

HARTE HANKS INC  
Form 8-K  
November 17, 2017

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

**FORM 8-K**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

**November 17, 2017 (November 13, 2017)**

Date of Report (Date of Earliest Event Reported)

**Harte Hanks, Inc.**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**

(State or Other Jurisdiction  
of Incorporation)

**1-7120**

(Commission  
File Number)

**74-1677284**

(I.R.S. Employer  
Identification No.)

**9601 McAllister Freeway, Suite 610**

**San Antonio, Texas 78216**

**(210) 829-9000**

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(Address of principal executive offices and Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 3.02 Unregistered Sales of Equity Securities.**

As previously disclosed on its Current Report on Form 8-K filed with the Securities and Exchange Commission on November 3, 2017 (the Item 5.02 8-K ), on November 1, 2017, Harte Hanks, Inc. (the Company ) announced the appointment of Jon C. Biro as its Executive Vice President & Chief Financial Officer, which appointment became effective November 9, 2017.

As anticipated in the disclosure provided in the Item 5.02 8-K, on November 13, 2017, the Company granted to Mr. Biro, as a material inducement to his employment with the Company, the following equity-based employment inducement awards approved by the independent members of the Company s Board of Directors pursuant to the award agreements furnished as exhibits to the Item 5.02 8-K and filed herewith: (i) a nonqualified stock option to purchase 338,552 shares of the Company s common stock, vesting in four equal annual installments with an exercise price per share of common stock equal to the closing price of a share of common stock on the grant date (*i.e.*, \$1.00); (ii) 240,000 restricted stock units, vesting in three equal annual installments; and (iii) 180,000 performance stock units, vesting on (subject to) the same conditions, allocations and performance criteria as the annual performance stock unit awards made to the Company s other executive officers for 2017. These equity awards are subject to vesting acceleration upon certain transactions involving the Company pursuant to the Company s form of severance agreement, substantially in the form of the agreement filed on March 19, 2015 as Exhibit 10.1 to the Company s Current Report on Form 8-K.

The issuance of the foregoing equity-based awards was exempt from the registration requirements of the Securities Act of 1933 by virtue of Section 4(a)(2) thereof and/or Regulation D promulgated thereunder on the basis that such equity-based awards do not involve any public offering of the Company s securities.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits. The following exhibits are being filed herewith:

- 10.1 Offer Letter from Harte Hanks, Inc. to Jon C. Biro dated October 30, 2017
- 10.2 Form of Restricted Stock Unit Award Agreement between Harte Hanks, Inc. and Jon C. Biro
- 10.3. Form of Non-Qualified Stock Option Agreement between Harte Hanks, Inc. and Jon C. Biro
- 10.4. Form of Performance Stock Unit Award Agreement between Harte Hanks, Inc. and Jon C. Biro

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

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Harte Hanks, Inc.

Dated: November 17, 2017

By: /s/Robert L. R. Munden  
Executive Vice President,  
General Counsel & Secretary

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granted as restricted stock without voting rights, each of the shares of Common Stock is entitled to one vote. Shareholders do not have cumulative voting rights with respect to the election of directors.

Based on Schedule 13G filings with the Securities and Exchange Commission ("SEC"), the following table indicates the beneficial owners of more than 5 percent of the Corporation's outstanding Common Stock as of December 31, 2009:

Name and Address of Beneficial Owner	Shares Beneficially Owned	Percent of Class
Lazard Asset Management LLC 30 Rockefeller Plaza New York, New York 10112	7,199,656 <sup>(1)</sup>	7.65
Janus Capital Management LLC 151 Detroit Street Denver, Colorado 80206	7,038,682 <sup>(2)</sup>	7.50
Vanguard Fiduciary Trust Company 500 Admiral Nelson Boulevard Malvern, Pennsylvania 19355	5,640,744 <sup>(3)</sup>	6.00
Blackrock Inc. 40 East 52nd Street New York, New York 10022	5,620,707 <sup>(4)</sup>	5.97
Iridian Asset Management LLC David L. Cohen Harold J. Levy 276 Post Road West Westport, Connecticut 06880-4704	4,874,299 <sup>(5)</sup>	5.20

(1) 2,953,542 shares held with sole voting power and 7,199,656 shares held with sole dispositive power.

(2) 808,644 shares are held with sole voting power and dispositive power. 6,230,038 shares are held with shared voting and dispositive power. Janus Capital has a direct 91.8 percent ownership stake in INTECH Investment Management ("INTECH") and a direct 77.8 percent ownership stake in Perkins Investment Management LLC ("Perkins"). Due to the above ownership structure, holdings for Janus Capital, Perkins and INTECH are aggregated for purposes of this filing. Janus Capital, Perkins and INTECH are registered investment advisers, each furnishing investment advice to various investment companies registered under Section 8 of the Investment Company Act of 1940 and to individual and institutional clients (collectively referred to herein as "Managed Portfolios").

As a result of its role as investment adviser or sub-adviser to the Managed Portfolios, Janus Capital may be deemed to be the beneficial owner of 808,644 shares or 0.9 percent of the shares outstanding of Ball Common Stock held by such Managed Portfolios. However, Janus Capital does not have the right to receive any dividends from, or the proceeds from the sale of, the securities held in the Managed Portfolios and disclaims any ownership associated with such rights.

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As a result of its role as investment adviser or sub-adviser to the Managed Portfolios, Perkins may be deemed to be the beneficial owner of 2,454,853 shares or 2.6 percent of the shares outstanding of Ball Common Stock held by such Managed Portfolios. However, Perkins does not have the right to receive any dividends from, or the proceeds from the sale of, the securities held in the Managed Portfolios and disclaims any ownership associated with such rights.

As a result of its role as investment adviser or sub-adviser to the Managed Portfolios, INTECH may be deemed to be the beneficial owner of 3,775,185 shares or 4.0 percent of the shares outstanding of Ball Common Stock held by such Managed Portfolios. However, INTECH does not have the right to receive any dividends from, or the proceeds from the sale of, the securities held in the Managed Portfolios and disclaims any ownership associated with such rights.

- (3) The shares are held with shared voting and dispositive power.
- (4) 5,620,707 shares are held with sole voting and dispositive investment power.
- (5) The Reporting Persons are Iridian Asset Management LLC ("Iridian"), David L. Cohen ("Cohen") and Harold J. Levy ("Levy") (collectively, the "Reporting Persons").

Iridian is majority owned by Arovid Associates LLC, a Delaware limited liability company owned and controlled by the following: 12.5 percent by Cohen, 12.5 percent by Levy, 37.5 percent by LLMD LLC, a Delaware limited liability company, and 37.5 percent by ALHERO LLC, a

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Delaware limited liability company. LLMD LLC is owned 1 percent by Cohen, and 99 percent by a family trust controlled by Cohen. ALHERO LLC is owned 1 percent by Levy and 99 percent by a family trust controlled by Levy.

The Reporting Persons beneficially owned in the aggregate 4,874,299 shares of Common Stock which equates to approximately 5.2 percent of the outstanding shares (the percentage of shares of Common Stock owned being based upon 94,103,151 shares of Common Stock outstanding at October 25, 2009, as set forth in the Issuer's Quarterly Report on Form 10-Q for the quarter ended September 27, 2009). Iridian has direct beneficial ownership of the shares of Common Stock in the accounts for which it serves as the investment adviser under its investment management agreements. Messrs. Cohen and Levy may be deemed to possess beneficial ownership of the shares of Common Stock beneficially owned by Iridian by virtue of their indirect controlling ownership of Iridian, and having the power to vote and direct the disposition of shares of Common Stock as joint Chief Investment Officers of Iridian. Messrs. Cohen and Levy disclaim beneficial ownership of such shares.

Mr. Levy has direct beneficial ownership of the 40,000 shares of Common Stock owned by him. As used herein, "beneficial ownership" has the meaning set forth in Rule 13d-3 under the Securities Exchange Act of 1934, as amended.

Iridian has the direct power to vote or direct the vote, and the direct power to dispose or direct the disposition, of 4,874,299 shares of Common Stock. Cohen and Levy may be deemed to share with Iridian the power to vote or direct the vote and to dispose or direct the disposition of such shares.

Mr. Levy has the direct power to vote or direct the vote, and the direct power to dispose or direct the disposition, of 40,000 shares of Common Stock.

### BENEFICIAL OWNERSHIP

The following table lists the beneficial ownership of Common Stock of the Corporation by director nominees, continuing directors, the Chief Executive Officer and the four other most highly compensated executive officers and, as a group, of such persons and the other executive officers as of the close of business on March 1, 2010.

Title of Class	Name of Beneficial Owner	Shares Beneficially Owned <sup>(1)</sup>	Percent of Class <sup>(2)</sup>
Common	Robert W. Alspaugh	11,564 <sup>(3)</sup>	*
Common	Hanno C. Fiedler	65,051 <sup>(4)</sup>	*
Common	John R. Friedery	140,626 <sup>(5)</sup>	*
Common	John A. Hayes	318,376 <sup>(6)</sup>	*
Common	R. David Hoover	1,711,916 <sup>(7)</sup>	1.9
Common	John F. Lehman	107,637 <sup>(8)</sup>	*
Common	Georgia R. Nelson	16,961 <sup>(9)</sup>	*
Common	Jan Nicholson	167,527 <sup>(10)</sup>	*
Common	Raymond J. Seabrook	521,854 <sup>(11)</sup>	*
Common	George M. Smart	30,141 <sup>(12)</sup>	*
Common	Theodore M. Solso	66,886 <sup>(13)</sup>	*
Common	Stuart A. Taylor II	75,882 <sup>(14)</sup>	*
Common	Erik H. van der Kaay	50,153 <sup>(15)</sup>	*
Common	David A. Westerlund	470,061 <sup>(16)</sup>	*
Common	All of the above and present executive officers as a group (20)	4,553,395 <sup>(17)</sup>	4.9

(1) Full voting and dispositive investment power, unless otherwise noted.

(2) \* Indicates less than 1 percent ownership.

(3) Includes 4,222 stock units equivalent to 4,222 shares with no voting rights or dispositive investment power that have been deferred by Mr. Alspaugh pursuant to the Ball Corporation Deferred Compensation Company Stock Plan, and 7,342 restricted stock units with no voting rights or dispositive investment power.

(4) Includes 10,000 shares that Mr. Fiedler may acquire during the next 60 days upon exercise of stock options. Also includes 6,686 shares of restricted stock or restricted stock units without voting rights. Voting rights attach to the shares as the restrictions lapse.

(5)

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Includes 86,789 stock units equivalent to 86,789 shares with no voting rights or dispositive investment power that have been deferred by Mr. Friedery pursuant to the Ball Corporation Deferred Compensation Company Stock Plans.

(6)

Includes 113,750 shares that Mr. Hayes may acquire during the next 60 days upon the exercise of stock options. Also includes 72,331 stock units equivalent to 72,331 shares with no voting rights or dispositive investment power that have been deferred pursuant to the Ball Corporation Deferred Compensation Company Stock Plans, and 85,550 restricted stock units with no voting rights or dispositive investment power.

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- (7) Includes 177,647 shares held in trust for Mr. Hoover's spouse, as to which he disclaims beneficial ownership, and 946,055 shares that he may acquire during the next 60 days upon the exercise of stock options. Also includes 395,773 stock units equivalent to 395,773 shares with no voting rights or dispositive investment power that have been deferred pursuant to the Ball Corporation Deferred Compensation Company Stock Plans, and 182,250 restricted stock units with no voting rights or dispositive investment power.
- (8) Includes 8,000 shares that Mr. Lehman may acquire during the next 60 days upon the exercise of stock options. Also includes 21,780 stock units equivalent to 21,780 shares with no voting rights or dispositive investment power that have been deferred pursuant to the Ball Corporation Deferred Compensation Company Stock Plans, and 6,342 restricted stock units with no voting rights or dispositive investment power.
- (9) Includes 7,619 stock units equivalent to 7,619 shares with no voting rights or dispositive investment power that have been deferred by Ms. Nelson pursuant to the Ball Corporation Deferred Compensation Company Stock Plans, and 6,342 restricted stock units with no voting rights or dispositive investment power.
- (10) Includes 8,000 shares that Ms. Nicholson may acquire during the next 60 days upon the exercise of stock options. Also includes 11,538 stock units equivalent to 11,538 shares with no voting rights or dispositive investment power that have been deferred pursuant to the Ball Corporation Deferred Compensation Company Stock Plans, and 6,342 restricted stock units with no voting rights or dispositive investment power.
- (11) Includes 4,525 shares owned by Mr. Seabrook's child, as to which he disclaims beneficial ownership, and 235,419 shares that he may acquire during the next 60 days upon the exercise of stock options. Also includes 135,781 stock units equivalent to 135,781 shares with no voting rights or dispositive investment power that have been deferred pursuant to the Ball Corporation Deferred Compensation Company Stock Plans, and 52,000 restricted stock units with no voting rights or dispositive investment power.
- (12) Includes 6,274 stock units equivalent to 6,274 shares with no voting rights or dispositive investment power that have been deferred by Mr. Smart pursuant to the Ball Corporation Deferred Compensation Company Stock Plans, and 6,342 restricted stock units with no voting rights or dispositive investment power.
- (13) Includes 8,000 shares that Mr. Solso may acquire during the next 60 days upon the exercise of stock options. Also includes 20,121 stock units equivalent to 20,121 shares with no voting rights or dispositive investment power that have been deferred pursuant to the Ball Corporation Deferred Compensation Company Stock Plans, and 6,342 restricted stock units with no voting rights or dispositive investment power.
- (14) Includes 8,000 shares that Mr. Taylor may acquire during the next 60 days upon the exercise of stock options. Also includes 21,201 stock units equivalent to 21,201 shares with no voting rights or dispositive investment power that have been deferred pursuant to the Ball Corporation Deferred Compensation Company Stock Plans, and 6,342 restricted stock units with no voting rights or dispositive investment power.
- (15) Includes 12,178 stock units equivalent to 12,178 shares with no voting rights or dispositive investment power that have been deferred by Mr. van der Kaay pursuant to the Ball Corporation Deferred Compensation Company Stock Plans, and 6,342 restricted stock units with no voting rights or dispositive investment power.
- (16) Includes 25,078 shares owned by Mr. Westerlund's spouse, as to which he disclaims beneficial ownership, and 222,875 shares that he may acquire during the next 60 days upon the exercise of stock options. Also includes 120,872 stock units equivalent to 120,872 shares with no voting rights or dispositive investment power that have been deferred pursuant to the Ball Corporation Deferred Compensation Company Stock Plans, and 47,500 restricted stock units with no voting rights or dispositive investment power.
- (17) Includes 228,170 shares to which beneficial ownership is disclaimed, and 1,881,636 shares that may be acquired during the next 60 days upon the exercise of stock options, and includes 98,500 shares to which beneficial ownership is disclaimed. Also includes 1,100,627 stock units equivalent to 1,100,627 shares with no voting rights or dispositive investment power that have been deferred pursuant to the Ball Corporation Deferred Compensation Company Stock Plans, and includes 51,885 units to which beneficial ownership is disclaimed; and 532,903 restricted stock units with no voting rights or dispositive investment power, and includes 20,500 restricted stock units to which beneficial ownership is disclaimed. In addition, 33,480 shares have been pledged.

### VOTING ITEM I ELECTION OF DIRECTORS

In 1985 the shareholders adopted the Amended Articles of Incorporation of Ball Corporation, dividing the Board of Directors ("Board") into three classes, as nearly equal in number as possible, with directors serving staggered three-year terms. Amendments to the Indiana Business Corporation Law in 2009 made this classified Board structure statutorily required for Ball Corporation, effective from and after July 31, 2009. On April 28, 2010, one person is to be elected to serve as a director until the 2011 Annual Meeting of Shareholders, and four persons are to be



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elected to serve as directors until the 2013 Annual Meeting of Shareholders. Unless otherwise instructed on the proxy card, the persons named in the accompanying proxy intend to vote for nominee John A. Hayes to hold office as a director of the Corporation until the 2011 Annual Meeting of Shareholders (Class II), and nominees Hanno C. Fiedler, John F. Lehman, Georgia R. Nelson and Erik H. van der Kaay to hold office as directors of the Corporation until the 2013 Annual Meeting of Shareholders (Class I), or, in each case, until his or her respective successor is elected and qualified. All nominees have consented to be named as candidates in the Proxy Statement and have agreed to serve if elected. If,

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for any reason, any of the nominees becomes unavailable for election, the shares represented by proxies will be voted for any substitute nominee or nominees designated by the Board. The Board has no reason to believe that any of the nominees will be unable to serve.

In accordance with the Indiana Business Corporation Law, directors are elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present. Abstentions and broker nonvotes are considered neither votes "for" nor "against." Proxies may not be voted for a greater number of persons than the five named nominees.

Set forth for each director nominee in Class I and II and for each continuing director in Classes II and III is the director's principal occupation and employment during the past five years or, if longer, the period during which the director has served as a director, and certain other information, including his or her public company directorships during the past five years.

**DIRECTOR NOMINEES AND CONTINUING DIRECTORS**

*To Be Elected for a Term of One Year Until the 2011 Annual Meeting (Class II)*

President and Chief Operating Officer, Ball Corporation since January 2010; Executive Vice President and Chief Operating Officer 2008-2010; President, Ball Packaging Europe and Senior Vice President, Ball Corporation 2007-2008; Executive Vice President, Ball Packaging Europe and Vice President, Ball Corporation 2005-2006; Vice President, Corporate Strategy, Marketing and Development 2003-2005; Vice President, Corporate Planning and Development 2000-2003; Senior Director, Corporate Planning and Development 1999. Age 44.

Director since 2010.

**John A. Hayes**

*To Be Elected for a Term of Three Years Until the 2013 Annual Meeting (Class I)*

Executive Vice President, Ball Corporation, and Chairman and Chief Executive Officer, Ball Packaging Europe, December 2002 to December 2005; Chairman and Chief Executive Officer, Schmalbach-Lubeca AG, 1996 to 2002. Age 64.

Director since 2002. Member, Finance Committee.

Mr. Fiedler serves on the Supervisory Boards of LIC Langmatz GmbH, Garmisch-Partenkirchen, Germany; Pfeleiderer AG, Neumarkt, Germany; and MAN-Roland Druckmaschinen AG, Offenbach, Germany. In the past five years, Mr. Fiedler has served on the Supervisory Boards of Thyssen Krupp Steel AG, Duisburg, Germany; Howaldtswerke-Deutsche Werft AG, Kiel, Germany; and Unterehmsverwaltung GmbH & Co. KG, Neumarkt, Germany.

**Hanno C. Fiedler**

Chairman, J. F. Lehman & Company, New York, New York, since 1990; Chairman of the Board, OAO Technology Solutions, Inc., Greenbelt, Maryland, since 2001; Chairman of the Board, Sperry Marine Inc., Charlottesville, Virginia, 1993 to 1996; Managing Director, Investment Banking Division, PaineWebber Inc., New York, New York, 1988 to 1990; Secretary of the Navy, Washington, D.C., 1981 to 1987. Age 67.

Director since 1987. Member, Finance and Nominating/Corporate Governance Committees.

Mr. Lehman is a director of EnerSys, Reading, Pennsylvania, and Verisk, Inc., Jersey City, New Jersey.

**John F. Lehman**

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President and Chief Executive Officer, PTI Resources, LLC, Chicago, Illinois, since June 2005; President, Midwest Generation EME, LLC, Chicago, Illinois, April 1999 to June 2005; General Manager, Edison Mission Energy Americas, Irvine, California, January 2002 to June 2005. Age 60.

Director since 2006. Member, Human Resources and Nominating/Corporate Governance Committees.

Ms. Nelson is a director of Cummins, Inc., Columbus, Indiana, and Nicor Inc., Naperville, Illinois. In the past five years, Ms. Nelson has served on the board of Tower Automotive, Inc., Novi, Michigan.

**Georgia R. Nelson**

Chairman of the Board, Symmetricom, Inc., October 2002 to October 2003; President, Chief Executive Officer, and Chairman of the Board, Datum, Inc., Irvine, California, April 1998 to October 2002 upon Symmetricom's acquisition of Datum. Age 69.

Director since 2004. Member, Audit and Finance Committees.

Mr. van der Kaay is a director of RF Micro Devices, Greensboro, North Carolina, and Orolia, S.A., Sophia Antipolis, France. In the past five years, Mr. van der Kaay has served on the boards of Comarco, Inc., Irvine, California, and TransSwitch Corporation, Shelton, Connecticut.

**Erik H. van der Kaay**

**The Board of Directors recommends that shareholders vote "FOR" the election of each nominee for Director named above.**

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\$15,824,244

Royalties

829,879 524,691

Total Revenue

17,431,560 16,348,935

Cost of goods sold

12,767,190 12,312,498

Gross profit

4,664,370 4,036,437

Operating expenses:

General and administrative expenses

2,017,312 2,159,422

Selling expenses

1,068,252 1,038,257

Total operating expenses

3,085,564 3,197,679

Operating income

1,578,806 838,758

Other income (expense):

Interest expense

(249,770) (237,102)

Interest income

22,834 612

Gain on sale of fixed assets

3,017 25,119

Other, net



**Table of Contents**

## SMITH-MIDLAND CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

(Unaudited)

	<b>Nine months ended September 30,</b>	
	<b>2005</b>	<b>2004</b>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 17,073,017	\$ 15,879,985
Cash paid to suppliers and employees	(16,413,867)	(15,124,538)
Income taxes paid, net	(85,888)	383,174
Interest paid	(249,770)	(237,102)
Other	530,976	492,598
Net cash provided by operating activities	854,468	1,394,117
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(644,888)	(185,262)
Proceeds from sale of fixed assets	42,654	23,874
Net cash absorbed by investing activities	(602,234)	(161,388)
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings	245,495	0
Repayments of borrowings	(313,116)	(562,973)
Proceeds from options exercised	131,324	0
Repayments on borrowings related parties, net	(8,169)	(13,731)
Net cash provided (absorbed) by financing activities	55,534	(576,704)
Net increase in cash and cash equivalents	307,768	656,025
Cash and cash equivalents at beginning of period	499,744	699,645
<b>Cash and cash equivalents at end of period</b>	<b>\$ 807,512</b>	<b>\$ 1,355,670</b>
<b>Reconciliation of net income to net cash provided by operating activities:</b>		
Net income	\$ 1,158,073	\$ 657,100
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation and amortization	444,439	360,916
Gain on sale/disposal of fixed assets	(3,017)	(25,119)
Expenses (net) related to pay down on officer note receivable	56,645	79,857
Decrease (increase) in:		
Accounts receivable billed	(961,865)	(183,059)
Accounts receivable unbilled	326,709	(359,817)
Inventories	(241,970)	134,261
Income tax receivable	0	383,174
Prepaid expenses and other	(329,850)	(174,011)
Increase (decrease) in:		
Accounts payable trade	(172,528)	