [REDACTED] which is being recognized over the vesting period. Of this amount, \$ [REDACTED] of compensation expense was included in general and administrative expenses in the consolidated statement of income for the year ended December 31, 2016. Approximately \$ [REDACTED] is expected to be recognized as compensation expense related to these grants in 2017.

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See independent accountant's review report.