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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**AMENDMENT No. 1 to FORM 8-K/A**

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

**Date of Report: May 25, 2017**  
(Date of earliest event reported)

**Asure Software, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction  
of incorporation)

**0-20008**

(Commission File Number)

**74-2415696**

(IRS Employer  
Identification Number)

**110 Wild Basin Rd., Suite 100, Austin, TX**

(Address of principal executive offices)

**78746**

(Zip Code)

**512-437-2700**

(Registrant's telephone number, including area code)

**Not Applicable**

(Former Name or Former Address, if changed since last report)

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 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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On May 26, 2017 we filed a Current Report on Form 8-K (“Original Form 8-K”) to report the completion of the acquisition of iSystems Holdings, LLC, pursuant to an Equity Purchase Agreement, and the acquisition of Compass HRM, Inc., pursuant to a Stock Purchase Agreement.

We are amending the Original Form 8-K to provide the historical financial statements of Compass HRM, Inc. and update the pro forma financial information related to the acquisitions to include Compass HRM, Inc.

#### **Item 9.01. Financial Statements and Exhibits.**

##### **(a) Financial Statements of Business Acquired.**

The audited financial statements of Compass HRM, Inc. as of December 31, 2016 and for the year then ended and the unaudited financial statements of Compass HRM, Inc. as of March 31, 2017 and for each of the three months ended March 31, 2017 and 2016 are filed as Exhibits 99.1 and 99.2, respectively, hereto and incorporated herein by reference.

##### **(b) Pro Forma Financial Information.**

Our unaudited pro forma condensed combined financial information of Asure Software, Inc., after giving effect to the iSystems and Compass acquisitions and the borrowings under the Restated Credit Agreement, is filed as Exhibit 99.3 hereto and is incorporated herein by reference.

##### **(d) Exhibits**

<b>Exhibit No.</b>	<b>Description</b>
23.1	<a href="#">Consent of Marcum LLP.</a>
99.1	<a href="#">Audited financial statements of Compass HRM, Inc. as of and for the year ended December 31, 2016.</a>
99.2	<a href="#">Unaudited financial statements of Compass HRM, Inc. as of March 31, 2017 and for the three months ended March 31, 2017 and 2016.</a>
99.3	<a href="#">Unaudited pro forma condensed combined financial statements of Asure Software, Inc.</a>

#### *Cautionary Statement Regarding Forward-Looking Statements*

This Report contains forward-looking statements that involve risks and uncertainties. These statements relate to future periods, future events or our future operating or financial performance. All statements other than statements of historical fact, including statements identified by words such as “may,” “will,” “could,” “expect,” “anticipate,” “continue,” “plan,” “intend,” “estimate,” “project,” “believe” and similar expressions or variations, are forward-looking statements. Forward-looking statements include but are not limited to statements regarding our strategy, future operations, financial condition, results of operations, projected costs, and plans and objectives of management. Actual results may differ materially from those contemplated by the forward-looking statements due to, among others, the risks and uncertainties described in our reports and filings with the Securities and Exchange Commission. We undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances that occur after the date on which the statement is made or to reflect the occurrence of unanticipated events.

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**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.

**ASURE SOFTWARE, INC.**

Dated: August 8, 2017

By: /s/ Pat Goepel

Pat Goepel

*Chief Executive Officer and Acting Chief Financial Officer*

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## EXHIBIT INDEX

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99.2	<a href="#"><u>Unaudited financial statements of Compass HRM, Inc. as of March 31, 2017 and for the three months ended March 31, 2017 and 2016.</u></a>
99.3	<a href="#"><u>Unaudited pro forma condensed combined financial statements of Asure Software, Inc.</u></a>

**INDEPENDENT AUDITORS' CONSENT**

We consent to the incorporation by reference in the Registration Statements of Asure Software, Inc. on Form S-3 (File Nos. 333-182828, 333-212317 and 333-216075) and Form S-8 (File Nos. 333-175186 and 333-215097) of our report dated August 8, 2017, with respect to our audits of the financial statements of Compass HRM, Inc. as of December 31, 2016 and for the year then ended, which report is included in this Current Report on Form 8-K/A of Asure Software, Inc. as of August 8, 2017.

/s/ Marcum LLP

Irvine, California

August 8, 2017

**COMPASS HRM, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

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# COMPASS HRM, INC.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of  
**Compass HRM, Inc.**

### *Report on the Financial Statements*

We have audited the accompanying financial statements of Compass HRM, Inc. (the "Company"), which comprise the balance sheet as of December 31, 2016, and the related statements of operations, stockholders' equity and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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



**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Compass HRM, Inc. as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Irvine, CA  
August 8, 2017

**COMPASS HRM, INC.****BALANCE SHEET****DECEMBER 31, 2016****Assets****Current Assets**

Cash	\$	393,287
Accounts receivable and unbilled revenue		271,010
Prepaid expenses and other current assets		<u>107,574</u>

**Total Current Assets** \$ 771,871

**Property, Equipment and Improvements, Net** 115,269

**Capitalized Software, Net** 327,403

**Total Assets** \$ 1,214,543

**Liabilities and Stockholders' Equity****Current Liabilities**

Accounts payable and accrued expenses	\$	214,232
Other current liabilities		157,304
Current portion of term loan		<u>191,664</u>

**Total Current Liabilities** \$ 563,200

**Term Loan, Net of Current Portion** 606,129

**Total Liabilities** 1,169,329

**Commitments and Contingencies (See Note 6)****Stockholders' Equity**

Common stock, no par value; 100 shares authorized, issued and outstanding		--
Additional paid-in capital		89,800
Accumulated deficit		<u>(44,586)</u>

**Total Stockholders' Equity** 45,214

**Total Liabilities and Stockholders' Equity** \$ 1,214,543

*The accompanying notes are an integral part of these financial statements.*

# COMPASS HRM, INC.

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

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<b>Revenues</b>		\$	3,538,269
<b>Cost of Revenues</b>			<u>699,204</u>
<b>Gross Profit</b>			2,839,065
<b>Operating Expenses</b>			
Employee compensation and benefits	\$	1,895,618	
General and administrative		1,156,033	
Sales and marketing		<u>44,769</u>	
<b>Total Operating Expenses</b>			<u>3,096,420</u>
<b>Operating Loss</b>			(257,355)
<b>Other Expenses</b>			
Interest expense		43,751	
Other expense		<u>822</u>	
<b>Total Other Expenses</b>			<u>44,573</u>
<b>Net Loss</b>		\$	<u><u>(301,928)</u></u>

*The accompanying notes are an integral part of these financial statements.*

# COMPASS HRM, INC.

## STATEMENT OF STOCKHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

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	Common Stock		Additional Paid-in Capital	Retained Earnings	Total Stockholders' Equity
	Shares	Amount			
<b>Balance</b> - January 1, 2016	100	\$ --	\$ 52,116	\$ 270,842	\$ 322,958
Distributions	--	--	--	(13,500)	(13,500)
Contributions	--	--	37,684	--	37,684
Net loss	--	--	--	(301,928)	(301,928)
<b>Balance</b> - December 31, 2016	<u>100</u>	<u>\$ --</u>	<u>\$ 89,800</u>	<u>\$ (44,586)</u>	<u>\$ 45,214</u>

*The accompanying notes are an integral part of these financial statements.*

**COMPASS HRM, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**Cash Flows From Operating Activities**

Net loss	\$	(301,928)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	\$	187,287
Changes in operating assets and liabilities:		
Accounts receivable and unbilled revenue		(4,349)
Prepaid expenses and other current assets		(84,379)
Accounts payable and accrued expenses		75,496
Other current liabilities		<u>80,651</u>
Total Adjustments		<u>254,706</u>

**Net Cash Used in Operating Activities** (47,222)

**Cash Flows From Investing Activities**

Purchase of property, equipment, and improvements	(35,541)
Capitalized software development cost	<u>(111,383)</u>

**Net Cash Used in Investing Activities** (146,924)

**Cash Flows From Financing Activities**

Proceeds from borrowings under term loan	287,080
Repayment of principal amount of term loan	(186,210)
Contributions from stockholders	37,684
Distributions paid to the stockholders	<u>(13,500)</u>

**Net Cash Provided by Financing Activities** 125,054

**Net Decrease in Cash** (69,092)

**Cash - Beginning** 462,379

**Cash - Ending** \$ 393,287

**Supplemental Disclosure of Cash Flow Information**

Cash paid during the year for:		
Interest	\$	43,751

*The accompanying notes are an integral part of these financial statements.*

# COMPASS HRM, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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### NOTE 1 - DESCRIPTION OF BUSINESS

Compass HRM, Inc. (the "Company") is an S Corporation founded on April 21, 2011 and headquartered in Tampa, Florida. The Company is a workforce management company providing a full range of HR solutions and specializing in payroll services tailored to fit each client's needs. The Company's services are comprised of traditional payroll processing, self-serve module for payroll processing under the software as a service ("SaaS") model, employee time and attendance solutions, limited human resource services, and employee screening and background checks.

In May 2017, the Company entered into a stock purchase agreement with Asure Software, Inc. ("Asure"), pursuant to which Asure purchased all outstanding shares of common stock of the Company for an aggregate consideration of \$6,000,000.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *BASIS OF PRESENTATION*

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The summary of significant accounting policies presented below is designed to assist in understanding the Company's financial statements. Such financial statements and accompanying notes are the representation of the Company's management, who is responsible for their integrity and objectivity.

#### *USE OF ACCOUNTING ESTIMATES*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reported period. The most significant of estimates relate to unbilled revenue and useful lives of long-lived assets. Actual results could differ from the estimates included in the accompanying financial statements.

# COMPASS HRM, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2016

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#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### **REVENUE RECOGNITION**

The Company recognizes revenue for services provided under two type of contracts: monthly subscription fees and per payroll processing services.

*Monthly subscription* - The Company enters into fixed fee arrangements for SaaS customers. Fees associated for each services are recognized ratably in the period services are rendered and earned under service agreements with clients where fees are fixed or determinable and collectability is reasonably assured.

*Per payroll processing service* - The Company negotiates per employee per month fees for the payroll processing customers. Revenue is recognized as services are rendered.

##### **CASH CONCENTRATION**

The Company maintains its cash balances in bank accounts with major financial institutions that from time to time, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes cash balances are not exposed to significant credit risk.

##### **FAIR VALUE MEASUREMENTS**

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

The carrying values of financial instruments, which include cash, accounts receivable, and accounts payable, approximate fair value due to their short-term maturities. The carrying value of debt approximates fair value due to the relative stable interest rate environment and the Company's credit-worthiness.

##### **ACCOUNTS RECEIVABLE AND UNBILLED REVENUE**

Accounts receivable consist primarily of amounts due from customers under normal trade terms as of December 31, 2016. Allowances for uncollected accounts are provided for based upon a variety of factors, including historical amounts written off, an evaluation of current economic conditions and quarterly assessment of customer collectability. As of December 31, 2016, no allowance for doubtful accounts was recorded by the Company as all amounts were considered collectible.

# COMPASS HRM, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2016

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#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *ACCOUNTS RECEIVABLE AND UNBILLED REVENUE (CONTINUED)*

The amounts due from customers under normal trade terms that were not yet billed as of December 31, 2016 amounting to \$64,401 are reflected as unbilled revenue and included within accounts receivable balances.

##### *PROPERTY, EQUIPMENT AND IMPROVEMENTS*

Property, equipment and improvements are recorded at cost, less accumulated depreciation and amortization. Depreciation and amortization expense is computed using the straight-line method over the estimated useful lives of the respective assets, which range from three to seven years. Leasehold improvements are amortized over the shorter of the lease term or economic life of the asset. Expenditures that materially increase the asset's life are capitalized, while ordinary maintenance and repairs are charged to operations as incurred. Upon disposition of property and equipment, the related cost and accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is reflected in the statement of operations.

##### *CAPITALIZED SOFTWARE*

The Company capitalized software development costs associated with payroll and time tracking modules. Capitalized cost include fees paid to consultants, based on their participation in the project during the capitalization period. The capitalization period includes costs incurred subsequent to management's determination of project feasibility until the date the project is available for release to customers. Development costs that do not meet the above criteria are charged to expense as incurred. Capitalized software development costs are amortized over the estimated life of four years.

##### *INCOME TAXES*

The Company and its stockholders have elected since inception to be taxed as an S Corporation. Under this election, the stockholders of the corporation are personally liable for federal and state income taxes arising from income, if any.

The Company evaluates any uncertain tax provisions in accordance with GAAP. The Company has elected to classify interest and penalties related to uncertain tax positions as a component of income tax expense. To date, the Company has not identified any uncertain tax positions and there have been no interest or penalties assessed or paid.



# COMPASS HRM, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

### NOTE 3 - PROPERTY, EQUIPMENT AND IMPROVEMENTS, NET

Property, equipment and improvements consist of the following:

Computer and related equipment	\$	109,368
Furniture and fixtures		46,666
Leasehold improvements		59,988
		<u>216,022</u>
Less: accumulated depreciation		<u>(100,753)</u>
<b>Property, Equipment and Improvements, Net</b>	<b>\$</b>	<b><u>115,269</u></b>

Depreciation expense amounted to \$37,708 for the year ended December 31, 2016.

### NOTE 4 - CAPITALIZED SOFTWARE

Capitalized software consist of the following:

Software Development	\$	586,416
Less: Accumulated amortization		<u>(259,013)</u>
<b>Total Capital Software, Net</b>	<b>\$</b>	<b><u>327,403</u></b>

For the year ended December 31, 2016, amortization expense for capital software amounted to \$149,579.

The following table summarizes the future estimated amortization expense relating to capitalized software as of December 31, 2016:

<b>For the Years Ending December 31,</b>	<b>Amortization Expense</b>
2017	\$ 144,193
2018	111,560
2019	<u>71,650</u>
<b>Total</b>	<b>\$ <u>327,403</u></b>

# COMPASS HRM, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2016

#### NOTE 5 - TERM LOAN

The Company had a term loan outstanding with Citizens First Bank whereby the Company was able to borrow up to \$1,000,000. The term loan bears interest at a rate of 4.5% per annum computed on a 365/360 basis. The loan termination date is November 11, 2020. The Company has approximately \$200,000 available on the loan at December 31, 2016. The term loan is collateralized by a first lien on all assets of the Company and an assignment of the personal life insurance policies of two stockholders.

The following table summarizes the future principal payments related to the outstanding term loan:

<b>For the Years Ending December 31,</b>	<b>Gross Amount</b>
2017	\$ 191,664
2018	200,594
2019	209,940
2020	195,595
<b>Total</b>	<b>\$ 797,793</b>

In May 2017, the term loan was fully paid off in connection with the stock purchase agreement with Asure.

#### NOTE 6 - LEASES

The Company leases office space as well as office equipment, under various operating lease agreements. The lease terms expire on various dates through 2019.

At December 31, 2016, future minimum lease agreements under these leases are as follows:

<b>For the Years Ending December 31,</b>	<b>Office Space</b>	<b>Equipment Leases</b>	<b>Total</b>
2017	\$ 114,243	\$ 17,928	\$ 132,171
2018	51,000	17,928	68,928
2019	--	15,750	15,750
<b>Total</b>	<b>\$ 165,243</b>	<b>\$ 51,606</b>	<b>\$ 216,849</b>

Rent expense, including the Company's share of operating expenses, amounted to \$174,422 during the year ended December 31, 2016.

# COMPASS HRM, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2016

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#### NOTE 7 - RELATED PARTY TRANSACTIONS

The Company has a programing and administrative services agreement with Compass Insurance Partners, LLC, a related party by virtue of being under common control. During 2016, the Company incurred costs from Compass Insurance Partners, LLC of \$383,098 for programing and other administrative services performed by Compass Insurance Partners LLC, which are included in general and administrative expenses, in the accompanying statement of operations.

#### NOTE 8 - SUBSEQUENT EVENTS

The Company evaluated subsequent events through August 8, 2017, the date these financial statements were available to be issued. Except for the matter disclosed in Notes 1 and 5, there were no material subsequent events that required recognition or additional disclosure in the accompanying financial statements.

**COMPASS HRM, INC.**

**FINANCIAL STATEMENTS  
(Unaudited)**

**FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016**

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# COMPASS HRM, INC.

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# COMPASS HRM, INC.

## BALANCE SHEETS

	<b>March 31, 2017 (Unaudited)</b>	<b>December 31, 2016</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 245,399	\$ 393,287
Accounts receivable and unbilled revenue	275,470	271,010
Prepaid expenses and other current assets	91,901	107,574
<b>Total Current Assets</b>	<b>612,770</b>	<b>771,871</b>
<b>Property, Equipment and Improvements, Net</b>	<b>124,597</b>	<b>115,269</b>
<b>Capitalized Software, Net</b>	<b>291,355</b>	<b>327,403</b>
<b>Total Assets</b>	<b>\$ 1,028,722</b>	<b>\$ 1,214,543</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 256,909	\$ 214,232
Other current liabilities	--	157,304
Current portion of term loan	193,829	191,664
<b>Total Current Liabilities</b>	<b>450,738</b>	<b>563,200</b>
<b>Term Loan, Net of Current Portion</b>	<b>541,712</b>	<b>606,129</b>
<b>Total Liabilities</b>	<b>992,450</b>	<b>1,169,329</b>
<b>Stockholders' Equity</b>		
Common stock, no par value; 100 shares authorized, issued and outstanding	--	--
Additional paid-in capital	89,800	89,800
Accumulated deficit	(53,528)	(44,586)
<b>Total Stockholders' Equity</b>	<b>36,272</b>	<b>45,214</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 1,028,722</b>	<b>\$ 1,214,543</b>

*The accompanying notes are an integral part of these financial statements.*

# COMPASS HRM, INC.

## STATEMENTS OF OPERATIONS (Unaudited)

FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>Revenues</b>	\$ 974,116	\$ 967,555
<b>Cost of Revenues</b>	<u>271,904</u>	<u>115,841</u>
<b>Gross Profit</b>	<u>702,212</u>	<u>851,714</u>
<b>Operating Expenses</b>		
Employee compensation and benefits	435,878	502,043
General and administrative	254,600	350,027
Sales and marketing	<u>10,042</u>	<u>10,621</u>
<b>Total Operating Expenses</b>	<u>700,520</u>	<u>862,691</u>
<b>Operating Income (Loss)</b>	1,692	(10,977)
<b>Other Expenses</b>		
Interest expense	10,559	10,432
Other expense	<u>75</u>	<u>40</u>
<b>Total Other Expenses</b>	<u>10,634</u>	<u>10,472</u>
<b>Net Loss</b>	(8,942)	(21,449)
<b>Retained Earnings (Accumulated Deficit) - Beginning</b>	(44,586)	270,842
Distributions	<u>--</u>	<u>(14,743)</u>
<b>Retained Earnings (Accumulated Deficit) - Ending</b>	<u>\$ (53,528)</u>	<u>\$ 234,650</u>

*The accompanying notes are an integral part of these financial statements.*

**COMPASS HRM, INC.**  
**STATEMENTS OF CASH FLOWS**  
(Unaudited)  
**FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>Cash Flows From Operating Activities</b>		
Net loss	\$ (8,942)	\$ (21,449)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	46,468	44,738
Changes in operating assets and liabilities:		
Accounts receivable and unbilled revenue	(4,460)	(329)
Prepaid expenses and other current assets	15,673	(21,389)
Accounts payable and accrued expenses	42,677	83,145
Other current liabilities	(157,304)	107,055
Total Adjustments	(56,946)	213,220
<b>Net Cash (Used in) Provided by Operating Activities</b>	<u>(65,888)</u>	<u>191,771</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, equipment, and improvements	(19,748)	(13,853)
Capitalized software development cost	--	(86,438)
<b>Net Cash Used in Investing Activities</b>	<u>(19,748)</u>	<u>(100,291)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from borrowings under term loan	--	137,080
Repayment of principal amount of term loan	(62,252)	(230,961)
Distributions paid to the stockholders	--	(14,743)
<b>Net Cash Used in Financing Activities</b>	<u>(62,252)</u>	<u>(108,624)</u>
<b>Net (Decrease) in Cash</b>	(147,888)	(17,144)
<b>Cash - Beginning</b>	<u>393,287</u>	<u>462,379</u>
<b>Cash - Ending</b>	<u>\$ 245,399</u>	<u>\$ 445,235</u>

*The accompanying notes are an integral part of these financial statements.*



**COMPASS HRM, INC.**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**(Unaudited)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016**

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<b>Supplemental Disclosure of Cash Flow Information</b>	<u>2017</u>	<u>2016</u>
Cash paid during the year for:		
Interest	\$ 10,559	\$ 10,432

*The accompanying notes are an integral part of these financial statements.*

# COMPASS HRM, INC.

## NOTES TO FINANCIAL STATEMENTS (Unaudited)

FOR THE PERIOD ENDED MARCH 31, 2017 AND DECEMBER 31, 2016

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### NOTE 1 - DESCRIPTION OF BUSINESS

Compass HRM, Inc. (the "Company") is an S Corporation founded on April 21, 2011 and headquartered in Tampa, Florida. The Company is a workforce management company providing a full range of HR solutions and specializing in payroll services tailored to fit each client's needs. The Company's services are comprised of traditional payroll processing, self-serve module for payroll processing under the software as a service ("SaaS") model, employee time and attendance solutions, limited human resource services, and employee screening and background checks.

In May 2017, the Company entered into a stock purchase agreement with Asure Software, Inc. ("Asure"), pursuant to which Asure purchased all outstanding shares of common stock of the Company for an aggregate consideration of \$6,000,000.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *BASIS OF PRESENTATION*

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The summary of significant accounting policies presented below is designed to assist in understanding the Company's financial statements. Such financial statements and accompanying notes are the representation of the Company's management, who is responsible for their integrity and objectivity.

#### *USE OF ACCOUNTING ESTIMATES*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reported periods. The most significant of estimates relate to unbilled revenue and useful lives of long-lived assets. Actual results could differ from the estimates included in the accompanying financial statements.

# COMPASS HRM, INC.

## NOTES TO FINANCIAL STATEMENTS (Unaudited)

FOR THE PERIOD ENDED MARCH 31, 2017 AND DECEMBER 31, 2016

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### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **REVENUE RECOGNITION**

The Company recognizes revenue for services provided under two type of contracts: monthly subscription fees and per payroll processing services.

*Monthly subscription* - The Company enters into fixed fee arrangements for SaaS customers. Fees associated for each services are recognized ratably in the period services are rendered and earned under service agreements with clients where fees are fixed or determinable and collectability is reasonably assured.

*Per payroll processing service* - The Company negotiates per employee per month fees for the payroll processing customers. Revenue is recognized as services are rendered.

#### **CASH CONCENTRATION**

The Company maintains its cash balances in bank accounts with major financial institutions that from time to time, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes cash balances are not exposed to significant credit risk.

#### **FAIR VALUE MEASUREMENTS**

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

The carrying values of financial instruments, which include cash, accounts receivable, and accounts payable, approximate fair value due to their short-term maturities. The carrying value of debt approximates fair value due to the relative stable interest rate environment and the Company's credit-worthiness.

#### **ACCOUNTS RECEIVABLE AND UNBILLED REVENUE**

Accounts receivable consist primarily of amounts due from customers under normal trade terms as of March 31, 2017 and December 31, 2016. Allowances for uncollected accounts are provided for based upon a variety of factors, including historical amounts written off, an evaluation of current economic conditions and quarterly assessment of customer collectability. As of March 31, 2017 and December 31, 2016, no allowance for doubtful accounts was recorded by the Company as all amounts were considered collectible.

# COMPASS HRM, INC.

## NOTES TO FINANCIAL STATEMENTS (Unaudited)

FOR THE PERIOD ENDED MARCH 31, 2017 AND DECEMBER 31, 2016

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### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *ACCOUNTS RECEIVABLE AND UNBILLED REVENUE (CONTINUED)*

The amounts due from customers under normal trade terms that were not yet billed as of March 31, 2017 and December 31, 2016 amounting to \$71,109 and \$64,401, respectively, are reflected as unbilled revenue and included within accounts receivable balances.

#### *PROPERTY, EQUIPMENT AND IMPROVEMENTS*

Property, equipment and improvements are recorded at cost, less accumulated depreciation and amortization. Depreciation and amortization expense is computed using the straight-line method over the estimated useful lives of the respective assets, which range from three to seven years. Leasehold improvements are amortized over the shorter of the lease term or economic life of the asset. Expenditures that materially increase the asset's life are capitalized, while ordinary maintenance and repairs are charged to operations as incurred. Upon disposition of property and equipment, the related cost and accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is reflected in the statement of operations.

#### *CAPITALIZED SOFTWARE*

The Company capitalized software development costs associated with payroll and time tracking modules. Capitalized costs include fees paid to consultants, based on their participation in the project during the capitalization period. The capitalization period includes costs incurred subsequent to management's determination of project feasibility until the date the project is available for release to customers. Development costs that do not meet the above criteria are charged to expense as incurred. Capitalized software development costs are amortized over the estimated life of four years.

#### *INCOME TAXES*

The Company and its stockholders have elected since inception to be taxed as an S Corporation. Under this election, the stockholders of the corporation are personally liable for federal and state income taxes arising from income, if any.

The Company evaluates any uncertain tax provisions in accordance with GAAP. The Company has elected to classify interest and penalties related to uncertain tax positions as a component of income tax expense. To date, the Company has not identified any uncertain tax positions and there have been no interest or penalties assessed or paid.

# COMPASS HRM, INC.

## NOTES TO FINANCIAL STATEMENTS (Unaudited)

FOR THE PERIOD ENDED MARCH 31, 2017 AND DECEMBER 31, 2016

### NOTE 3 - PROPERTY, EQUIPMENT AND IMPROVEMENTS, NET

Property, equipment and improvements consist of the following as of March 31, 2017 and December 31, 2016:

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
Computer and related equipment	\$ 129,116	\$ 109,368
Furniture and fixtures	46,666	46,666
Leasehold improvements	59,988	59,988
	<u>235,770</u>	<u>216,022</u>
Less: accumulated depreciation	<u>(111,173)</u>	<u>(100,753)</u>
<b>Property, Equipment and Improvements, Net</b>	<u><u>\$ 124,597</u></u>	<u><u>\$ 115,269</u></u>

Depreciation expense amounted to \$10,420 and \$9,093 for the three months ended March 31, 2017 and 2016 respectively.

### NOTE 4 - CAPITALIZED SOFTWARE

Capitalized software consist of the following as of March 31, 2017 and December 31, 2016.

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
Software Development	\$ 586,416	\$ 586,416
Less: Accumulated amortization	<u>(295,061)</u>	<u>(259,013)</u>
<b>Total Capital Software, Net</b>	<u><u>\$ 291,355</u></u>	<u><u>\$ 327,403</u></u>

For the three months ended March 31, 2017 and December 31, 2016, amortization expense for capital software amounted to \$36,048 and \$35,645 respectively.

The following table summarizes the future estimated amortization expense relating to capitalized software as of March 31, 2017:

<b>Calendar Years</b>	<b>Amortization Expense</b>
2017 (April to December)	\$ 108,145
2018	111,560
2019	<u>71,650</u>
<b>Total</b>	<u><u>\$ 291,355</u></u>

# COMPASS HRM, INC.

## NOTES TO FINANCIAL STATEMENTS (Unaudited)

FOR THE PERIOD ENDED MARCH 31, 2017 AND DECEMBER 31, 2016

### NOTE 5 - TERM LOAN

The Company had a term loan outstanding with Citizens First Bank whereby the Company was able to borrow up to \$1,000,000. The term loan bears interest at a rate of 4.5% per annum computed on a 365/360 basis. The loan termination date is November 11, 2020. The Company had approximately \$260,000 and \$200,000 available on the loan as of March 31, 2017 and December 31, 2016 respectively. The term loan was collateralized by a first lien on all assets of the Company and an assignment of the personal life insurance policies of two stockholders.

The following table summarizes the future principal payments related to the outstanding term loan as of March 31, 2017:

Calendar Years	Gross Amount
2017 (April to December)	\$ 129,691
2018	200,594
2019	209,940
2020	195,316
<b>Total</b>	<b>\$ 735,541</b>

In May 2017, the term loan was fully paid off in connection with the stock purchase agreement with Asure.

### NOTE 6 - LEASES

The Company leases office space as well as office equipment, under various operating lease agreements. The lease terms expire on various dates through 2019.

At March 31, 2017, future minimum lease agreements under these leases are as follows:

Calendar Years	Office Space	Equipment Leases	Total
2017 (April to December)	\$ 79,561	\$ 13,446	\$ 93,007
2018	51,000	17,928	68,928
2019	--	15,750	15,750
<b>Total</b>	<b>\$ 130,561</b>	<b>\$ 47,124</b>	<b>\$ 177,685</b>

# COMPASS HRM, INC.

## NOTES TO FINANCIAL STATEMENTS (Unaudited)

FOR THE PERIOD ENDED MARCH 31, 2017 AND DECEMBER 31, 2016

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### NOTE 6 - LEASES (CONTINUED)

Rent expense including in Company's share of operating expenses amounted to \$43,686 and \$43,074 during three months ended March 31, 2017 and 2016 respectively.

### NOTE 7 - RELATED PARTY TRANSACTIONS

The Company has a programing and administrative services agreement with Compass Insurance Partners, LLC, a related party by virtue of being under common control. During the three months ended March 31, 2017 and 2016, the Company incurred costs from \$58,459 and \$162,617 respectively, for programing and other administrative services performed by Compass Insurance Partners LLC, which is included in general and administrative expenses, in the accompanying statement of operations.

### NOTE 8 - SUBSEQUENT EVENTS

The Company evaluated subsequent events through August 8, 2017, the date these financial statements were available to be issued. Except for the matter disclosed in Notes 1 and 5, there were no material subsequent events that required recognition or additional disclosure in the accompanying financial statements.

## ASURE SOFTWARE, INC.

## UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On May 25 2017, we closed the acquisition of iSystems Holdings, LLC, a Delaware limited liability company (“Seller”), and iSystems Intermediate Holdco, Inc., a Delaware corporation (“iSystems”), pursuant to which we acquired 100% of the outstanding equity interests of iSystems for an aggregate purchase price of \$55,000,000, subject to adjustment as provided in the Equity Purchase Agreement. The aggregate purchase price consists of (i) \$32,000,000 in cash, subject to adjustment, (ii) a secured subordinated promissory note (“iSystems Note”) in the principal amount of \$5,000,000, subject to adjustment, and 1,526,332 shares of unregistered common stock valued at \$18,000,000 based on a volume-weighted average of the closing prices of our common stock during a 90-day period. The iSystems Note bears interest at an annual rate of 3.5% and matures on May 25, 2019. The unpaid principal and all accrued interest under the promissory note is payable in two installments of \$2.5 million on May 25, 2018 and May 25, 2019, subject to adjustment. The Equity Purchase Agreement contains certain customary representations, warranties, indemnities and covenants. To finance the iSystems acquisition, we amended and restated our existing credit agreement to add an additional term loan in the amount of approximately \$40,000,000, of which we borrowed \$32,000,000 to complete the acquisition.

On May 25, 2017 we entered into a stock purchase agreement (the “Stock Purchase Agreement”) with Compass HRM, Inc. (“Compass”) and the sellers and seller representative named therein, pursuant to which the sellers sold 100% of the outstanding shares of capital stock of Compass to us for an aggregate purchase price of \$6,000,000, subject to adjustment as provided in the Stock Purchase Agreement. The aggregate purchase price consists of \$4,500,000 in cash and a subordinated promissory note (“Compass Note”) in the principal amount of \$1,500,000, subject to adjustment. The Compass Note bears interest at an annual rate of 3.5% and matures on May 25, 2022. The Compass Note is payable in five annual installments of \$300,000 on the anniversary of the closing date, subject to adjustment. Compass is headquartered in Tampa, Florida, and provides cloud-based human resource management software, including payroll, benefits, time and attendance, and performance management. To finance the Compass acquisition, we incurred approximately \$4,500,000 of additional indebtedness pursuant to an additional term loan under our Restated Credit Agreement.

Following is the purchase price allocation for the iSystems and Compass acquisitions. We based the preliminary fair value estimate for the assets acquired and liabilities assumed for this acquisition upon preliminary calculations and valuations. Our estimates and assumptions for these acquisitions are subject to change as we obtain additional information for our estimates during the respective measurement periods (up to one year from the acquisition date). The primary areas of those preliminary estimates that we have not yet finalized relate to certain tangible assets and liabilities acquired, certain legal matters and income and non-income based taxes.

We recorded the transaction using the acquisition method of accounting and recognized assets and liabilities assumed at their fair value as of the date of acquisition. The \$18,540,000 of intangible assets subject to amortization consist of \$480,000 allocated to noncompete agreements, \$15,860,000 in customer relationships, \$1,190,000 for trade names, and \$1,010,000 for developed technology.

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We believe meaningful synergies are expected to arise from this acquisition. This factor contributed to a purchase price that was in excess of the fair value of the net assets acquired and, as a result, we recorded goodwill. A portion of acquired goodwill will be deductible for tax purposes.

We based the allocations on fair values at the date of acquisition (amounts in thousands):

<b>Assets Acquired</b>	<b>iSystems</b>	<b>Compass</b>	<b>Total</b>
Cash & cash equivalents	\$ 211	207	418
Accounts receivable	951	241	1,192
Restricted cash	200	-	200
Fixed assets	681	38	719
Other assets	699	33	732
Goodwill	42,096	1,929	44,025
Intangibles	15,070	3,470	18,540
<b>Total assets acquired</b>	<b>\$ 59,908</b>	<b>5,918</b>	<b>65,826</b>
<b>Liabilities assumed</b>			
Accounts payable	392	65	457
Accrued other liabilities	791	45	836
Deferred revenue	1,073	-	1,073
<b>Total liabilities assumed</b>	<b>2,256</b>	<b>110</b>	<b>2,366</b>
<b>Net assets acquired</b>	<b>\$ 57,652</b>	<b>5,808</b>	<b>63,460</b>

The following unaudited pro forma condensed combined financial statements (and notes thereto) of Asure Software, Inc. assumes that the acquisitions of iSystems and Compass (and, in the case of the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2016, the acquisition of Personnel Management Systems, Inc. (“PMSI”), Corporate Payroll, Inc. (Payroll Division) (“CPI”) and Payroll Specialties NW, Inc. (“PSNW”) occurred at the beginning of the periods presented. The unaudited pro forma condensed combined financial information is derived from, and should be read in conjunction with, the consolidated financial statements of Asure Software, Inc. for the year ended December 31, 2016 filed on Form 10-K, the unaudited condensed consolidated financial statements of Asure Software, Inc. for the three months ended March 31, 2017 filed on Form 10-Q, the audited financial statements of PMSI as of and for the two years ended December 31, 2016 and 2015, the audited financial statements of CPI as of and for the two years ended December 31, 2016 and 2015, the audited financial statements of PSNW as of and for the two years ended December 31, 2016 and 2015 filed on Form 8-K/A, the audited and unaudited consolidated statements of iSystems Holdings, LLC as of and for the years ended December 31, 2016 and 2015 and three months ended March 31, 2017 and 2016 filed on Form 8-K, and the audited and unaudited financial statements of Compass HRM, Inc. as of and for the year ended December 31, 2016 and three months ended March 31, 2017 and 2016, respectively. The unaudited pro forma condensed combined financial information includes unaudited pro forma adjustments that are factually supportable and directly attributable to the iSystems and Compass acquisitions. In addition, with respect to the unaudited pro forma condensed combined financial information, the unaudited pro forma adjustments are expected to have a continuing impact on the results of Asure. The unaudited pro forma condensed combined financial information was prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 805 — Business Combinations. Certain amounts in the iSystems and Compass historical financial statements have been reclassified to conform to classifications used by Asure Software, Inc.

The unaudited pro forma condensed combined statement of operations does not include non-recurring transaction costs associated with the iSystems and Compass acquisition that are no longer capitalized as part of that acquisition.

The following pro forma financial information is presented for illustrative purposes only and is not necessarily indicative of (i) the results of operations and financial position that would have been achieved had the applicable acquisition taken place on the dates indicated or (ii) the future operations of the combined companies. The following information should be relied on only for the limited purpose of presenting what the results of operations and financial position of the combined businesses of Asure Software and iSystems and Compass might have looked like had the acquisitions taken place at an earlier date.

**Asure Software, Inc.**  
**Unaudited Pro Forma Condensed Combined Balance Sheet**

As of March 31, 2017 (Amounts in thousands)

	Asure Software	iSystems	Compass	Pro Forma Adjustments	Pro Forma Combined
Cash & cash equivalents	2,288	2,190	245	(3,414) (a)	1,309
Accounts receivable-net	8,953	1,195	275	—	10,423
Inventory	530	—	—	—	530
Funds held for clients	30,544	—	—	—	30,544
Prepaid expense and other	2,012	253	93	—	2,358
<b>Total Current Assets</b>	<b>44,327</b>	<b>3,638</b>	<b>613</b>	<b>(3,414)</b>	<b>45,164</b>
Restricted cash	—	200	—	—	200
Property and equipment-net	1,809	4,688	125	—	6,622
Goodwill	31,455	16,593	—	27,432 (b)	75,480
Intangible assets-net	17,184	9,639	291	8,610 (c)	35,724
Other assets	322	64	—	—	386
<b>Total Assets</b>	<b>95,097</b>	<b>34,822</b>	<b>1,029</b>	<b>32,628</b>	<b>163,576</b>
Notes payable-current portion	2,971	61	194	3,245 (d)	6,471
Accounts payable	2,276	268	257	—	2,801
Accrued compensation and benefits	1,523	601	—	—	2,124
Other accrued liabilities	1,433	967	—	—	2,400
Client fund obligations	30,544	—	—	—	30,544
Deferred revenue- current portion	9,265	254	—	—	9,519
<b>Total Current Liabilities</b>	<b>48,012</b>	<b>2,151</b>	<b>451</b>	<b>3,245</b>	<b>53,859</b>
Deferred revenue	611	793	—	—	1,404
Deferred tax liability	—	1,029	—	—	1,029
Notes payable	28,165	19,280	542	22,886 (d)	70,873
Other liabilities	157	102	—	—	259
<b>Total Liabilities</b>	<b>76,945</b>	<b>23,355</b>	<b>993</b>	<b>26,131</b>	<b>127,424</b>
Common stock	90	—	—	15 (e)	105
Treasury stock	(5,017)	—	—	—	(5,017)
Additional paid-in capital	296,042	—	90	17,895 (e)	314,027
Retained earnings (deficit)	(272,934)	11,467	(54)	(11,413)	(272,934)
Other comprehensive loss	(29)	—	—	—	(29)
<b>Total Stockholders' Equity</b>	<b>18,152</b>	<b>11,467</b>	<b>36</b>	<b>6,497</b>	<b>36,152</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>95,097</b>	<b>34,822</b>	<b>1,029</b>	<b>32,628</b>	<b>163,576</b>

**Asure Software, Inc.****Unaudited Pro Forma Condensed Combined Statement of Operations****For the Three Months Ended March 31, 2017 (Amounts in thousands, except per share data) Pro Forma**

	<u>Asure Software</u>	<u>iSystems</u>	<u>Compass</u>	<u>Pro Forma Adjustments</u>		<u>Pro Forma Combined</u>
Total Revenues	\$ 10,727	\$ 3,502	\$ 974	\$ (213) (a)	\$	14,990
Total Cost of Sales	2,438	1,437	272	(916) (a)		3,231
Gross Margin	8,289	2,065	702	703		11,759
Total Operating Expenses	8,659	2,137	700	(44) (b)		11,452
Income (Loss) from Operations	(370)	(72)	2	747		307
Total Other Income (Loss)	(547)	(389)	(11)	(447) (c)		(1,394)
Pre-Tax Income (Loss)	(917)	(461)	(9)	300		(1,087)
Income Tax Provision	(142)	(91)	-	-		(233)
Net Income (Loss)	<u>\$ (1,059)</u>	<u>\$ (552)</u>	<u>\$ (9)</u>	<u>\$ 300</u>		<u>\$ (1,320)</u>
<b>Basic and Diluted Net Loss per Share:</b>						
Basic	\$ (0.12)				\$	(0.13)
Diluted	\$ (0.12)				\$	(0.13)
<b>Weighted Average Basic and Diluted Shares:</b>						
Basic	8,627					10,265
Diluted	8,627					10,265

**Asure Software, Inc.**  
**Unaudited Pro Forma Condensed Statement of Operations**

**For the Twelve Months Ended December 31, 2016**  
**(Amounts in thousands, except per share data)**

	<b>Asure Software</b>	<b>PMSI</b>	<b>PSNW</b>	<b>CPI</b>	<b>iSystems</b>	<b>Compass</b>	<b>Pro Forma Adjustments</b>		<b>Pro Forma Combined</b>
Total Revenues	\$ 35,542	\$ 4,585	1,682	\$ 1,623	\$ 12,801	\$ 3,538	\$ (1,995)	(a)	\$ 57,776
Total Cost of Sales	8,117	1,035	416	496	5,654	699	(2,615)	(a)	13,802
Gross Margin	27,425	3,550	1,266	1,127	7,147	2,839	620		43,974
Total Operating Expenses	26,198	3,106	1,248	1,487	9,563	3,096	(1,666)	(b)	43,032
Income (Loss) from Operations	1,227	444	18	(360)	(2,416)	(257)	2,286		942
Total Other Income (Loss)	(2,010)	(58)	26	-	(1,493)	(45)	(2,516)	(c)	6,096
Pre-Tax Income (Loss)	(783)	386	44	(360)	(3,909)	(302)	(230)		(5,154)
Income Tax Provision	(189)	-	-	-	(367)	-	-		(556)
Net Income (Loss)	\$ (972)	\$ 386	44	\$ (360)	\$ (4,276)	(302)	\$ (230)		\$ (5,710)
<b>Basic and Diluted Net Loss per Share:</b>									
Basic	\$ (0.15)								\$ (0.59)
Diluted	\$ (0.15)								\$ (0.59)
<b>Weighted Average Basic and Diluted Shares:</b>									
Basic	6,533								9,697
Diluted	6,533								9,697

*(The accompanying notes are an integral part of the unaudited pro forma condensed combined financial information of Asure Software, Inc.)*

**Notes to Unaudited Pro Forma Condensed Combined Balance Sheet:**

Gives effect to or reflects the following:

- (a) The elimination of assets in iSystems Holdings LLC not acquired by Asure Software, Inc.
- (b) The estimated value of goodwill recorded in conjunction with the iSystems and Compass acquisitions.
- (c) The estimated value of intangibles recorded in conjunction with the iSystems and Compass acquisitions.
- (d) The estimated fair value of the subordinated promissory note issued to the Seller in the iSystems and Compass acquisitions and the additional term loan under the Restated Credit Agreement.
- (e) The estimated fair value of Asure Software common stock issued to the Seller in the acquisition of iSystems.

**Notes to Unaudited Pro Forma Condensed Combined Income Statement:**

Gives effect to or reflects the following:

- (a) The elimination of intercompany revenue and cost of sales between Asure Software, Inc., CPI and PSNW.
- (b) The adjustments to the historical intangible amortization expense resulting from the effects of the preliminary purchase price associated with the acquisitions of PMSI, CPI, PSNW, iSystems, and Compass. The final allocation of the actual purchase price is subject to the final valuation of the acquired assets, but that allocation is not expected to differ materially from the preliminary allocation presented in this pro forma condensed combined financial information.
- (c) The adjustments for interest expense on acquisition related debt and transaction costs incurred pursuant the acquisitions of PMSI, CPI, PSNW, iSystems, and Compass.