SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2014

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 12 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____ to ___

Commission File Number: 0-52589

FLEXSHOPPER, INC.
(Exact name of Registrant as specified in its charter)

Delaware	20-5456087
(State of jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
2700 North Military Trail, Ste. 200 Boca Raton, FL	33431
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (866) 950-6669

Securities registered pursuant to Section 12 (b) of the Act: None

Securities registered pursuant to Section 12 (g) of the Act: Common Stock, $.0001 Par Value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K ☒.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act: smaller reporting company ☒.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of June 30, 2014, the number of shares of Common Stock held by non-affiliates was approximately 16,908,000 shares (excluding 376,387 shares of Series A Preferred Stock convertible into 2,145,406 common shares). The approximate market value based on the last sale (i.e. $0.75 per share as of June 30, 2014) of the Company’s Common Stock held by non-affiliates was approximately $14,180,000.

The number of shares outstanding of the Registrant’s Common Stock, as of March 19, 2015, was 52,015,322. The Registrant also has outstanding 342,219 shares of Series 1 Preferred Stock convertible into 2,166,246 shares of Common Stock.

Documents incorporated by reference: None.

FORWARD-LOOKING STATEMENTS

We believe this annual report contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are subject to risks and uncertainties and are based on the beliefs and assumptions of our management, based on information currently available to our management. When we use words such as “believes,” “expects,” “anticipates,” “intends,” “plans,” “estimates,” “should,” “likely” or similar expressions, we are making forward-looking statements. Forward-looking statements include information concerning our possible or assumed future results of operations set forth under “Business” and/or “Management's Discussion and Analysis of Financial Condition and Results of Operations.”

Forward-looking statements reflect only our current expectations. We may not update these forward-looking statements, even though our situation may change in the future. In any forward-looking statement, where we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the statement of expectation or belief will be achieved or accomplished. Our actual results, performance or achievements could differ materially from those expressed in, or implied by, the forward-looking statements due to a number of uncertainties, many of which are unforeseen, including those matters discussed in the “Risk Factors” section of this Form 10-K. As a result of these factors, we cannot assure you that the forward-looking statements in this Registration Statement will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, if at all. Accordingly, you should not place undue reliance on these forward-looking statements.

We qualify all the forward-looking statements contained in this Form 10-K by the foregoing cautionary statements.

PART I

Item 1. Business

Introduction

FlexShopper, Inc. (“we,” “us,” “our” or the “Company”) is a corporation organized under the laws of the State of Delaware on August 16, 2006. FlexShopper owns 100% of FlexShopper, LLC, a limited liability company incorporated under the laws of North Carolina on June 24, 2013. Since the sale of the assets of Anchor Funding Services LLC, which sale was completed in a series of transactions between April and June 2014, FlexShopper, Inc. is a holding corporation with no operations except for those conducted by FlexShopper, LLC. FlexShopper LLC owns two wholly-owned Delaware subsidiaries, namely, FlexShopper 1, LLC and FlexShopper 2, LLC. All references to the business operations of FlexShopper refer to FlexShopper LLC and its wholly-owned subsidiaries, unless the context indicates otherwise.

Recent Developments

On March 6, 2015, FlexShopper entered into a credit agreement (the “Credit Agreement”) with a Lender. FlexShopper is permitted to borrow funds under the Credit Agreement based on FlexShopper’s cash on hand and the Amortized Order Value of its Eligible Leases (as such terms are defined in the Credit Agreement) less certain deductions described in the Credit Agreement. Under the terms of the Credit Agreement, subject to the satisfaction of certain conditions, FlexShopper may borrow up to $25,000,000 from the Lender for a term of two years. The borrowing term may be extended for an additional twelve months in the sole discretion of the Lender. The Credit Agreement contemplates that the Lender may provide additional debt financing to FlexShopper, up to $100 million in total, under two uncommitted accordions following satisfaction of certain covenants and other terms and conditions. The Lender will receive security interests in certain leases as collateral under the Credit Agreement. In connection with entering into the Credit Agreement, on March 6, 2015, FlexShopper raised approximately $8.6 million in net proceeds through direct sales of 17.0 million shares of FlexShopper common stock, par value $0.0001 per share, to certain affiliates of the Lender and other accredited investors for a purchase price of $0.55 per share.

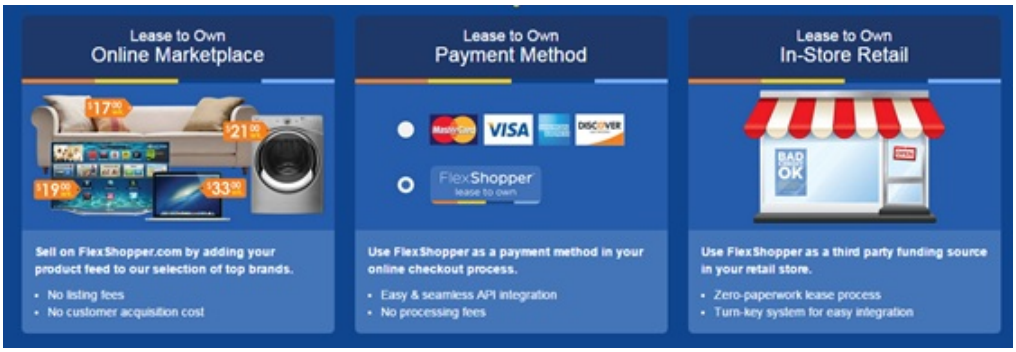
Overview

In June 2013, we formed FlexShopper for the purpose of developing a business that provides certain types of durable goods to consumers on a lease-to-own basis and also provides lease-to-own terms to consumers of third party retailers and e-tailers. FlexShopper has been generating revenues from this new line of business since December 2013. Management believes that the introduction of FlexShopper's lease-to-own (“LTO”) programs support broad untapped expansion opportunities within the U.S. consumer e-commerce and retail marketplaces. FlexShopper and its online LTO products provide consumers the ability to acquire durable goods, including electronics, computers and furniture on an affordable payment, lease basis. Concurrently, e-tailers and retailers that work with FlexShopper may increase their sales by utilizing FlexShopper's online channels to connect with consumers that want to acquire products on an LTO basis.

GROWTH OPPORTUNITIES AND STRATEGIES

FlexShopper believes there is significant opportunity to expand the LTO industry online and into mainstream retail and e-tail. The LTO industry currently serves approximately six million consumers annually, generating approximately $8.5 billion in sales primarily through approximately 10,000 LTO brick and mortar stores. Through its strategic sales channels FlexShopper believes it will expand the LTO industry, also known as the rent-to-own or RTO industry. FlexShopper has successfully developed and is currently processing LTO transactions using its “LTO Engine.” The LTO Engine is FlexShopper’s proprietary technology that automates the process of consumers receiving spending limits and entering into leases for durable goods within a few minutes. The LTO engine is the basis for FlexShopper’s primary sales channels which provide consumers three distinct ways of obtaining brand name durable goods on an LTO basis: 1) At FlexShopper’s LTO e-commerce marketplace, www.flexshopper.com, consumers can choose from over 80,000 different items including electronics, furniture, musical instruments, and equipment. 2) On third party e-commerce sites featuring FlexShopper’s LTO payment method, consumers can activate FlexShopper’s payment button at checkout. 3) Consumers can use FlexShopper’s automated kiosk in certain retail locations.

FlexShopper launched its online LTO Marketplace in March 2014 and FlexShopper launched its LTO payment method in December 2014. Retailers and e-tailers that sell furniture, electronics, computers, appliances and other durable goods and partner with FlexShopper, will have three channels to increase their sales: in the store, online and on our marketplace. FlexShopper will enable merchants to sell to more than 50 million consumers that do not have sufficient credit or cash to buy from them. In addition, FlexShopper pays the merchant 100% pf the retail price. Our offerings to retail merchants are as follows as depicted in our marketing literature:



COMPETITIVE STRENGTHS

We believe the following competitive strengths differentiate us:

- We currently address the lease to own market through online channels which include our online marketplace and patent pending LTO payment method. These channels give us the ability to currently originate leases in forty five states without the operating expenses associated with having physical store-fronts in those states.
- We believe our three channels described above, provide a compelling package for retailers to adopt to increase their sales with a vast customer base.
- Our LTO online marketplace and patent pending payment method offer consumers more choices in products and retailers than traditional brick and mortar LTO storefronts. Our digital channels provide consumers with a selection of over 80,000 items including brand name products from recognized retailers.

INDUSTRY OVERVIEW

The lease-to-own industry offers customers an alternative to traditional methods of obtaining electronics, computers, home furnishings and appliances. In a typical industry lease-to-own transaction, the customer has the option to acquire merchandise over a fixed term, usually 12 to 24 months, normally by making weekly lease payments. The customers may cancel the agreement as prescribed in the lease agreement by returning the merchandise, generally with no further lease obligation if their account is current. If customers lease the item to the full term, they obtain ownership of the item, though they can choose to buy it at any time. FlexShopper's current fixed term to acquire ownership is fifty-two weeks.

The lease-to-own concept is particularly popular with consumers who cannot pay the full purchase price for merchandise at once or who lack the credit to qualify under conventional financing programs. Lease-to-own is also popular with consumers who, despite good credit, do not wish to incur additional debt, have only a temporary need for the merchandise or want to try out a particular brand or model before buying it.

We believe that there is significant market opportunity to expand the LTO market beyond brick and mortar stores by creating an online presence through an LTO e-commerce site and payment method. We believe that the segment of the population targeted by the industry comprises more than 50 million people in the United States and the needs of these consumers are generally underserved.

UNDERWRITING PROCESS AND RISK MANAGEMENT

FlexShopper has developed a proprietary decision engine that automates the process of consumers receiving spending limits and entering into leases for durable goods within a few minutes. Included in the determination of a consumer spending limit are factors such as income, frequency that they overdraw their bank account, fraud reports, repayment history and charge-off history. The Company obtains such consumer data from multiple third party sources which are monitored and analyzed by our risk department. We will continually update our underwriting models to manage risk of default. Our decision engine also includes fraud tools and information from third party data sources to combat online fraud. We will continuously develop and implement ongoing improvements to reduce losses due to fraudulent activity. In 2015, the Company has enhanced its risk department with two new hires including a Vice President of Risk and an Analytics Manager.

CUSTOMERS

FlexShopper's customers typically do not have sufficient cash or credit to obtain durable goods. These consumers find the short-term nature and affordable payments of lease-to-own attractive. The lease-to-own industry serves a highly diverse customer base. According to the Association of Progressive Rental Organizations, approximately 83% of lease to-own customers have household incomes between $15,000 and $50,000 per year. We believe we can expand the LTO market beyond brick and mortar stores with our LTO e-commerce site and online payment method. These sales channels will enable us to serve and target more than 50 million people that we believe do not have sufficient cash or credit for durable goods.

SALES AND MARKETING

We plan to promote our FlexShopper products and services through print advertisements, Internet sites and direct response marketing, all of which are designed to increase our lease transactions and name recognition. Our advertisements emphasize such features as instant spending limit and affordable weekly payments. We believe that as the FlexShopper name gains familiarity and national recognition through our advertising efforts, we will continue to educate our customers and potential customers about the lease-to-own payment alternative as well as solidify our reputation as a leading provider of high quality branded merchandise and services.

For each sales channel FlexShopper has a marketing strategy that includes but is not limited to the following:

Online LTO Marketplace	Patent pending LTO Payment Method	In-store LTO technology platform
Search engine optimization; pay-per click	Direct to retailers/etailers	Direct to retailers/etailers
Online affiliate networks	Partnerships with payment aggregators	Consultants & strategic relationships
Direct response television campaigns	Consultants & strategic relationships	
Direct mail		

MANAGEMENT INFORMATION SYSTEMS

FlexShopper uses computer-based management information systems to facilitate its entire business model including underwriting, processing transactions through its sales channels, managing collections and monitoring leased inventory. Through the use of our proprietary software developed in-house, each of our retail partners uses our online merchant portal that automates the process of consumers receiving spending limits and entering into leases for durable goods within a few minutes. The management information system generates reports which enable us to meet our financial reporting requirements.

GOVERNMENT REGULATIONS

The lease to own industry is regulated by and subject to the requirements of various federal, state and local laws and regulations, many of which are in place for consumer protection. In general such laws regulate applications for leases, late fees, other finance rates, the form of disclosure statements, the substance and sequence of required disclosures, the content of advertising materials and certain collection procedures. Violations of certain provisions of these laws may result in penalties ranging from nominal amounts up to and including forfeiture of fees and other amounts due on leases. We are unable to predict the nature or effect on our operations or earnings of unknown future legislation, regulations and judicial decisions or future interpretations of existing and future legislation or regulations relating to our operations, and there can be no assurance that future laws, decisions or interpretations will not have a material adverse effect on our operations and earnings. See "Risk Factors."

COMPETITION

The lease-to-own industry is highly competitive. Our operation competes with other national, regional and local lease-to-own businesses, as well as with rental stores that do not offer their customers a purchase option. Some of these companies have, or may develop, systems that enable consumers to obtain through online facilities spending limits and payment terms and to enter into leases nearly instantaneously, in a manner similar to that provided by FlexShopper's proprietary technology. Many of our competitors have substantially more resources and greater experience in the lease-to-own business than FlexShopper. With respect to customers desiring to purchase merchandise for cash or on credit, we also compete with retail stores. Competition is based primarily on store location, product selection and availability, customer service, and lease rates and terms. We believe that currently we do not have significant competition for our on-line LTO marketplace and patent pending LTO payment method, however there is no assurance that other companies may not develop similar or competing concepts that could adversely impact the usage or value of our online LTO marketplace or our LTO payment method.

INTELLECTUAL PROPERTY

FlexShopper has filed a provisional patent for a system that enables consumers to obtain products on an LTO basis using mobile devices and tablets and for a lease-to-own method of payment at check-out on e-commerce sites. We can provide no assurances that FlexShopper will be granted any patents by the U.S. Patent and Trademark Office. We regard our pending patents, trademarks, service marks, copyrights, trade dress, trade secrets, proprietary technology, and similar intellectual property as critical to our success. In particular, we believe certain proprietary information, including but not limited to our underwriting model, and patent pending systems are central to our business model and we believe give us a key competitive advantage. We rely on trademark and copyright law, trade secret protection, and confidentiality, license and work product agreements with our employees, customers, and others to protect our proprietary rights. See "Risk Factors."

OPERATIONS AND EMPLOYEES OF FLEXSHOPPER

Brad Bernstein, our Chief Executive Officer manages our day-to-day operations and internal growth and oversees our growth strategy. FlexShopper's management includes an Executive Vice President of Operations, Chief Financial Officer, Chief Technology Officer with oversight of the Company's development team and a Vice President of e-commerce. In addition, FlexShopper has a customer service and collections call center. As of December 31, 2014, FlexShopper had 44 full-time employees.

DISCONTINUED OPERATIONS OF ANCHOR

Anchor Funding Services LLC was incorporated under the laws of the State of South Carolina in January 2003 and later reincorporated under the laws of the State of North Carolina in August 2005. Anchor operated its factoring business for approximately 10 years until the assets were sold in a series of closings between April and June, 2014. Anchor purchased clients' accounts receivable which provided businesses with critical working capital so it could meet their operational costs and obligations while waiting to receive payments from its customers. Anchor also provided purchase order financing.

During 2013, FlexShopper decided to concentrate its efforts on the operations of FlexShopper and subsequently on April 30, 2014, we entered into an Asset Purchase and Sale Agreement (the "Purchase Agreement") with a Bank, pursuant to which Anchor Funding Services LLC sold to the Bank substantially all of its assets (the "Anchor Assets"), consisting primarily of its factoring portfolio (the "Portfolio Accounts"). The purchase price for the Anchor Assets was equal to (1) 110% of the total funds outstanding associated with the Portfolio Accounts plus (2) an amount equal to 50% of the factoring fee and interest income earned by the Portfolio Accounts during the 12 month period following acquisition ("Earnout Payments"). The sale of the Anchor Assets was made in a series of closings through June 16, 2014. In connection with each closing, Anchor used the proceeds thereof to pay to Bank all amounts due for factor advances associated with the Portfolio Accounts acquired pursuant to such closing under Anchor's Rediscount Facility Agreement with the Bank dated November 30, 2011. In accordance with the Purchase Agreement, following the final closing thereunder all obligations of Anchor under the Rediscount Facility Agreement (and the associated Validity Warranty) were paid and satisfied in full and the agreement was terminated to have no further force and effect.

Item 1A. Risk Factors

You should carefully consider the following risk factors, in addition to the other information presented in this Form 10-K, in evaluating us and our business. Any of the following risks, as well as other risks and uncertainties, could harm our business and financial results and cause the value of our securities to decline, which in turn could cause you to lose all or part of your investment.

An investment in our common stock involves a high degree of risk. You should consider carefully the following risks and other information contained in this Form 10-K before you decide whether to buy our common stock. If any of the events contemplated by the following discussion of risks should occur, our business, results of operations and financial condition could suffer significantly. As a result, the market price of our common stock could decline, and you may lose all or part of the money you paid to buy our common stock. In addition, the risks described below are not the only ones facing our company. Additional risks and uncertainties of which we are unaware or currently deem immaterial may also become important factors that may harm our business.

Business Risks

Limited operating history. FlexShopper, LLC, which was formed in June 2013 to enter the lease-to-own business, has a limited operating history upon which investors may judge our performance. Our new FlexShopper business has generated revenues over a limited operating history and has incurred net losses. Our ability to achieve profitability in this business will depend upon many factors, including, without limitation, our ability to execute our growth strategy and technology development, obtain sufficient capital, develop relationships with third party retail partners, adapt to fluctuations in the economy and modify our strategy based on the degree and nature of competition. Our senior management team has very limited experience in the lease-to-own industry. While we believe our FlexShopper business model will be successful, prior success of our senior management in other businesses should not viewed as an indication that we will be profitable. We can provide no assurances that our operations will ever be profitable.

Our business liquidity and capital resources are dependent upon our credit agreement with an institutional lender and our compliance with the terms thereof. On March 6, 2015, FlexShopper, through a wholly-owned subsidiary (the "Borrower"), entered into a credit agreement (the "Credit Agreement") with a lender (the "Lender"). The Borrower is permitted to borrow funds under the Credit Agreement based on the Borrower's cash on hand and the Amortized Order Value of the Borrower's Eligible Leases (as such terms are defined in the Credit Agreement) less certain deductions described in the Credit Agreement. Under the terms of the Credit Agreement, subject to the satisfaction of certain conditions, the Borrower may borrow up to $25,000,000 from the Lender for a term of two years. The borrowing term may be extended for an additional twelve months in the sole discretion of the Lender. The Credit Agreement contemplates that the Lender may provide additional debt financing to the Borrower, up to $100 million in total, under two uncommitted accordions following satisfaction of certain covenants and other terms and conditions. The Lender will receive security interests in certain leases as collateral under the Credit Agreement. For the term of the Credit Agreement, FlexShopper and its subsidiaries may not incur additional indebtedness (other than certain indebtedness expressly permitted under the Credit Agreement) without the permission of the Lender. The Lender and its affiliates will have a right of first refusal on certain subsequent FlexShopper transactions involving leases or other financial products during the term of the Credit Agreement and up to three months following the termination thereof. The Credit Agreement includes customary events of default, including, among others, failures to make payment of principal and interest, breaches or defaults under the terms of the Credit Agreement and related agreements entered into with the Lender, breaches of representations, warranties or certifications made by or on behalf of the Borrower in the Credit Agreement and related documents (including certain financial and expense covenants), deficiencies in the borrowing base, certain judgments against the Borrower and bankruptcy events. If an event of default occurs and is continuing, the Lender may, among other things, terminate any remaining commitments available to the Borrower, declare all outstanding principal and interest immediately due and payable and enforce any and all liens created in connection with the Credit Agreement. The occurrence of an event of default under the terms of our Credit Agreement may materially and adversely affect our operations.

FlexShopper LTO revenue and earnings growth depend on our ability to execute our growth strategies. Our primary growth strategies are our FlexShopper LTO online products to consumers and utilization by retailers of FlexShopper's online channels to connect with customers that want to acquire products on a LTO basis. Effectively managing the development and growth can be challenging, particularly as we develop the management and operational systems necessary to develop this line of business. If we are unable to successfully execute these growth strategies, revenue from this line of business will grow slowly or not at all, and we may never achieve profitability.

Our LTO business depends on the success of our third-party retail partners and our continued relationships with them. Our LTO revenues depend in part on the ability of unaffiliated third-party retailers to attract customers. In addition, in most cases, our agreements with such third-party retailers may be terminated at the retailer's election. The failure of our third-party retail partners to maintain quality and consistency in their operations and their ability to continue to provide products and services, or the loss of the relationship with any of these third-party retailers and an inability to replace them, could cause our LTO business to lose customers, substantially decreasing the revenues and earnings growth in our LTO business.

Our growth will depend on our ability to develop our brands, and these efforts may be costly. Our ability to develop the FlexShopper brand will be critical to achieving widespread acceptance of our services, and will require a continued focus on active marketing efforts. We will need to continue to spend substantial amounts of money on, and devote substantial resources to, advertising, marketing, and other efforts to create and maintain brand loyalty among our customers. If we fail to promote and maintain our brand, or if we incur substantial expenses in an unsuccessful attempt to promote and maintain our brand, our business would be harmed.

Our LTO business will depend on the continued growth of online and mobile commerce. The business of selling goods over the Internet and mobile networks is dynamic and relatively new. Concerns about fraud, privacy and other problems may discourage additional consumers from adopting the Internet or mobile devices as modes of commerce, or may prompt consumers to offline channels. In order to expand our user base, we must appeal to and acquire consumers who historically have used traditional means of commerce to purchase goods and may prefer Internet analogues to such traditional retail means, such as the retailer's own website, to our offerings. If these consumers prove to be less active than we expect due to lower levels of willingness to use the Internet or mobile devices for commerce for any reason, including lack of access to high-speed communications equipment, traffic congestion on the Internet or mobile network outages or delays, disruptions or other damage to users' computers or mobile devices, and we are unable to gain efficiencies in our operating costs, including our cost of acquiring new users, our business could be adversely impacted.

Our customer base presents significant risk of default for non-payment. We bear the risk of non-payment or slow payment by our customers. The nature of our customer base makes it sensitive to adverse economic conditions and less likely to meet our prevailing underwriting standards, which may be more restrictive in an adverse economic environment. As a result, during such periods we may experience decreases in the growth of new customers, and we may curtail spending limits to existing customers, which may adversely affect our net sales and potential profitability.

Our customers can return merchandise without penalty. When our customers acquire merchandise through the FlexShopper LTO program, we actually purchase the merchandise from the retailer and enter the lease-to-own relationship with the customer. Because our customers can return merchandise without penalty, there is risk that we may end up owning a significant amount of merchandise that is difficult to monetize. While we have factored customer returns into our business model, customer return volume may exceed the levels we expect, which could adversely impact our collections, revenues and our financial performance. Returns totaled approximately $77,000 carrying value of leased merchandise during the twelve months ended December 31, 2014.

We rely on third party credit/debit card and ACH (Automated Clearing House) processors to process collections from customers on a weekly basis. Our ability to collect from customers could be impaired if these processors did not work with us. These third-party payment processors may consider our business a high risk since our customer base could have a high incidence of insufficient funds and rejected payments. This could cause a processor to discontinue its services to us, and we may not be able to find a replacement processor. If this occurred, we would have to collect from our customers using less efficient methods, which could adversely impact our collections, revenues and our financial performance.

We rely on internal models to manage risk, to provide accounting estimates and to make other business decisions. Our results could be adversely affected if those models do not provide reliable estimates or predictions of future activity. The accurate modeling of risks is critical to our business, particularly with respect to managing underwriting and spending limits for our customers. Our expectations regarding customer repayment levels, as well as our allowances for doubtful accounts and other accounting estimates, are based in large part on internal modeling. We also rely heavily on internal models in making a variety of other decisions crucial to the successful operation of our business. It is therefore important that our models are accurate, and any failure in this regard could have a material adverse effect on our results. Models are inherently imperfect predictors of actual results because they are based on historical data available to us and our assumptions about factors such as demand, payment rates, default rates, delinquency rates and other factors that may overstate or understate future experience. Our models could produce unreliable results for a number of reasons, including the limitations or lack of historical data to predict results, invalid or incorrect assumptions underlying the models, the need for manual adjustments in response to rapid changes in economic conditions, incorrect coding of the models, incorrect data being used by the models or inappropriate application of a model to products or events outside of the model's intended use. In particular, models are less dependable when the economic environment is outside of historical experience, as has been the case recently. Due to the factors described above, unanticipated and excessive default and charge-off experience can adversely affect our profitability and financial condition, breach covenants in future credit facilities, limit our ability to secure a credit facility and adversely affect our ability to finance our business.

Our operations are regulated by and subject to the requirements of various federal and state laws and regulations. These laws and regulations, which may be amended or supplemented or interpreted by the courts from time to time, could expose us to significant compliance costs or burdens or force us to change our business practices in a manner that may be materially adverse to our operations, prospects or financial condition. Currently, 47 states and the District of Columbia specifically regulate rent-to-own, lease-to-own transactions. At the present time, no federal law specifically regulates the rent-to-own industry, although federal legislation to regulate the industry has been proposed from time to time. Any adverse changes in existing laws, or the passage of new adverse legislation by states or the federal government could materially increase both our costs of complying with laws and the risk that we could be sued or be subject to government sanctions if we are not in compliance. In addition, new burdensome legislation might force us to change our business model and might reduce the economic potential of our sales and lease ownership operations. Most of the states that regulate rent-to-own transactions have enacted disclosure laws that require rent-to-own companies to disclose to their customers the total number of payments, total amount and timing of all payments to acquire ownership of any item, any other charges that may be imposed and miscellaneous other items. The more restrictive state lease purchase laws limit the total amount that a customer may be charged for an item, or regulate the "cost-of-rental" amount that rent-to-own companies may charge on rent-to-own transactions, generally defining "cost-of-rental" as lease fees paid in excess of the "retail" price of the goods. There has been increased legislative attention in the United States, at both the federal and state levels, on consumer debt transactions in general, which may result in an increase in legislative regulatory efforts directed at the rent-to-own industry. We cannot guarantee that the federal government or states will not enact additional or different legislation that would be disadvantageous or otherwise materially adverse to us. In addition to the risk of lawsuits related to the laws that regulate rent-to-own and consumer lease transactions, we could be subject to lawsuits alleging violations of federal and/or state laws and regulations and consumer tort law, including fraud, consumer protection, information security and privacy laws, because of the consumer-oriented nature of the rent-to-own industry. A large judgment against FlexShopper could adversely affect our financial condition and results of operations. Moreover, an adverse outcome from a lawsuit, even one against one of our competitors, could result in changes in the way we and others in the industry do business, possibly leading to significant costs or decreased revenues or profitability.

If we fail to protect the integrity and security of customer and employee information, we could be exposed to litigation or regulatory enforcement, and our business could be adversely impacted. We collect and store certain personal information provided to us by our customers and employees in the ordinary course of our business. Despite instituted safeguards for the protection of such information, we cannot be certain that all of our systems are entirely free from vulnerability to attack. Computer hackers may attempt to penetrate our network security and, if successful, misappropriate confidential customer or employee information. In addition, one of our employees, contractors or other third party with whom we do business may attempt to circumvent our security measures in order to obtain such information, or inadvertently cause a breach involving such information. Loss of customer or employee information could disrupt our operations, damage our reputation and expose us to claims from customers, employees, regulators and other persons, any of which could have an adverse effect on our business, financial condition and results of operations. In addition, the costs associated with information security, such as increased investment in technology, the costs of compliance with privacy laws and costs incurred to prevent or remediate information security breaches, could adversely impact our business.

The loss of any of our key personnel could harm our business. Our future financial performance will depend to a significant extent on our ability to motivate and retain key management personnel. Further, FlexShopper is seeking to hire additional qualified management for its FlexShopper business. Competition for qualified management personnel is intense, and there can be no assurance that we will be able to hire additional qualified management on terms satisfactory to FlexShopper. Further, in the event we experience turnover in our senior management positions, we cannot assure you that we will be able to recruit suitable replacements. We must also successfully integrate all new management and other key positions within our organization to achieve our operating objectives. Even if we are successful, turnover in key management positions may temporarily harm our financial performance and results of operations until new management becomes familiar with our business. At present, we do not maintain key-man life insurance on any of our executive officers, although we entered into an employment contract with Brad Bernstein, Chief Executive Officer and President. Our Board of Directors is responsible for approval of all future employment contracts with our executive officers. We can provide no assurances that said future employment contracts and/or their current compensation is or will be on commercially reasonable terms to us in order to retain our key personnel. The loss of any of our key personnel could harm our business.

Competition in the LTO business is intense. The lease-to-own industry is highly competitive. Our operation will compete with other national, regional and local lease-to-own businesses, as well as with rental stores that do not offer their customers a purchase option. Some of these companies have, or may develop, systems that enable consumers to obtain through online facilities spending limits and payment terms and to enter into leases nearly instantaneously, in a manner similar to that provided by FlexShopper's proprietary technology. Many of our competitors will have substantially more resources and greater experience in the lease-to-own business of FlexShopper. With respect to customers desiring to purchase merchandise for cash or on credit, we also compete with retail stores. Competition is based primarily on store location, product selection and availability, customer service and lease rates and terms. We believe we do not currently have significant competition for our on-line LTO marketplace and patent pending LTO payment method. However, such competition is likely to develop over time, and we may be unable to successfully compete in our target markets. We can provide no assurances that we will be able to successfully compete in the LTO industry.

Worsening of current economic conditions could result in decreased revenues or increased costs. Although we believe an economic downturn can result in increased business in the lease-to-own market as consumers increasingly find it difficult to purchase home furnishings, electronics and appliances from traditional retailers on store installment credit, it is possible that if the conditions continue for a significant period of time, or get worse, consumers may curtail spending on all or some of the types of merchandise we offer, in which event our revenues may suffer.

Changes in regulations or customer concerns, in particular as they relate to privacy and protection of customer data, could adversely affect our business. Our business is subject to laws relating to the collection, use, retention, security and transfer of personally identifiable information about our customers. The interpretation and application of privacy and customer data protection laws are in a state of flux and may vary from jurisdiction to jurisdiction. These laws may be interpreted and applied inconsistently and our current data protection policies and practices may not be consistent with those interpretations and applications. Complying with these varying requirements could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business. Any failure, or perceived failure, by us to comply with our own privacy policies or with any regulatory requirements or orders or other privacy or consumer protection related laws and regulations could result in proceedings or actions against us by governmental entities or others, subject us to significant penalties and negative publicity and adversely affect our operating results.

System interruption and the lack of integration and redundancy in our order entry and online systems may adversely affect our net sales. Customer access to our customer service center and websites is key to the continued flow of new orders. Anything that would hamper or interrupt such access could adversely affect our net sales, operating results and customer satisfaction. Examples of risks that could affect access include problems with the Internet or telecommunication infrastructure, limited web access by our customers, local or more systemic impairment of computer systems due to viruses or malware, or impaired access due to breaches of Internet security or denial of service attacks. Changes in the policies of service providers or others that increase the cost of telephone or Internet access could inhibit our ability to market our products or transact orders with customers. In addition, our ability to operate our business from day-to-day, largely depends on the efficient operation of our computer hardware and software systems and communications systems. Our computer and communications systems and operations could be damaged or interrupted by fire, flood, power loss, telecommunications failure, earthquakes, acts of war or terrorism, acts of God, computer viruses, physical or electronic break-ins or denial of service attacks, improper operation by employees and similar events or disruptions. Any of these events could cause system interruption, delays and loss of critical data and could prevent us from accepting and fulfilling customer orders and providing services, which would impair our operations. Certain of our systems are not redundant, and we have not fully implemented a disaster recovery plan. In addition, we may have inadequate insurance coverage to compensate us for any related losses. Interruptions to customer ordering, particularly if prolonged, could damage our reputation and be expensive to remedy and have significant adverse effects on our financial results.

We face risk related to the strength of our operational, technological and organizational infrastructure. We are exposed to operational risks that can be manifested in many ways, such as errors related to failed or inadequate processes, faulty or disabled computer systems, fraud by employees, contractors or third parties and exposure to external events. In addition, we are heavily dependent on the strength and capability of our technology systems that we use to manage our internal financial, credit and other systems, interface with our customers and develop and implement effective marketing campaigns. Our ability to operate our business to meet the needs of our existing customers and attract new ones and to run our business in compliance with applicable laws and regulations depends on the functionality of our operational and technology systems. Any disruptions or failures of our operational and technology systems, including those associated with improvements or modifications to such systems, could cause us to be unable to market and manage our products and services and to report our financial results in a timely and accurate manner, all of which could have a negative impact on our results of operations. In some cases, we outsource delivery, maintenance and development of our operational and technological functionality to third parties. These third parties may experience errors or disruptions that could adversely impact us and over which we may have limited control. Any increase in the amount of our infrastructure that we outsource to third parties may increase our exposure to these risks.

If we do not respond to technological changes, our services could become obsolete, and we could lose customers. To remain competitive, we must continue to enhance and improve the functionality and features of our e-commerce websites and other technologies. We may face material delays in introducing new products and enhancements. If this happens, our customers may forego the use of our websites and use those of our competitors. The Internet and the online commerce industry are rapidly changing. If competitors introduce new products and services using new technologies or if new industry standards and practices emerge, our existing websites and our proprietary technology and systems may become obsolete. Our failure to respond to technological change or to adequately maintain, upgrade and develop our computer network and the systems used to process customers' orders and payments could harm our business, prospects, financial condition and results of operations.

We may not be able to adequately protect our intellectual property rights or may be accused of infringing intellectual property rights of third parties. We have filed provisional patents for a system that enables consumers to buy products on a LTO basis using mobile devices and tablets and for a lease-to-own method of payment at check-out on e-commerce sites. We can provide no assurances that we will be granted any patents by the U.S. Patent and Trademark Office. We regard our pending patents, trademarks, service marks, copyrights, trade dress, trade secrets, proprietary technology, and similar intellectual property as critical to our success. In particular, we believe certain proprietary information, including but not limited to our underwriting model, and patent pending systems are central to our business model, and we believe give us a key competitive advantage. We rely on trademark and copyright law, trade secret protection, and confidentiality, license and work product agreements with our employees, customers and others to protect our proprietary rights. We may be unable to prevent third parties from acquiring trademarks, service marks and domain names that are similar to, infringe upon, or diminish the value of our trademarks and other proprietary rights. Failure to protect our domain names could affect adversely our reputation and brand, and make it more difficult for users to find our website. We may be unable to discover or determine the extent of any unauthorized use of our proprietary rights. The protection of our intellectual property may require the expenditure of significant financial and managerial resources. In addition, the steps we take to protect our intellectual property may not adequately protect our rights or prevent parties from infringing or misappropriating our proprietary rights. We can be at risk that others will independently develop or acquire equivalent or superior technology or other intellectual property rights. The use of our technology or similar technology by others could reduce or eliminate any competitive advantage we have developed, cause us to lose sales or otherwise harm our business.

We cannot be certain that the intellectual property used in our business does not and will not infringe the intellectual property rights of others, and we are from time to time subject to third party infringement claims. Due to recent changes in patent law, we face the risk of a temporary increase in patent litigation due to new restrictions on including unrelated defendants in patent infringement lawsuits in the future particularly from entities that own patents but that do not make products or services covered by the patents. Any third party infringement claims against us, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, injunctions against us or the payment of damages. Moreover, should we be found liable for infringement, we may be required to seek to enter into licensing agreements, which may not be available on acceptable terms or at all.

In deciding whether to provide a spending limit to customers, we rely on the accuracy and completeness of information furnished to us by or on behalf of our customers. If we and our systems are unable to detect any misrepresentations in this information, this could have a material adverse effect on our results of operations and financial condition. In deciding whether to provide a customer with a spending amount, we rely heavily on information furnished to us by or on behalf of our customers and our ability to validate such information through third-party services, including personal financial information. If a significant percentage of our customers intentionally or negligently misrepresent any of this information, and we or our systems do not or did not detect such misrepresentations, it could have a material adverse effect on our ability to effectively manage our risk, which could have a material adverse effect on our results of operations and financial condition.

If we fail to timely contact delinquent customers, then the number of delinquent customer receivables eventually being charged off could increase. We contact customers with delinquent account balances soon after the account becomes delinquent. During periods of increased delinquencies it is important that we are proactive in dealing with these customers rather than simply allowing customer receivables to go to charge-off. During periods of increased delinquencies, it becomes extremely important that we are properly staffed and trained to assist customers in bringing the delinquent balance current and ultimately avoiding charge-off. If we do not properly staff and train our collections personnel, or if we incur any downtime or other issues with our information systems that assist us with our collection efforts, then the number of accounts in a delinquent status or charged-off could increase. In addition, managing a substantially higher volume of delinquent customer receivables typically increases our operational costs. A rise in delinquencies or charge-offs could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Our management information systems may not be adequate to meet our evolving business and emerging regulatory needs and the failure to successfully implement them could negatively impact the business and its financial results. We are investing significant capital in new information technology systems to support our growth plan. These investments include redundancies, and acquiring new systems and hardware with updated functionality. We are taking appropriate actions to ensure the successful implementation of these initiatives, including the testing of new systems, with minimal disruptions to the business. These efforts may take longer and may require greater financial and other resources than anticipated, may cause distraction of key personnel, may cause disruptions to our systems and our business, and may not provide the anticipated benefits. The disruption in our information technology systems, or our inability to improve, integrate or expand our systems to meet our evolving business and emerging regulatory requirements, could impair our ability to achieve critical strategic initiatives and could adversely impact our sales, collections efforts, cash flows and financial condition.

If we fail to maintain adequate systems and processes to detect and prevent fraudulent activity, our business could be adversely impacted. Criminals are using increasingly sophisticated methods to engage in illegal activities such as paper instrument counterfeiting, fraudulent payment or refund schemes and identity theft. As we make more of our services available over the internet and other media we subject ourselves to consumer fraud risk. We use a variety of tools to protect against fraud; however, these tools may not always be successful.

Our failure to maintain an effective system of internal controls could result in inaccurate reporting of financial results and harm our business. We are required to comply with a variety of reporting, accounting and other rules and regulations. As such, we maintain a system of internal control over financial reporting, but there are limitations inherent in internal control systems. A control system can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints and the benefit of controls must be appropriate relative to their costs. Furthermore, compliance with existing requirements is expensive and we may need to implement additional finance and accounting and other systems, procedures and controls to satisfy our reporting requirements. If our internal control over financial reporting is determined to be ineffective, such failure could cause investors to lose confidence in our reported financial information, negatively affect the market price of our common stock, subject us to regulatory investigations and penalties, and adversely impact our business and financial condition.

Lack of Board Committees. Currently we have no audit, compensation, nominating or other committees of the board of directors. In the future, we may establish committees at such time as the board deems it to be in the best interest of our stockholders or when it is required under the rules of an exchange on which we may seek to list our Common Stock. We can provide no assurances that our lack of committees will not continue in future operating periods. Since we have no audit committee composed solely of independent directors, as required by the Sarbanes-Oxley Act of 2002, as amended, our board of directors has all the responsibilities of the audit committee.

Control of FlexShopper. Our secured lender described under Item 1, Item 7 and Item 13 beneficially owns 28.0% of our outstanding Common Stock as of the filing date of this Form 10-K. Also, our executive officers and directors beneficially own an additional 27.7% of our Common Stock as of the same date. In the event that they act in concert on future stockholder matters, such persons may have the ability to affect the election of all of our directors and the outcome of all issues submitted to our stockholders. Such concentration of ownership could limit the price that certain investors might be willing to pay in the future for shares of Common Stock and could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from attempting to acquire, control of us.

We have no established public market for our Securities. Our outstanding Common Stock does not have an established trading market, although our Common Stock has been quoted on the OTCQB under the symbol “FPAY.” Trading in our Common Stock has been sporadic in the Over-the-Counter Market since it began in December 2007. The availability for sale of restricted securities pursuant to Rule 144 or otherwise could adversely affect the market for our Common Stock, if any. We can provide no assurances that an established public market will ever develop or be sustained for our Common Stock in the future. Therefore, investors in this Offering may find it difficult to sell their Shares, whether pursuant to an effective registration statement, under Rule 144 or otherwise.

The price of our Common Stock may fluctuate significantly. The market price for our Common Stock, if any, can fluctuate as a result of a variety of factors, including the factors listed above, many of which are beyond our control. These factors include: actual or anticipated variations in quarterly operating results; announcements of new services by our competitors or us; announcements relating to strategic relationships or acquisitions; changes in financial estimates or other statements by securities analysts; and other changes in general economic conditions. Because of this, we may fail to meet or exceed the expectations of our stockholders or others, and the market price for our Common Stock could fluctuate as a result. In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our Common Stock.

Our Common Stock is considered to be a "penny stock" and, as such, the market for our Common Stock, should one develop, may be further limited by certain SEC rules applicable to penny stocks. To the extent the price of our Common Stock remains below $5.00 per share or we have net tangible assets of $2,000,000 or less, our shares of Common Stock will be subject to certain "penny stock" rules promulgated by the SEC. Those rules impose certain sales practice requirements on brokers who sell penny stock to persons other than established customers and accredited investors (generally institutions with assets in excess of $5,000,000 or individuals with net worth in excess of $1,000,000). For transactions covered by the penny stock rules, the broker must make a special suitability determination for the purchaser and receive the purchaser's written consent to the transaction prior to the sale. Furthermore, the penny stock rules generally require, among other things, that brokers engaged in secondary trading of penny stocks provide customers with written disclosure documents, monthly statements of the market value of penny stocks, disclosure of the bid and asked prices and disclosure of the compensation to the brokerage firm and disclosure of the sales person working for the brokerage firm. These rules and regulations could adversely affect the ability of brokers to sell our Common Stock in the public market should one develop, and they limit the liquidity of our Shares.

We have never declared or paid cash dividends on our Common Stock, and we do not anticipate paying any cash dividends on our Common Stock in the foreseeable future. We currently intend to retain future earnings, if any, to fund the development and growth of our FlexShopper business. Any future determination to pay cash dividends will be dependent upon our financial condition, operating results, capital requirements, applicable contractual restrictions and other such factors as our Board of Directors may deem relevant.

Increased costs associated with corporate governance compliance may significantly impact our results of operations. Changing laws, regulations and standards relating to corporate governance, public disclosure and compliance practices, including the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the Sarbanes-Oxley Act of 2002, and new SEC regulations, may create difficulties for companies such as ours in understanding and complying with these laws and regulations. As a result of these difficulties and other factors, devoting the necessary resources to comply with evolving corporate governance and public disclosure standards has resulted in and may in the future result in increased general and administrative expenses and a diversion of management time and attention to compliance activities. We also expect these developments to increase our legal compliance and financial reporting costs. In addition, these developments may make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. Moreover, we may be unable to comply with these new laws and regulations on a timely basis.

These developments could make it more difficult for us to retain qualified members of our board of directors, or qualified executive officers. We are presently evaluating and monitoring regulatory developments and cannot estimate the timing or magnitude of additional costs we may incur as a result. To the extent these costs are significant, our general and administrative expenses are likely to increase.

If we sell shares of our common stock or securities convertible into our common stock in future financings, the ownership interest of existing shareholders will be diluted and, as a result, our stock price may go down. We may from time to time issue additional shares of common stock at a discount from the current trading price of our common stock. As a result, our existing shareholders will experience immediate dilution upon the purchase of any shares of our common stock sold at a discount. For example, between May 8, 2014 and October 9, 2014, we sold 13,638,368 shares of our common stock in a private placement offering (and to two principal stockholders who are officers and/or directors) at a price of $.55 per share, at a time when the market price of our common stock was above this level. As other capital raising opportunities present themselves, we may enter into financing or similar arrangements in the future. If we issue common stock or securities convertible into common stock, our shareholders will experience dilution and this dilution will be greater if we find it necessary to sell securities at a discount to prevailing market prices.

In January 2015, we filed a registration statement with the Securities and Exchange Commission to register the resale of 13,593,214 shares of our common stock. As of the filing date of this Form 10-K, this registration statement has not been declared effective. Such a large number of shares registered for resale may depress the market price of our common stock. In January 2015, we filed a registration statement with the Securities and Exchange Commission to register the resale of 13,593,214 shares of our common stock. As of the filing date of this Form 10-K, this registration statement has not been declared effective. Such a large number of shares registered for resale may depress the market price of our common stock. Further, substantially all the remaining outstanding common shares not registered in this offering are either free trading shares in the public float or shares available for sale pursuant to Rule 144 of the Securities Act of 1933, as amended. Sales of a substantial number of shares of our common stock in the public market could cause the market price of our common stock to decline. If there are more shares of common stock offered for sale than buyers are willing to purchase, then the market price of our common stock may decline to a market price at which buyers are willing to purchase shares.

Item 1B. Unresolved Staff Comments

None

Item 2. Properties

On August 1, 2013, FlexShopper entered into a 39 month lease for additional office space in Boca Raton, Florida to accommodate FlexShopper's business and its employees. The monthly rent was approximately $6,800. This lease agreement was amended in January 2014 to reflect a 63 month term for a larger suite in an adjoining building. Upon commencement the monthly base rent including operating expenses for the first year will be approximately $9,600 with annual three percent increases throughout the lease term.

Item 3. Legal Proceedings

We are not a party to any pending material legal proceedings except as described below. To our knowledge, no governmental authority is contemplating commencing a legal proceeding in which we would be named as a party.

On October 22, 2010, Anchor filed a complaint in the Superior Court of Stamford/Norwalk, Connecticut against the Administrators of the Estate of David Harvey ("Harvey") to recoup a credit loss incurred by FlexShopper's former subsidiary, Brookridge Funding Services, LLC. Harvey was the owner of a Company that caused the credit loss, and FlexShopper is pursuing its rights under the personal guarantee that Harvey provided. The Complaint is demanding principal of approximately $485,000 plus interest and damages. During the twelve months ended December 31, 2014, there were no current developments involving the current legal proceeding.

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our Common Stock is quoted on the OTCQB under the symbol “FPAY.” The following table sets forth the range of high and low closing sale prices of our Common Stock for our last two fiscal periods.

	High	Low
2013 - Quarter Ended		
December 31	$0.63	$0.63
September 30	0.50	0.50
June 30	0.35	0.35
March 31	0.22	0.22
2014 Quarter Ended		
December 31	1.00	$0.40
September 30	0.90	0.69
June 30	0.94	0.65
March 31	0.95	0.42

Our Common Stock has a limited public market. All quotations reflect inter-dealer prices, without retail mark-up, markdown or commissions and may not necessarily represent actual transactions.

Holders of Record

As of December 31, 2014, there were 707 holders of record of shares of Common Stock and 65 holders of record of our Series 1 Preferred Stock. FlexShopper's transfer agent is Continental Stock Transfer & Trust Company, 17 Battery Place, New York, NY 10004.

Dividend Policy

The holders of our Series 1 Preferred Stock were entitled to receive dividends from issuance in 2007 through December 31, 2009 as more fully described below. We have not paid or declared any cash dividends on our Common Stock. We currently intend to retain any earnings for future growth and, therefore, do not expect to pay cash dividends on our Common Stock in the foreseeable future. Cumulative annual dividends were payable in shares of Series 1 Preferred Stock or, in certain instances in cash, at an annual rate of 8% ($.40 per share of Series 1 Preferred Stock), on December 31 of each year commencing December 31, 2007 through December 31, 2009.

Recent Sales of Unregistered Securities

The following sales of unregistered securities took place during the quarter ended December 31, 2014:

Date of Sale	Title of Security	Number Sold	Consideration Received	Purchasers	Exemption from Registration Claimed
October 2014	Common Stock	245,456 shares and placement agent warrants to purchase 1,773,027 shares (4)	$135,000 before placement agent compensation of $17,550	Accredited Investors	Section 4(2) and/or Rule 506 promulgated thereunder
October 2014	Common Stock	194,758 shares	34,168 Preferred Stock conversion; no commissions paid	Accredited Investors	Section 3(a)(9)
October 2014	Common Stock Options(1)	Options to purchase 1,121,000 shares	Services rendered; no commissions paid	Officers, directors and employees	Section 4(2)

(1) Options are exercisable at prices ranging from $0.17 to $1.25 per share. A Form S-8 Registration Statement is anticipated to be filed with the SEC to register the shares issuable upon exercise of options under our 2007 Stock Option Plan.

Item 6. Selected Financial Data

Not applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our consolidated financial statements and the notes thereto appearing elsewhere in this Form 10-K.

Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 (the Act) provides a safe harbor for forward-looking statements made by or on behalf of our Company. Our Company and its representatives may from time to time make written or verbal forward-looking statements, including statements contained in this report and other Company filings with the Securities and Exchange Commission and in our reports to stockholders. Statements that relate to other than strictly historical facts, such as statements about the Company's plans and strategies and expectations for future financial performance are forward-looking statements within the meaning of the Act. Generally, the words "believe," "expect," "intend," "estimate," "anticipate," "will" and other similar expressions identify forward-looking statements. The forward-looking statements are and will be based on management's then current views and assumptions regarding future events and operating performance, and speak only as of their dates. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. See "Risk Factors" for a discussion of events and circumstances that could affect our financial performance or cause actual results to differ materially from estimates contained in or underlying our forward-looking statements.

Executive Overview

The results of operations from continuing operations below principally reflect the operations of FlexShopper, LLC which provides certain types of durable goods to consumers on a lease-to-own basis and also provides lease-to-own terms to consumers of third party retailers and e-tailers. FlexShopper began generating revenues from this line of business in December 2013. Management believes that the introduction of FlexShopper's Lease-to-own (LTO) programs support broad untapped expansion opportunities within the U.S. consumer e-commerce and retail marketplaces. FlexShopper and its online LTO platforms provide consumers the ability to acquire durable goods, including electronics, computers and furniture on an affordable payment, lease basis. Concurrently, e-tailers and retailers that work with FlexShopper may increase their sales by utilizing FlexShopper's online channels to connect with consumers that want to acquire products on an LTO basis. FlexShopper's sales channels include 1) serving as the financial and technology partner for durable goods retailers and etailers 2) selling directly to consumers via the online FlexShopper LTO Marketplace featuring thousands of durable goods and 3) utilizing FlexShopper's patent pending LTO payment method at check out on e-commerce sites.

Summary of Critical Accounting Policies

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments, including those related to credit provisions, intangible assets, contingencies, litigation and income taxes. Management bases its estimates and judgments on historical experience as well as various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Management believes the following critical accounting policies, among others, reflect the more significant judgments and estimates used in the preparation of our financial statements.

Accounts Receivable and Allowance for Doubtful Accounts – The Company seeks to collect amounts owed under its leases from each customer on a weekly basis by charging their bank account or credit card. Accounts receivable are principally comprised of lease payments currently owed to the Company which are past due as the Company has been unable to successfully collect in the manner described above. As of December 31, 2014, approximately 60% of the Company's leases were current and did not have a past due balance and an additional 15% were past due with balances of one to four payments. An allowance for doubtful accounts is estimated by reserving all accounts in excess of four payments in arrears, adjusted for subsequent collections. The Company is developing historical data to assess the estimate of the allowance in the future. The accounts receivable balances consisted of the following as of December 31, 2014 and 2013.

	December 31, 2014	December 31, 2013
Accounts receivable	$ 1,509,736	$ 119
Allowance for doubtful accounts	1,380,902	-
Accounts receivable, net	$ 128,834	$ 119

The Company's reserve is 91.4% of the accounts receivable balance as of December 31, 2014. The reserve is a significant percentage of the balance because the Company has not charged off any customer accounts since inception to assure that it has exhausted all collection efforts with respect to each account including attempts to repossess items. In addition, the same delinquent customers will continue to accrue weekly charges until they are charged off or the Company has exhausted collection efforts and the company will charge off accounts once it estimates there is no chance of recovery.

Lease Merchandise – Until all payment obligations required for ownership are satisfied under the lease agreement, FlexShopper maintains ownership of the lease merchandise. Lease merchandise consists primarily of residential furniture, consumer electronics, computers, appliances and household accessories and is recorded at cost. FlexShopper depreciates leased merchandise using the straight line method over the applicable agreement period for a consumer to acquire ownership generally twelve months with no salvage value. When indicators of impairment exist FlexShopper accelerates depreciation to six months from the lease origination date and records an impairment reserve against the carrying value of the leased merchandise with a corresponding charge to cost of lease revenue for the excess of the depreciation over the applicable agreement period. Principal impairment indicators are leases with more than eight payments past due, where collection access is denied or problematic indicating the Company may need to attempt to repossess the items. FlexShopper is developing historical charge off information to assess recoverability and estimate of the impairment reserve. See "Note 2" in the Notes to Consolidated Financial Statements included under "Item 8."

Stock Based Compensation - The fair value of transactions in which FlexShopper exchanges its equity instruments for employee services (share-based payment transactions) is recognized as an expense in the financial statements as services are performed.

Compensation expense is determined by reference to the fair value of an award on the date of grant and is amortized on a straight-line basis over the vesting period. We have elected to use the Black-Scholes-Merton (BSM) pricing model to determine the fair value of all stock option awards.

Results of Operations

The following table details the operating results from continuing operations for the twelve months ended December 31, 2014 and 2013.

	Twelve months ended December 31, 2014	Twelve months ended December 31, 2013
Revenues	$ 5,014,620	$ 119
Cost of lease revenue and merchandise sold	3,330,786	124
Operating expenses	5,178,383	655,121
Provision for bad debts	1,380,902	-
Loss from continuing operations before income taxes	(4,875,451)	(655,474)
Income tax (provision) benefit	458,047	-
Loss from continuing operations	$ (4,417,404)	$ (655,474)

Lease revenues for the twelve months ended December 31, 2014 were $5,014,620. FlexShopper began originating leases in late December 2013 and therefore had minimal revenues from continuing operations for the year ended December 31, 2013. FlexShopper originated 13,064 leases in year ended December 31, 2014, its first year of meaningful operations.

Cost of lease revenue and merchandise sold for the year ended December 31, 2014 was principally comprised of depreciation expense on lease merchandise of $2,204,548, the net book value of merchandise sold of $599,238 and a reserve for inventory impairment of $527,000.

Provision for bad debts was $1,380,902 for the twelve months ended December 31, 2014. 2014 was the Company's first year of meaningful operations during which the Company continuously made changes to its underwriting and risk model to improve portfolio performance. The Company anticipates continued improvement as it continues to refine its risk model with an enhanced risk department which includes new hires in 2015 of a Vice President-Risk and Analytics Manager, both with substantial experience in the non-prime consumer market.

Operating expenses for the years ended December 31, 2014 and 2013 were $5,178,383 and 655,121 respectively. Key operating expenses for the years ended December 31, 2014 and 2013 included the following:

	Twelve months ended December 31, 2014	Twelve months ended December 31, 2013
Payroll, benefits and contract labor	$ 2,027,976	$ 421,168
Legal and professional fees	379,492	123,174
Stock compensation expense	439,320	51,721
Computer, internet and office expenses	221,216	26,322
Advertising	885,012	-
Total	$ 3,953,016	$ 622,385

FlexShopper had a net loss from continuing operations of $4,875,451 and 655,474 for the years ended December 31, 2014 and 2013 respectively. The net losses are the result of operating expenses associated with starting and operating the new FlexShopper business.

Sale of Anchor

During 2013, the Company decided to concentrate its efforts on the operations of FlexShopper and subsequently on April 30, 2014, Anchor entered into an Asset Purchase and Sale Agreement (the "Purchase Agreement") with a Bank, pursuant to which Anchor sold to the Bank substantially all of its assets (the "Anchor Assets"), consisting primarily of its factoring portfolio (the "Portfolio Accounts"). The purchase price for the Anchor Assets was equal to (1) approximately $4,445,000 which represented 110% of the total funds outstanding associated with the Portfolio Accounts which resulted in a gain of approximately $445,000 plus (2) an amount equal to 50% of the factoring fee and interest income earned by the Portfolio Accounts during the 12 month period following acquisition ("Earnout Payments"). The Earnout Payments totaled $342,541 for the period ended December 31, 2014. The sale of the Anchor Assets was made in a series of closings through June 16, 2014. In connection with each closing, Anchor used the proceeds thereof to pay the Bank all amounts due for factor advances associated with the Portfolio Accounts acquired pursuant to such closing under Anchor's Rediscount Facility Agreement with the Bank dated November 30, 2011 (the "Rediscount Facility Agreement"). In accordance with the Purchase Agreement, following the final closing thereunder all obligations of Anchor under the Rediscount Facility Agreement (and the associated Validity Warranty) were paid and satisfied in full and the agreement was terminated. Anchor recorded a gain of $778,015 on the sale of these assets including the earnout payments received through December 31, 2014 which is included in income from discontinued operations.

Plan of Operation

We plan to promote our FlexShopper products and services across all sales channels through strategic partnerships, direct response marketing, and affiliate and internet marketing, all of which are designed to increase our lease transactions and name recognition. Our advertisements emphasize such features as instant spending limit, and affordable weekly payments. We believe that as the FlexShopper name gains familiarity and national recognition through our advertising efforts, we will continue to educate our customers and potential customers about the lease-to-own payment alternative as well as solidify our reputation as a leading provider of high quality branded merchandise and services.

For each sales channel FlexShopper has a marketing strategy that includes but is not limited to the following:

Online LTO Marketplace	Patent pending LTO Payment Method	In-store LTO technology platform
Search engine optimization; pay-per click	Direct to retailers/etailers	Direct to retailers/etailers
Online affiliate networks	Partnerships with payment aggregators	Consultants & strategic relationships
Direct response television campaigns	Consultants & strategic relationships	
Direct mail		

The Company believes it has a competitive advantage by providing all three channels as a bundled package. Management is anticipating a rapid development of the FlexShopper business over the next two years as we are able to penetrate each of our sales channels. To support our anticipated growth, FlexShopper will need the availability of substantial capital resources. See “Liquidity and Capital Resources” below.

Liquidity and Capital Resources

As of December 31, 2014 the Company had cash of $ 2,883,349 compared to $ 960,032 for the same period in 2013.

The Company had accounts receivables of $1,509,736 net of an allowance of $1,380,902 totaling $128,834. Accounts receivable are principally comprised of lease payments owed to the Company. An allowance for doubtful accounts is estimated by reserving all accounts in excess of four payments in arrears adjusted for subsequent collections. Approximately seventy five percent of the Company’s accounts in the portfolio are not currently subject to reserve.

Recent Financings

In fiscal 2014, FlexShopper completed the following transactions, each of which has provided or is expected to provide immediate liquidity and cash resources to FlexShopper.

1. A private placement offering completed with FlexShopper’s placement agents on October 9, 2014 resulting in gross proceeds to FlexShopper of $6,501,100 before offering costs of approximately $912,000.

2. The sale of certain assets of Anchor Funding Services through an Asset Purchase Agreement. This transaction was completed in a series of closings through June 16, 2014 and resulted in a gain of $788,015.

3. The receipt of $1 million in funding from George Rubin and Morry F. Rubin through the funding of promissory notes in like principal amount and the conversion of these notes into shares of FlexShopper’s Common Stock at $.55 per share om May 8, 2014.

4. Entering into a secured promissory note with a principal stockholder pursuant to which we may borrow up to $1,000,000 at an interest rate of 15% per annum, payable upon demand. This note was paid in full on March 6, 2015, concurrent with FlexShopper obtaining the credit facility described below.

On March 6, 2015, FlexShopper entered into a credit agreement (the “Credit Agreement”) with a Lender. FlexShopper is permitted to borrow funds under the Credit Agreement based on the FlexShopper’s cash on hand and the Amortized Order Value of the its Eligible Leases (as such terms are defined in the Credit Agreement) less certain deductions described in the Credit Agreement. Under the terms of the Credit Agreement, subject to the satisfaction of certain conditions, FlexShopper may borrow up to $25,000,000 from the Lender for a term of two years. The borrowing term may be extended for an additional twelve months in the sole discretion of the Lender. The Credit Agreement contemplates that the Lender may provide additional debt financing to FlexShopper, up to $100 million in total, under two uncommitted accordions following satisfaction of certain covenants and other terms and conditions. The Lender will receive security interests in certain leases as collateral under the Credit Agreement. In connection with entering into the Credit Agreement, on March 6, 2015, FlexShopper raised approximately $8.6 million in net proceeds through direct sales of 17.0 million shares of FlexShopper common stock, par value $0.0001 per share, to certain affiliates of the Lender and other accredited investors for a purchase price of $0.55 per share.

The funds derived from the sale of FlexShopper’s Common Stock in the transactions described above, FlexShopper’s ability to borrow funds under the Credit Agreement and funds from the sale of Anchor’s factoring operations have provided substantial liquidity and capital resources for FlexShopper to purchase durable goods pursuant to lease-to-own transactions and to support FlexShopper’s current general working capital needs. Management believes that the financing transactions described in the preceding paragraph provides sufficient liquidity and capital resources for our anticipated needs through at least December 31, 2015.

Cash Flow Summary

Cash Flows from Operating Activities

Net cash used by continuing activities was $7,202,952 for the year ended December 31, 2014 and was primarily due to our net loss for the period combined with cash used for the purchases of leased merchandise. Net cash provided by discontinued operations from our Anchor operations was $1,175,860, resulting in net cash used by operations of $6,027,092.

For the year ended December 31, 2013 net cash used by continuing activities was $541,042 primarily due to our net loss for the year. Net cash provided by discontinued operations from our Anchor operations was $1,740,364, resulting in net cash provided by operations of $1,199,322.

Cash Flows from Investing Activities

For the year ended December 31, 2014 net cash provided by investing activities was $3,629,227 comprised of income from the sale of discontinued assets of $4,786,464 offset by the purchase of property and equipment of 1,157,237 including capitalized software costs of $1,017,104.

For the year ended December 31, 2013, net cash used in investing activities was $112,908 comprised of $30,760 for patent costs and $82,148 for the purchase of property and equipment.

Cash Flows from Financing Activities

Net cash provided by financing activities from continuing operations was $7,562,124 for the year ended December 31, 2014 and was primarily due to two $1,000,000 promissory notes from shareholders and $6,501,104 of net proceeds from a private placement offering at $.55 per share which was completed between May 8, 2014 and October 9, 2014. Net cash used by discontinued financing activities was $3,240,942 for the year ended December 31, 2014, and was primarily due to payments to a financial institution.

Net cash used by financing activities was $736,821 for the year ended December 31, 2013 and was due to payments of $1,736,821 to a financial institution offset by $1,000,000 proceeds from a sale of common stock.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposure to market risk is interest rate risk associated with our short term money market investments. The Company does not have any financial instruments held for trading or other speculative purposes and does not invest in derivative financial instruments, interest rate swaps or other investments that alter interest rate exposure. The Company does not have any credit facilities with variable interest rates.

Item 8. Financial Statements and Supplementary Data.

Consolidated Financial Statements

The reports of the Independent Registered Public Accounting Firm, Consolidated Financial Statements and Schedules are set forth beginning on the following page.

FLEXSHOPPER, INC.

CONTENTS

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
FlexShopper, Inc.

We have audited the accompanying consolidated balance sheet of FlexShopper, Inc. (the "Company") as of December 31, 2014, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of FlexShopper, Inc. as of December 31, 2014, and the consolidated results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ EisnerAmper LLP
New York, NY
March 31, 2015

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
FlexShopper, Inc. (formerly Anchor Funding Services, Inc.)

We have audited the accompanying consolidated balance sheet of FlexShopper, Inc. and subsidiaries (the "Company") as of December 31, 2013, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2013, and the consolidated results of its operations and its cash flows for the year ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America.

/s/ Scott and Company LLC
Columbia, South Carolina
March 31, 2014 except for the reclassification of certain amounts related to discontinued operations described in Note 3 for which the date is March 31, 2015

FLEXSHOPPER, INC.
CONSOLIDATED BALANCE SHEETS
December 31,

ASSETS

	2014	2013
CURRENT ASSETS:		
Cash	$ 2,883,349	$ 960,032
Accounts receivable, net	128,834	119
Prepaid expenses	112,074	50,188
Lease merchandise, net	4,241,918	8,004
Assets of discontinued operations	6,500	5,363,728
Total current assets	7,372,675	6,382,071
PROPERTY AND EQUIPMENT, net	1,051,697	58,079
OTHER ASSETS:		
Intangible assets, net	26,492	30,760
Security deposits	55,003	9,485
	81,495	40,245
	$ 8,505,867	$ 6,480,395
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 836,792	$ 20,349
Accrued payroll and related taxes	131,596	68,140
Accrued expenses	197,584	3,693
Loans payable to shareholder	1,000,000	-
Liabilities of discontinued operations	7,626	3,331,955
Total current liabilities	2,173,598	3,424,137
COMMITMENTS AND CONTINGENCIES (Note 10)		
STOCKHOLDERS' EQUITY		
PREFERRED STOCK, $0.001 par value- authorized 10,000,000 shares, issued and outstanding 342,219 in 2014 and 376,387 in 2013 at $5.00 stated value	1,711,095	1,881,935
COMMON STOCK, $0.0001 par value- authorized 65,000,000 shares issued and outstanding 35,015,322 in 2014 and 21,148,862 in 2013	3,502	2,115
ADDITIONAL PAID IN CAPITAL	14,513,433	7,337,636
ACCUMULATED DEFICIT	(9,895,761)	(6,165,428)
	6,332,269	3,056,258
	$ 8,505,867	$ 6,480,395

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

FLEXSHOPPER, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the years ended December 31,	
	2014	2013
Revenues:		
Lease revenues and fees	$ 4,269,792	$ 119
Lease merchandise sold	744,828	-
Total revenues	5,014,620	-
Costs and expenses:		
Cost of lease revenues, consisting of depreciation and impairment of lease merchandise	2,731,548	124
Cost of lease merchandise sold	599,238	-
Provision for doubtful accounts	1,380,902	-
Operating expenses	5,178,383	655,121
Total costs and expenses	9,890,071	655,593
Loss from continuing operations, before income tax benefit	(4,875,451)	(655,474)
Income tax benefit	458,047	-
Loss from continuing operations	(4,417,404)	(655,474)
Income (loss) from discontinued operations (including gain from the sale of discontinued operation of $788,015 in 2014), net of income taxes of 458,047 in 2014	687,071	(38,207)
Net loss	$ (3,730,333)	$ (693,681)
Basic and diluted (loss) income per common share:		
Loss from continuing operations	$ (0.15)	$ (0.04)
Income from discontinued operations	0.02	-
Net loss	$ (0.13)	$ (0.04)
Weighted average common shares outstanding:		
Basic and diluted	28,244,207	18,987,702

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

FLEXSHOPPER, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the years ended December 31, 2014 and 2013

	Preferred Stock		Common Stock		Additional Paid in	Accumulated	
	Shares	Amount	Shares	Amount	Capital	Deficit	Total
Balance, January 1, 2013:							
As previously reported	376,387	$ 671,409	18,634,369	$ 1,863	$ 7,496,693	$ (5,471,747)	$ 2,698,218
Reclassification of preferred stock issuance costs	-	1,210,526	-		(1,210,526)		
As reclassified	376,387	1,881,935	18,634,369	1,863	6,286,167	(5,471,747)	2,698,218
Provision for compensation expense related to issued stock options	-	-	-	-	49,805	-	49,805
Provision for compensation expense related to issued warrants	-	-	-	-	1,916	-	1,916
Sale of common stock	-	-	2,514,493	252	999,748	-	1,000,000
Net loss	-	-	-	-	-	(693,681)	(693,681)
Balance, December 31, 2013	376,387	1,881,935	21,148,862	2,115	7,337,636	(6,165,428)	3,056,258
Provision for compensation expense related to issued stock options	-	-	-	-	299,700	-	299,700
Provision for compensation expense related to issued warrants	-	-	-	-	139,620	-	139,620
Exercise of stock options	-	-	33,333	3	11,634	-	11,637
Sale of common stock, net of placement and other issuance costs of $1,537,489	-	-	11,820,187	1,183	4,962,432	-	4,963,615
Warrants issued to placement agents					586,872		586,872
Conversion of shareholder loans to common stock	-	-	1,818,182	182	999,818	-	1,000,000
Conversion of preferred shares to common stock	(34,168)	(170,840)	194,758	19	170,821	-	-
Accrued interest on shareholder loans contributed to capital	-	-	-	-	4,900	-	4,900
Net loss	-	-	-	-	-	(3,730,333)	(3,730,333)
Balance, December 31, 2014	342,219	$ 1,711,095	35,015,322	$ 3,502	$ 14,513,433	$ (9,895,761)	$ 6,332,269

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

FLEXSHOPPER, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31,

CASH FLOWS FROM OPERATING ACTIVITIES:	2014	2013
Net loss	$ (3,730,333)	$ (693,681)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
(Income) loss from discontinued operation	(687,071)	38,207
Depreciation and amortization	162,210	38,326
Depreciation of lease merchandise	2,160,467	123
Impairment of lease merchandise	527,000	-
Amortization of patent costs	4,268	-
Compensation expense related to issuance of stock options	299,700	49,805
Compensation expense related to issuance of warrants	139,620	1,916
Provision for doubtful accounts	1,380,902	-
Other	4,900	-
Changes in operating assets and liabilities:		
(Increase) in accounts receivable	(1,509,617)	(119)
(Increase) in prepaid expenses and other	(61,888)	(50,188)
(Increase) in lease merchandise	(6,921,381)	(8,128)
(Increase) in security deposits	(45,518)	(9,485)
Increase in accounts payable	816,443	20,349
Increase in accrued payroll and related taxes	63,455	68,140
Increase in accrued expenses	193,891	3,693
Net cash used in operating activities - continuing operations	(7,202,952)	(541,042)
Net cash provided by operating activities - discontinued operations	1,175,860	1,740,364
Net cash (used in) provided by operating activities	(6,027,092)	1,199,322
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(1,157,237)	(67,947)
Patent costs	-	(30,760)
Net cash used in investing activities – continuing operations	(1,157,237)	(98,707)
Net cash used in investing activities- discontinued operations	-	(14,201)
Proceeds from sale of discontinued operations	4,786,464	-
Net cash provided by (used in) investing activities	3,629,227	(112,908)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loans from shareholders	2,000,000	-
Proceeds from exercise of stock options	11,637	-
Proceeds from sale of common stock	6,501,104	1,000,000
Payment of costs related to issuance of common stock	(950,617)	-
Net cash provided by financing operations – continuing operations	7,562,124	1,000,000
Net cash used in financing operations - discontinued operations	(3,240,942)	(1,736,821)
Net cash provided by (used in) financing activities	4,321,182	(736,821)
INCREASE IN CASH	1,923,317	349,593
CASH, beginning of period	960,032	610,439
CASH, end of period	$ 2,883,349	$ 960,032
Supplemental cash flow information:		
Interest paid	$ 81,370*	$ 369,487*
Non-cash Financing activities:		
Conversion of shareholders loans to common stock	$ 1,000,000	$ -
Conversion of preferred stock to common stock	$ 170,840	$ -

*Discontinued operations

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

1. BUSINESS:

FlexShopper Inc.(the "Company") is a corporation organized under the laws of the State of Delaware on August 16, 2006. The Company owns 100% of FlexShopper, LLC, a limited liability company incorporated under the laws of North Carolina on June 24, 2013. Since the sale of the assets of Anchor Funding Services LLC ("Anchor"), which sale was completed in a series of transactions between April and June 2014, the Company is a holding corporation with no operations except for those conducted by FlexShopper. FlexShopper provides through e-commerce sites, certain types of durable goods to consumers on a lease-to-own basis ("LTO") including consumers of third party retailers and e-tailers.

In January 2015, in connection with the credit agreement entered into in March 2015, (See Note 13) FlexShopper 1 LLC and FlexShopper 2 LLC were organized as wholly owned Delaware subsidiaries of FlexShopper to conduct operations.

During 2013, the Company decided to concentrate its efforts on the operations of FlexShopper and subsequently, an agreement was entered into with a financial institution to sell substantially all of the operating assets of Anchor which provided accounts receivable funding to businesses located throughout the United States. The sale was finalized in June 2014 (Note 3). The consolidated statements of operations and cash flows for the years ended December 31, 2014 and 2013 reflect the historical operations of Anchor as discontinued operations. The consolidated balance sheets as of December 31, 2014 and 2013 reflects amounts attributable to Anchor as assets and liabilities of discontinued operations. We have generally presented the notes to our consolidated financial statements on the basis of continuing operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of the Company. and its wholly owned subsidiaries after elimination of intercompany balances and transactions.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition - Merchandise is leased to customers pursuant to lease purchase agreements which provide for weekly and bi-weekly lease terms with non-refundable lease payments. Generally the customer has the right to acquire title either through a 90 day same as cash option or through payments of all required lease payments generally 52 weeks, for ownership. Customers have the option to cancel the agreement in accordance with lease terms and return the merchandise. Accordingly, customer agreements are accounted for as operating leases with lease revenues recognized in the month they are due on the accrual basis of accounting. Merchandise sales revenue is recognized when the customer exercises the purchase option and pays the purchase price. Revenue from processing fees earned upon exercise by the customer of the 90 day purchase option is recorded upon recognition of the related merchandise sales. These fees amounted to approximately $38,000 for the year ended December 31, 2014. Revenue for lease payments received prior to their due date is deferred and recognized as revenue in the period to which the payments relate. Revenues from leases and sales are reported net of sales taxes.

Accounts Receivable and Allowance for Doubtful Accounts – FlexShopper seeks to collect amounts owed under its leases from each customer on a weekly basis by charging their bank account or credit card. Accounts receivable are principally comprised of lease payments currently owed to FlexShopper which are past due as FlexShopper has been unable to successfully collect in the manner described above. An allowance for doubtful accounts is estimated by providing an allowance for all accounts in excess of four payments in arrears, adjusted for subsequent collections. FlexShopper is developing historical data to assess the estimate of the allowance in the future. The accounts receivable balances consisted of the following as of December 31, 2014 and 2013.

	December 31, 2014	December 31, 2013
Accounts receivable	$ 1,509,736	$ 119
Allowance for doubtful accounts	1,380,902	-
Accounts receivable, net	$ 128,834	$ 119

The allowance is a significant percentage of the balance because FlexShopper has not charged off any customer accounts since inception to assure that it has exhausted all collection efforts with respect to each account including attempts to repossess items. In addition, the same delinquent customers will continue to accrue weekly charges until they are charged off or FlexShopper has exhausted collection efforts. FlexShopper will charge off accounts upon determining that collection is not probable.

Lease Merchandise – Until all payment obligations for ownership are satisfied under the lease agreement, the Company maintains ownership of the lease merchandise. Lease merchandise consists primarily of residential furniture, consumer electronics, computers, appliances and household accessories and is recorded at cost net of accumulated depreciation. The Company depreciates leased merchandise using the straight line method over the applicable agreement period for a consumer to acquire ownership, generally twelve months with no salvage value. For lease merchandise returned or anticipated to be returned either voluntarily or through repossession, the Company provides an impairment reserve for the undepreciated balance of the merchandise with a corresponding charge to cost of lease revenue. The impairment charge amounted to $527,000 for the year ended December 31, 2014. The Company is developing historical charge off information to assess recoverability and estimate of the impairment reserve. The net leased merchandise balances consisted of the following as of December 31, 2014 and 2013:

	December 31, 2014	December 31, 2013
Lease merchandise at cost	$ 6,929,509	$ 8,128
Accumulated depreciation	2,160,591	124
Impairment reserve	527,000	-
Lease merchandise, net	$ 4,241,918	$ 8,004

Cost of lease merchandise sold represents the undepreciated cost of rental merchandise at the time of sale.

Intangible Assets – Intangible assets consist of a pending patent on the Company's LTO payment method at check-out for third party e-commerce sites. Patents are stated at cost less accumulated amortization. Patent costs are amortized by using the straight line method over the legal life, or if shorter, the useful life of the patent which has been estimated to be 10 years. The net patent cost balances consisted of the following as of December 31, 2014 and 2013:

	December 31, 2014	December 31, 2013
Patent costs	$ 30,760	$ 30,760
Accumulated amortization	4,268	-
Patent costs, net	$ 26,492	$ 30,760

Software Costs - Costs related to developing or obtaining internal-use software incurred during the preliminary project and post-implementation stages of an internal use software project are expensed as incurred and certain costs incurred in the project's application development stage are capitalized as property and equipment. The Company expenses costs related to the planning and operating stages of a website. Direct costs incurred in the website's development stage are capitalized as property and equipment. Costs associated with minor enhancements and maintenance for the website are included in expenses as incurred. (Note 4)

Operating Expenses – Operating expenses include all corporate overhead expenses such as salaries, payroll taxes and benefits, stock based compensation, occupancy, advertising and other administrative expenses.

Advertising Costs – The Company charges advertising costs to expense as incurred. Total advertising costs were approximately $885,000 for the year ended December 31, 2014. Prior year advertising costs are included in discontinued operations.

Per Share Data – Per share data is computed by use of the two-class method as a result of outstanding convertible preferred stock which participates in dividends with the common stock and accordingly has participation rights in undistributed earnings as if all such earnings had been distributed during the period (see Note 6). Under such method where the Company has undistributed net income, basic earnings per common share is computed based on the total of any dividends paid per common share plus undistributed income per common share determined by dividing net income reduced by any dividends paid on common and preferred stock by the total of the weighted average number of common shares outstanding plus the weighted average number of common shares issuable upon conversion of outstanding preferred stock during the period. Where the Company has a net loss, basic per share data (including income from continuing operations) is computed based solely on the weighted average number of common shares outstanding during the period. As the convertible preferred stock has no contractual obligation to share in the losses of the Company, common shares issuable upon conversion of the preferred stock are not included in such computations.

Diluted earnings per share is based on the more dilutive of the if-converted method (which assumes conversion of the preferred stock as of the beginning of the period) or the two-class method (which assumes that the preferred stock is not converted) plus the potential impact of dilutive options and warrants. The dilutive effect of stock options and warrants is computed using the treasury stock method, which assumes the repurchase of common shares at the average market price during the period. Under the treasury stock method, options and warrants will have a dilutive effect when the average price of common stock during the period exceeds the exercise price of options or warrants. When there is a loss from continuing operations, potential common shares are not included in the computation of diluted loss per share, since they have an anti-dilutive effect.

In computing diluted loss per share, no effect has been given to the issuance of common stock upon conversion or exercise of the following securities as their effect is anti-dilutive:

	Twelve months ended December 31,	
	2014	**2013**
Convertible preferred stock	1,984,870	1,919,573
Options	3,755,000	2,923,205
Warrants	5,115,531	3,342,504
	10,855,378	8,185,282

Stock Based Compensation - The fair value of transactions in which the Company exchanges its equity instruments for employee services (share-based payment transactions) is recognized as an expense in the financial statements as services are performed.

Compensation expense is determined by reference to the fair value of an award on the date of grant and is amortized on a straight-line basis over the vesting period. We have elected to use the Black-Scholes-Merton (BSM) pricing model to determine the fair value of all stock option awards. See Note 7.

Income Taxes – Deferred tax assets and liabilities are determined based on the estimated future tax effects of net operating loss carryforwards and temporary differences between the tax bases of assets and liabilities and their respective financial reporting amounts measured at the current enacted tax rates. The Company records a valuation allowance for its deferred tax assets when management concludes that it is not more likely than not that such assets will be recognized.

The Company recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. As of December 31, 2014 and 2013, the Company has not recorded any unrecognized tax benefits.

Interest and penalties related to liabilities for uncertain tax positions will be charged to interest and operating expenses, respectively.

Reclassifications – In addition to reclassifications related to discontinued operations referred to in Note 1, certain stockholder equity balances at December 31, 2013 have been reclassified to conform to the current year presentation.

Recent Accounting Pronouncements –

The Financial Accounting Standards Board (‘FASB”) amended the Comprehensive Income topic of the ASC in February 2013 with ASU No. 2013-02. The amendment addresses reporting of amounts reclassified out of accumulated other comprehensive income. Specifically, the amendment does not change the current requirements for reporting net income or other comprehensive income in the financial statements. However, the amendment does require an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, in certain circumstances an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income. The guidance became effective for the Company in the first quarter of fiscal year 2014. This amendment did not have any effect on the Company’s financial statements.

In July 2013 the FASB issued ASU 2013-11, “Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists,” which among other things, require an unrecognized tax benefit, or a portion of an unrecognized tax benefit, to be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except as denoted within the ASU. The amendments in this ASU are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The adoption of this standard in 2014 did not have any effect on the Company’s financial statements.

In April 2014, the FASB issued ASU No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. ASU No. 2014-08 changes the definition of a discontinued operation to include only those disposals of components of an entity that represent a strategic shift that has (or will have) a major effect on an entity's operations and financial results. ASU No. 2014-08 is effective prospectively for fiscal years beginning after December 15, 2014 with early adoption permitted. The Company has early adopted this update in the second quarter of 2014.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers. This new standard provides guidance for the recognition, measurement and disclosure of revenue resulting from contracts with customers and will supersede virtually all of the current revenue recognition guidance under U.S. GAAP. The standard is effective for the first interim period within annual reporting periods beginning after December 15, 2016. The Company is currently evaluating the impact of the provisions of this new standard on its financial position and results of operations.

In June 2014, FASB issued ASU 2014-12, Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period. ASU 2014-12 requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. As such, the performance target should not be reflected in estimating the grant-date fair value of the award. ASU 2014-12 is effective for annual reporting periods beginning after December 15, 2015, with early adoption permitted. The Company is evaluating the potential impacts of the new standard on its existing stock-based compensation plans.

In August 2014, the FASB issued ASU 2014-15 Presentation of Financial Statements—Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. In connection with preparing financial statements for each annual and interim reporting period, an entity's management should evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. Management's evaluation should be based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued. Substantial doubt about an entity's ability to continue as a going concern exists when relevant conditions and events, considered in the aggregate, indicate that it is probable that the entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued. The term probable is used consistently with its use in Topic 450, Contingencies. The amendments in this Update are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter.

3. DISCONTINUED OPERATIONS:

During 2013, the Company decided to concentrate its efforts on the operations of FlexShopper and subsequently on April 30, 2014, Anchor entered into an Asset Purchase and Sale Agreement (the "Purchase Agreement") with a Bank, pursuant to which Anchor sold to the Bank substantially all of its assets (the "Anchor Assets"), consisting primarily of its factoring portfolio (the "Portfolio Accounts"). The purchase price for the Anchor Assets was equal to (1) approximately $4,445,000 which represented 110% of the total funds outstanding associated with the Portfolio Accounts which resulted in a gain of approximately $445,000 plus (2) an amount equal to 50% of the factoring fee and interest income earned by the Portfolio Accounts during the 12 month period following acquisition ("Earnout Payments"). The Earnout Payments totaled $342,541 for the period ended December 31, 2014. The sale of the Anchor Assets was made in a series of closings through June 16, 2014. In connection with each closing, Anchor used the proceeds thereof to pay the Bank all amounts due for factor advances associated with the Portfolio Accounts acquired pursuant to such closing under Anchor's Rediscount Facility Agreement with the Bank dated November 30, 2011 (the "Rediscount Facility Agreement"). In accordance with the Purchase Agreement, following the final closing thereunder all obligations of Anchor under the Rediscount Facility Agreement (and the associated Validity Warranty) were paid and satisfied in full and the agreement was terminated. Anchor recorded a gain of $788,015 on the sale of these assets including the earnout payments received through December 31, 2014 which is included in income from discontinued operations. Future contingent earnout payments will be recorded as income when earned.

The assets and liabilities of the discontinued operations are presented separately under the captions "Assets of discontinued operations" and "Liabilities of discontinued operations" in the accompanying consolidated Balance Sheets at December 31, 2014 and December 31, 2013 and consist of the following:

	December 31, 2014	December 31, 2013
Assets of discontinued operations:		
Retained interest in purchased accounts receivable	$ 6,500	$ 4,966,338
Earned but uncollected fees	-	141,077
Due from client	-	256,313
	$ 6,500	$ 5,363,728
Liabilities of discontinued operations:		
Accounts payable	$ -	$ 26,966
Accrued expenses	7,626	51,719
Due to financial institution	-	3,240,942
Deferred revenue	-	12,328
	$ 7,626	$ 3,331,955

Major classes of income and expenses related to income from discontinued operations are as follows:

	Twelve months ended	
	December 31, 2014	December 31, 2013
Finance revenues	$ 735,357	$ 2,364,128
Interest expense and other fees -financial institution	(109,878)	(385,918)
Benefit (Provision) for credit losses	24,904	(62,603)
Net finance revenues	650,383	1,915,607
Operating expenses	(446,733)	(1,953,814)
Other income	153,453	-
	357,103	(38,207)
Gain on sale of discontinued assets	788,015	-
Income (loss) from discontinued operations before income taxes	$ 1,145,118	$ (38,207)

4. PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

	Estimated Useful Lives	December 31, 2014	December 31, 2013
Furniture and fixtures	2-5 years	$ 99,982	$ 64,945
Website and internal use software	3 years	1,017,103	-
Computers and software	3-7 years	355,213	251,525
		1,472,298	316,470
Less: accumulated depreciation and amortization		(420,601)	(258,391)
		$ 1,051,697	$ 58,079

Depreciation and amortization expense was $162,210 and $38,326 for the years ended December 31, 2014 and 2013, respectively.

5. LOANS PAYABLE SHAREHOLDERS:

On March 19, 2014, upon approval of the Board of Directors, FlexShopper entered into two Promissory Notes totaling $1,000,000, one with former CEO Morry Rubin and the other with a major shareholder and Director of the Company. Each demand Promissory Note was for $500,000 and earned interest (payable monthly) at 10% per annum. The Promissory Notes were to assist FlexShopper in purchasing merchandise for lease to support FlexShopper's growth. In May 2014, these loans were converted into shares of the Company's Common Stock at a price of $0.55 per share (Note 6). In connection therewith accrued interest amounting to approximately $4,900 was contributed to capital. On December 8, 2014, upon approval of the Board of Directors FlexShopper entered into a promissory note for $1,000,000, with a shareholder and executive of the Company. The note is payable on demand. The note was funded in increments of $500,000 on December 8th and 18th and earned interest at 15% per annum which amounted to $7,083. The Promissory Note was to assist FlexShopper in purchasing merchandise for lease and was paid in full with interest on March 11, 2015. (Note 13)

6. CAPITAL STRUCTURE:

The Company's capital structure consists of preferred and common stock as described below:

Preferred Stock – The Company is authorized to issue 10,000,000 shares of $.001 par value preferred stock. The Company's Board of Directors determines the rights and preferences of its preferred stock.

On January 31, 2007, the Company filed a Certificate of Designation with the Secretary of State of Delaware. Effective with this filing, 2,000,000 preferred shares became Series 1 Convertible Preferred Stock. Series 1 Convertible Preferred Stock will rank senior to Common Stock.

Each share of Series 1 Convertible Preferred Stock was convertible into 5.1 shares of the Company's Common Stock, subject to certain anti-dilution rights. As a result of the Common Stock offering described below and the sale of Common Stock to officers and/or directors, each share of Series 1 Preferred Stock is currently convertible into 5.8 shares of the Company's Common Stock and has voting rights of 5.877 common shares. The holder of the Series 1 Convertible Preferred Stock has the option to convert the shares to Common Stock at any time. Upon conversion, all accumulated and unpaid dividends were to be paid as additional shares of Common Stock.

The dividend rate on Series 1 Convertible Preferred Stock was 8%. Dividends were paid between 2007 and 2009 annually on December 31st in the form of additional Series 1 Convertible Preferred Stock unless the Board of Directors approved a cash dividend. Dividends on Series 1 Convertible Preferred Stock ceased to accrue on the earlier of December 31, 2009, or on the date they were converted to Common Shares. Thereafter, the holders of Series 1 Convertible Preferred Stock have the same dividend rights as holders of Common Stock, as if the Series 1 Convertible Preferred Stock had been converted to Common Stock.

During the year ended December 31, 2014, 34,168 preferred shares were converted into 194,758 common shares. As of December 31, 2014 there were 342,219 shares of Series 1 Convertible Preferred Stock outstanding which are convertible into 1,984,870 shares of common stock. (See Note 13)

Common Stock – The Company is authorized to issue 65,000,000 shares of $.0001 par value Common Stock. Each share of Common Stock entitles the holder to one vote at all stockholder meetings. Dividends on Common Stock will be determined annually by the Company's Board of Directors.

During the fourth quarter of 2013, the Company raised $1,000,000 from the sale of its restricted Common Stock at $.40 per share. An aggregate of 2,500,000 shares of Common Stock were sold under Rule 506 and/or Section 4(2) of the Securities Act of 1933 as amended. The Company also issued 14,493 shares to consultants for services rendered.

From May through October 2014, the Company received gross proceeds of $6,501,100 from the sale of 11,820,187 shares offered through three co-placement agents in a private placement offering at an offering price of $.55 per share under Rule 506 and/or Section 4(2) of the Securities Act of 1933 as amended. In connection therewith seven year warrants to purchase 1,773,027 common shares at an exercise price of $.055 per share were issued to placement agents.

In addition, pursuant to the terms of the private placement offering, George Rubin and Morry F. Rubin, officers, directors and founders of the Company, each completed the funding of their $500,000 loan to the Company and converted these loans into shares of the Company's Common Stock at the same offering price per share as that paid by investors in the offering. An aggregate of 1,818,182 shares of the Company's Common Stock were issued to the Rubins from the conversion of their notes totaling $1,000,000.

7. STOCK OPTIONS

On January 31, 2007, the Board of Directors adopted our 2007 Omnibus Equity Compensation Plan (the "Plan"), with 2,100,000 common shares authorized for issuance under the Plan. In October 2009, the Company's stockholders approved an increase in the number of shares covered by the Plan to 4,200,000 shares. Grants under the plan may consist of incentive stock options, non-qualified stock options, stock appreciation rights, stock awards, stock unit awards, dividend equivalents and other stock based awards.

Employees, directors and consultants and other service providers are eligible to participate in the Plan. Options granted under the plan vest over periods ranging from immediately upon grant to a three year period and expire ten years from date of grant.

On March 24, 2014, B. Bernstein an officer and director of the Company was granted 10 year options to purchase 250,000 shares of common stock. These options vested on the date of grant.

On July 25, 2014, and October 14, 2014, two new Directors of the Company were each granted 10 year options to purchase 180,000 shares of common stock. These options vest one third annually commencing at the date of grant.

Activity in stock options for the year ended December 31, 2014 follows:

	Weighted average exercise price	Weighted average contractual term	Aggregate intrinsic value	Number of shares
Outstanding at January 1, 2014	$ 0.85	4.05	$ 295,553	3,015,000
Granted	$ 0.80	9.43		1,121,000
Canceled	$ 0.46	7.50		(347,667)
Exercised	$ 0.35	8.45		(33,333)
Outstanding at December 31, 2014	$ 0.87	5.30	$ 757,650	3,755,000
Vested and exercisable at December 31, 2014	$ 0.89	4.74	$ 757,650	3,314,999
Vested and exercisable at December 31, 2014 and expected to vest thereafter	$ 0.89	5.30	757,650	3,704,400

The intrinsic value of the options exercised during 2014 was $21,666

The weighted average grant date fair value of options granted during 2014 was $0.06 per share. The Company measured the fair value of each option award on the date of grant using the Black Scholes option pricing model (BSM) with the following assumptions:

	2014
Exercise price	$0.75 to $0.90
Expected life	6 years
Expected volatility	37%
Dividend yield	0%
Risk-free interest rate	1.64% to 2.70%

The expected dividend yield is based on the Company's historical dividend yield. The expected volatility was based on the average of historical volatilities for a period comparable to the expected life of the options of certain entities considered to be similar to the Company. The expected life is based on the simplified expected term calculation permitted by the SEC which defines the expected life as the average of the contractual term of the options and the weighted-average vesting period for all option tranches. The risk-free interest rate is based on the annual yield on the grant date of a zero-coupon U.S. Treasury bond the maturity of which equals the option's expected life.

The value of stock options is recognized as compensation expense by the straight line method over the vesting period. Compensation expense recorded for options in the statements of operations was $299,700 and $49,805 for the years ended December 31, 2014 and 2013, respectively. Unrecognized compensation cost related to non-vested options at December 31, 2014 amounted to $130,400 which is expected to be recognized over a weighted average period of 2.5 years.

8. WARRANTS:

On January 31, 2014 the expiration date of outstanding warrants issued to one of the Company's placement agents to purchase 1,342,500 shares of the Company's common stock at $1.10 per share, due to expire on January 31, 2014 was extended by the Company through January 31, 2018. The following information was input into BSM to compute a fair value price of $.104 for each modified warrant:

Exercise price	$ 1.10
Term	4 years
Expected volatility	37%
Dividend yield	0%
Risk-free interest rate	.09%

For the years ended December 31, 2014 and 2013, compensation expense of $139,620 and $1,916 respectively was recorded related to these warrants.

The following table summarizes information about outstanding stock warrants as of December 31, 2014 all of which are exercisable:

Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life
$ 1.10	1,342,500	3 years
1.00	2,000,004	6 years
$ 0.55	1,773,027	7 years
	5,115,531	

9. INCOME TAXES:

For the year ended December 31, 2014, the income tax benefit allocated to continuing operations represents the tax benefit from utilizing the loss from continuing operations to offset income from discontinued operations. A corresponding tax provision was charged to discontinued operations.

Reconciliation of the benefit for income taxes from continuing operations recorded in the consolidated statement of operations with the amounts computed at the statutory federal tax rate of 34% as follows:

	2014	2013
Federal tax benefit at statutory rate	$ (1,657,000)	$ (235,000)
State tax benefit, net of federal tax	(61,000)	(10,000)
Permanent differences	(38,000)	5,000
Increase in valuation allowance	1,298,000	240,000
Benefit for income taxes	$ (458,000)	$ -

Tax affected components of deferred tax assets and deferred tax liabilities at December 31, 2014 and 2013 were as follows:

	2014	2013
Deferred tax assets:		
Equity based compensation	$ 229,000	$ 102,000
Allowance for doubtful accounts	552,000	1,000
Lease merchandise	582,000	-
Net operating loss carry-forwards	1,680,000	1,660,000
Gross deferred tax assets	3,043,000	1,763,000
Valuation allowance	(3,042,000)	(1,744,000)
Net deferred tax assets	1,000	19,000
Deferred tax liabilities:		
Fixed assets	(1,000)	(19,000)
	$ -	$ -

Based on consideration of the available evidence including historical losses a valuation allowance has been recognized to offset deferred tax assets, as management was unable to conclude that realization of deferred tax assets were more likely than not.

As of December 31, 2014, the Company has federal net operating loss carryforwards of approximately $4,547,000 and state net operating loss carryforwards of approximately $3,351,000 available to offset future taxable income which expire from 2022 to 2034.

Section 382 of the Internal Revenue Code imposes a limitation on a corporation's ability to utilize net operating loss carryforwards (“NOLs”) if it experiences an “ownership change.” In general, an ownership change may result from transactions increasing the ownership of certain stockholders in the stock of a corporation by more than 50 percentage points over a three-year period. If such a change were to occur, certain NOLs available to be used could be disallowed and an annual limitation on utilization of other NOLs would occur.

The Company files tax returns in the U.S. federal jurisdiction and various states. At December 31, 2014, federal tax returns remained open for Internal Revenue Service review for tax years after 2010, while state tax returns remain open for review by state taxing authorities for tax years after 2009. There were no federal or state income tax audits being conducted as of December 31, 2014.

10. COMMITMENTS AND CONTINGENCIES:

Lease Commitments

On August 1, 2013, FlexShopper entered into a 39 month lease of office space providing for monthly rent of approximately $6,800. This lease agreement was amended in January 2014 to reflect a 63 month term for a larger suite in an adjoining building. Upon commencement the monthly base rent for the first year approximated $9,600 with annual three percent increases throughout the lease term.

The rental expense for the years ended December 31, 2014 and 2013 was approximately $163,500 and $58,800, respectively. At December 31, 2014, the future minimum annual lease payments are approximately as follows:

2015	$	118,000
2016		121,500
2017		125,300
2018		129,000
2019		77,000
	$	570,800

Contingencies

On October 22, 2010, Anchor filed a complaint in the Superior Court of Stamford/Norwalk, Connecticut against the Administrators of the Estate of David Harvey (“Harvey”) to recoup a credit loss incurred by the Company’s former subsidiary, Brookridge Funding Services, LLC. Harvey was the owner of a Company that caused the credit loss and the Company is pursuing its rights under the personal guarantee that Harvey provided. The Complaint is demanding principal of approximately $485,000 plus interest and damages. On September 9, 2014, the Company received $124,774 from Harvey as a final settlement, which is included in discontinued operations.

11. EMPLOYMENT AGREEMENTS

On January 31, 2007, the Company entered into an employment agreement to retain the services of Brad Bernstein who currently serves as Chief Executive Officer and President. For fiscal 2013 and fiscal 2014, Mr. Bernstein received an annual salary of $240,000.Mr. Bernstein’s employment agreement currently expires on January 31, 2016 and will automatically renew for an additional one year unless either party notifies the other, in writing, at least 60 days prior to the expiration date of the term of such party’s intention not to renew the agreement. In the event Mr. Bernstein's services are terminated due to death or disability, Mr. Bernstein would receive six months’ severance pay. In the event Mr. Bernstein is terminated without cause, Mr. Bernstein would receive 12 months’ severance pay.

Morry F. Rubin, Chairman of the Board and former Chief Executive Officer had also entered into an employment agreement on January 31, 2007. Pursuant to the employment agreement, Mr. Rubin received compensation of $85,307 and $98,538 for 2013 and 2014, respectively. On December 29, 2014, Mr. Rubin resigned as Chief Executive Officer of our Company and agreed to terminate his employment agreement. Mr. Rubin is continuing to serve as Chairman of the Board of the Company and we have agreed to compensate Mr. Rubin by paying 50% of the health insurance premiums for him and his family under our health insurance plan.

12. FOURTH QUARTER ADJUSTMENT

In the fourth quarter of 2014, the Company capitalized $1,017,104 of website and internal use software costs and correspondingly recognized $103,222 of accumulated amortization, or a net adjustment of $913,822 of which $627,646 related to amounts expensed in prior quarters of 2014 as follows:

Quarter Ended		Amount
March 31	$	158,529
June 30		233,751
September 30		235,366
	$	627,646

The effects of such adjustments on net loss for the prior quarters follows (unaudited):

	Quarter Ended:		
Net loss:	March 31,	June 30,	September 30,
As previously reported	$ (1,201,375)	$ (1,244,069)	$ (1,364,623)
Adjustment	158,529	233,751	235,366
As adjusted	$ (1,042,846)	$ (1,010,318)	$ (1,129,257)
Basic and diluted loss per common share:			
As previously reported	$ (0.05)	$ (0.05)	$ (0.04)
Adjustment	0.01	0.01	0.01
As adjusted	$ (0.04)	$ (0.04)	$ (0.03)

13. SUBSEQUENT EVENTS

On March 6, 2015, FlexShopper entered into a credit agreement (the “Credit Agreement”) with a Lender. FlexShopper is permitted to borrow funds under the Credit Agreement based on FlexShopper’s cash on hand and the Amortized Order Value of its Eligible Leases (as such terms are defined in the Credit Agreement) less certain deductions described in the Credit Agreement. Under the terms of the Credit Agreement, subject to the satisfaction of certain conditions, FlexShopper may borrow up to $25,000,000 from the Lender for a term of two years. The borrowing term may be extended for an additional twelve months in the sole discretion of the Lender. The Credit Agreement contemplates that the Lender may provide additional debt financing to FlexShopper, up to $100 million in total, under two uncommitted accordions following satisfaction of certain covenants and other terms and conditions. The Lender will receive security interests in certain leases as collateral under the Credit Agreement.

In connection with entering into the Credit Agreement, on March 6, 2015, FlexShopper raised approximately $8.6 million in net proceeds through direct sales of 17.0 million shares of FlexShopper common stock, (the “Shares”), to certain affiliates of the Lender and other accredited investors (the “Investors”) for a purchase price of $0.55 per share.

As a result of the transactions described in the preceding paragraph, each share of Series 1 Convertible Preferred Stock is now convertible into 6.33 shares of the Company’s common stock or a total of 2,166,246 common shares. as a result of the anti-dilution rights of the Preferred Stock.

On March 26, 2015, our Lender pursuant to its rights under the transaction documents executed on March 6, 2015, nominated as a board member and the board approved effective April 1, 2015 the election of Philip Gitler. On the same date, the board approved a resolution, subject to stockholder approval and a filing of an amendment to the Company’s Certificate of Incorporation with the Secretary of State of the State of Delaware to increase the number of authorized shares of Common Stock from 65 million shares to 100 million shares. Also, the board approved a 2015 Stock Option Plan identical to the existing 2007 Plan with 4,000,000 shares of its Common Stock that may be issued under the Plan. The 2015 Plan is subject to approval of an increase in the number of shares of authorized Common Stock described above and stockholder approval within 12 months.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

Item 9.A Controls and Procedures.

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as required by Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective.

Report of Management on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the company. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes maintaining records that in reasonable e-tail accurately and fairly reflect our transactions; providing reasonable assurance that transactions are recorded as necessary for preparation of our consolidated financial statements; providing reasonable assurance that receipts and expenditures of company assets are made in accordance with management authorization; and providing reasonable assurance that unauthorized acquisition, use or disposition of company assets that could have a material effect on our financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our consolidated financial statements would be prevented or detected.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992). Based on this evaluation, management concluded that the company's internal control over financial reporting was effective as of December 31, 2014. There were no changes in our internal control over financial reporting during the quarter ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Our independent auditors have not audited and are not required to audit this assessment of our internal control over financial reporting for the fiscal year ended December 31, 2014.

Item 9.B. Other Information.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The names, ages and principal occupations of FlexShopper's executive officers and directors as of the date of this Form 10-K are listed below.

Name	Age	Position
Morry F. Rubin	55	Chairman of the Board and Co-Founder
Brad Bernstein	49	Chief Executive Officer, President, Director and Co-Founder
T. Scott King	62	Director
Carl Pradelli	48	Director
Frank Matasavage	59	Chief Financial Officer
Philip Gitler (1)	41	Director

(1) Mr. Gitler was appointed to the Board on March 26, 2015 with an effective date of April 1, 2015.

Effective April 1, 2015, the Board of Directors consists of five members. The terms of all directors expire at the annual meeting of directors following the annual stockholders meeting. Officers serve at the pleasure of the Board and may be removed, either with or without cause, by the Board of Directors, and a successor elected by a majority vote of the Board of Directors, at any time.

Biographical Information of Officers and Directors

Morry F. Rubin has been a director of FlexShopper since January 31, 2007 and served as Chief Executive Officer from January 2007 through December 2014. Mr. Rubin served as Co-Chairman of the Board since January 2007 and as Chairman of the Board since December 2014. Previously, Morry F. Rubin served as Chairman, Chief Executive Officer and principal owner of Preferred Labor LLC which completed the sale if its business in April 2007. On January 31, 2007, Mr. Rubin became an employee of FlexShopper and is devoting such time to the affairs to FlexShopper as is necessary for the performance of his duties. Prior to his involvement with Preferred Labor, Mr. Rubin was President, Chief Executive Officer, Treasurer and a director of ATC Group Services, Inc. (“ATC”), a publicly held company, from 1988 to 1998. In January 1998, ATC was sold to a financial investor group for approximately $160 million. Mr. Rubin was also President, Chief Executive Officer and Treasurer of Aurora Environmental, Inc. from May 1985 to June 1995, and was a director of Aurora from September 1983 to June 1995. In 1995, Morry Rubin was selected as a finalist for the Ernst & Young Entrepreneur of the Year under 40 Award for the New York City Region. From 1981 to 1987, Mr. Rubin was employed in sales and as director of acquisitions for Staff Builders, Inc., a publicly held company engaged in providing temporary personnel in the healthcare, light industrial and clerical fields. Mr. Rubin has over 25 years of management experience and serving on board of directors of various entities. Mr. Rubin has expertise in mergers and acquisitions and in the successful integration of acquired companies. All of these management and financial skills have allowed him to provide significant leadership and vision to the board of directors.

Brad Bernstein is a director, co-founder, Chief Executive Officer and President of FlexShopper. Mr. Bernstein served as Chief Financial Officer of the Company from January 2007 through December 2014 at which time he became Chief Executive Officer. Previously, Mr. Bernstein was employed by Preferred Labor LLC from March 1999 through January, 2007. Mr. Bernstein served Preferred as its Chief Financial Officer and later as its President. On January 31, 2007, Mr. Bernstein became a full-time employee of FlexShopper. Before joining Preferred Labor he was a partner of Miller, Ellin Consulting Group, LLP. Mr. Bernstein’s clients included major commercial and investment banks, asset based lenders and alternative finance companies. These institutions relied on his ability to oversee due diligence engagements and evaluate a company’s financial performance, its internal control structure and the quality of its assets before making investments or loans. Mr. Bernstein has used his banking relationships to raise debt and negotiate and structure financing for companies. Mr. Bernstein brings to the board his financial and business expertise as a Certified Public Accountant. Mr. Bernstein received a Bachelor of Arts degree from Columbia University.

Carl Pradelli has been a director since July 2014. Mr. Pradelli has been President, CEO, co-founder and a director since 2002 of Nature City LLC. Nature City is a developer and direct to consumer marketer of premium dietary supplements. Nature City principally markets via direct mail and e-commerce channels. From 2002 through 2011, Mr. Pradelli served as President, CEO and co-founder of Advanced Body Care Solutions, a company which marketed health and beauty products using direct response television. Previously, he was employed by Donaldson, Lufkin & Jenrette, which was acquired in 2000 by Credit Suisse First Boston at which time he was serving as a Senior Vice President. Mr. Pradelli has served as a director of Duane Reade, Inc. and on its compensation and governance committees. Mr. Pradelli received his MBA from Wharton Business School at the University of Pennsylvania and his BS in Finance and Accounting from Stern School of Business at New York University. Mr. Pradelli brings to the Board his financial and business experience as well as serving as a director of Duane Reade and as a member of its board committees, making him an ideal candidate to serve as an independent director and as a financial expert on our Board of Directors.

T. Scott King has been a director since November 2014. From April 2014 through September 2014, Mr. King served as Interim Chief Executive Officer of Gordmans Stores, Inc. (traded on NASDAQ under the symbol GMAN), an Omaha based apparel and home décor retailer with 99 stores. Mr. King has also served as Gordmans Chairman of the Board. From 2003 through 2014, Mr. King served as Senior Managing Director of Operations of Sun Capital Partners, a Boca Raton based private equity firm with an excess of $10 billion under management. From 1999 through 2003, he served as President and Chief Executive Officer of Waterlink Inc. (traded on the NASDAQ under the symbol WLK), an Ohio based, international provider of water and waste water solutions. Prior to that time he was employed for approximately 20 years with Sherwin-Williams Company, an international manufacturer and retailer of paint and coatings. Mr. King served on the Board of Directors of The Limited, ShopKo, Furniture Brands Inc. and Boston Market. He also serves on the Board of Advisors of State University of NY at Oswego, School of Business, where he received his B.A. Degree in Business. Mr.King brings to the Board his financial and business experience as well as serving as a director on various Boards of Directors of public entities, making him an ideal candidate to serve as an independent director and as a financial expert on our Board of Directors.

Frank Matasavage, has been Chief Financial Officer of the Company since December 2014 and previously served as the Registrant's Controller since 2014. Mr. Matasavage previously worked at FriendFinder Networks Inc. a publically traded internet technology and entertainment company from 2004 thru 2013. Mr. Matasavage has 30 years' experience as a Chief Financial Officer and Controller in a variety of public and non-public corporations. Mr. Matasavage also brings to the position his financial and business expertise as a Certified Public Accountant. Mr. Matasavage received a Bachelor of Arts degree from the College of the Holy Cross.

Philip Gitler, will become a director of the Company April 1, 2015. Mr. Gitler is a managing director at Waterfall Asset Management, LLC, an investment adviser focused on structured credit and whole loans. Prior to joining Waterfall in 2013, Mr. Gitler was managing member of PMG Advisors LLC which he founded in 2012. PMG Advisors LLC consulted with finance companies and investors in the structured credit market. Previously, Mr. Gitler was a Vice President at Goldman Sachs & Co. where he joined in 2005 and focused on asset and principal financings and advisory services with his clients which included specialty finance, auto and equipment finance and leasing companies of various sizes. Prior to joining Goldman Sachs, Mr. Gitler worked at Merrill Lynch & Co. where he joined in 1996 and held several positions in its investment banking and capital markets groups focused on asset and lease financing and securitization. Mr. Gitler received a Bachelor of Science degree in finance from the Pennsylvania State University and an M.B.A. from The Wharton School, University of Pennsylvania.. Mr. Gitler was appointed to the Board of Directors as a result of the transaction documents executed with our institutional lender described under Item 13.

Key Employees

In July 2013, FlexShopper hired Justin Metzl as Vice President of eCommerce, a non-executive officer position. Mr. Metzl leads overall eCommerce strategy including marketing, user experience, product management, web analytics, search engine marketing, e-mail marketing, mobile and social media. Prior to joining FlexShopper, Mr. Metzl was Director of User Experience I eCommerce for five years at TigerDirect.com (Ranked Internet Retailer Top-25 largest eCommerce sites). He managed, defined and designed the online user experience, eCommerce strategy, alb/multivariate testing strategy, personalization and product recommendations, mobile strategy and socialmedia initiatives. Before TigerDirect, Mr. Metzl was Director of eCommerce for seven years at Alienware (a Dell Subsidiary). Mr. Metzl brings over 12 years of web & eCommerce experience in B2C and B2B to drive revenue, improve conversion and satisfy the overall customer experience. Mr. Metzl attended Virginia Polytechnic Institute and State University and majored in Management Science and Information Technology.

Corporate Governance

Our business, property and affairs are managed by, or under the direction of, our Board, in accordance with the General Corporation Law of the State of Delaware and our By-Laws. Members of the Board are kept informed of our business through discussions with the Chief Executive Officer and other key members of management, by reviewing materials provided to them by management.

We continue to review our corporate governance policies and practices by comparing our policies and practices with those suggested by various groups or authorities active in evaluating or setting best practices for corporate governance of public companies. Based on this review, we have adopted, and will continue to adopt, changes that the Board believes are the appropriate corporate governance policies and practices for our Company. We have adopted changes and will continue to adopt changes, as appropriate, to comply with the Sarbanes-Oxley Act of 2002 and subsequent rule changes made by the SEC and any applicable securities exchange.

Director Qualifications and Diversity

The board seeks independent directors who represent a diversity of backgrounds and experiences that will enhance the quality of the board's deliberations and decisions. Candidates shall have substantial experience with one or more publicly traded companies or shall have achieved a high level of distinction in their chosen fields. The board is particularly interested in maintaining a mix that includes individuals who are active or retired executive officers and senior executives, particularly those with experience in the finance and capital market industries. In evaluating nominations to the Board of Directors, our Board also looks for certain personal attributes, such as integrity, ability and willingness to apply sound and independent business judgment, comprehensive understanding of a director's role in corporate governance, availability for meetings and consultation on Company matters, and the willingness to assume and carry out fiduciary responsibilities. Qualified candidates for membership on the Board will be considered without regard to race, color, religion, sex, ancestry, national origin or disability.

Risk Oversight

Enterprise risks are identified and prioritized by management and each prioritized risk is assigned to the full board for oversight. These risks include, without limitation, the following:

- risks and exposures associated with strategic, financial and execution risks and other current matters that may present material risk to our operations, plans, prospects or reputation;
- risks and exposures associated with financial matters, particularly financial reporting, tax, accounting, disclosure, internal control over financial reporting, financial policies, investment guidelines and credit and liquidity matters;
- risks and exposures relating to corporate governance; and management and director succession planning; and
- risks and exposures associated with leadership assessment, and compensation programs and arrangements, including incentive plans.

Board Leadership Structure

We currently have a Chairman of the Board who presides at all meetings of the Board. The Chairman is appointed on an annual basis by at least a majority vote of the remaining directors. Currently, the offices of Chairman of the Board and Chief Executive Officer are entirely separated. FlexShopper has no fixed policy with respect to the separation of the offices of the Chairman of the Board and Chief Executive Officer.

Limitation of Directors' Liability and Indemnification

Our directors are not personally liable to us or to any of our stockholders for monetary damages for breach of fiduciary duty as a director except for liability (i) for any breach of the director's duty of loyalty to us or our stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of the State of Delaware or (iv) for any transaction from which the director derived any improper personal benefit. If the General Corporation Law of the State of Delaware or any other statute of the State of Delaware is amended to authorize the further elimination or limitation of the liability of our directors, then the liability of our directors will be limited to the fullest extent permitted by the statutes of the State of Delaware, as so amended, and such elimination or limitation of liability shall be in addition to, and not in lieu of, the provided limitation on the liability of a director. To the maximum extent permitted by law, we fully indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative) by reason of the fact that such person is or was our director or officer, or is or was serving at our request as a director or officer of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding. To the extent permitted by law, we may fully indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative) by reason of the fact that such person is or was our employee or agent, or is or was serving at our request as an employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding. We will, if so requested by a director or officer, advance expenses (including attorneys' fees) incurred by such director or officer in advance of the final disposition of such action, suit or proceeding upon the receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such director or officer is not entitled to indemnification. We may advance expenses (including attorneys' fees) incurred by an employee or agent in advance of the final disposition of such action, suit or proceeding upon such terms and conditions, if any, as our Board deems appropriate.

Independent Directors

Currently, T. Scott King and Carl Pradelli are each deemed by management to be an "independent director" and "Financial Expert" of FlexShopper. Philip Gitler, whose appointment to the board is effective April 1, 2015, is a nominee to the board through the Company's transaction documents with our institutional lender as described under "Item 13." Mr. Gitler would have been considered an independent director, except for his relationship and affiliation with our institutional lender.

Lack of Committees

As of the date of this Form 10-K, FlexShopper has no audit, compensation, corporate governance, nominating or other committee of the Board of Directors.

Code of Ethics

We have in place a Code of Ethics for Senior Financial Officers (the "Code of Ethics") that applies to all of our executive officers. The code of ethics is designed to deter wrongdoing and promote:

• honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

• full, fair, accurate, timely and understandable disclosure in reports and documents that we file with, or submit to, the SEC and in other public communications that we make;

• compliance with applicable governmental laws, rules and regulations;

• the prompt internal reporting of violations of the Code of Ethics to an appropriate person identified in the Code of Ethics; and
• accountability for adherence to the Code of Ethics.

We intend to disclose any amendments to or waivers of a provision of the Code of Ethics by posting such information on our website available at www.exactsciences.com and/or in our public filings with the SEC.

Compliance with Section 16(a) of the Exchange Act

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our officers and directors, and persons who own more than ten percent of a registered class of our equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission (the "Commission"). Officers, directors and greater than ten percent stockholders are required by the Commission's regulations to furnish us with copies of all Section 16(a) forms they file. During fiscal year 2014, none of our officers, directors or 10% or greater stockholders are believed to have filed any forms late to the best of our knowledge, except that T. Scott King and Carl Pradelli each filed a Form 3 and Form 4 late in 2014 due to the time delays incurred in obtaining individual SEC edgar codes required to make the required filings.

Item 11. Executive Compensation.

The following table sets forth the overall compensation earned over the fiscal years ended December 31, 2014 and 2013 by (1) each person who served as the principal executive officer of FlexShopper or its subsidiaries during fiscal year 2014; (2) our most highly compensated (up to a maximum of two) executive officers as of December 31, 2014 with compensation during fiscal year ended 2014 of $100,000 or more; and (3) those two individuals, if any, who would have otherwise been in included in section (2) above but for the fact that they were not serving as an executive of us as of December 31, 2014.

	Fiscal Year	Salary ($)	Bonus ($)	Stock Awards ($)	Options Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)	Non-qualified Deferred Compensation Earnings ($)	All Other Compen-sation ($) (2)(3)	Total ($)
Morry F. Rubin Former CEO(4)	2014	$ 86,538	$ -0-	$ -0-	$ -0-	$ -0-	$ --	$ 12,000	$ 98,538
	2013	$ 67,308	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ 18,000	$ 85,308
Brad Bernstein CEO and President	2014	$ 240,000	$ -0-	$ -0-	$ 103,250	$ -0-	$ -0-	$ 12,000	$ 343,250
	2013	$ 240,000	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ 12,000	$ 252,000
Frank Matasavage CFO	2014	$ 120,462	$ --	$ --	$ 12,655	$ --	$ --	$ --	$ 133,117
	2013	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --

(1) Topic 718 requires FlexShopper to determine the overall full grant date fair value of the restricted stock awards and options as of the date of grant based upon the Black-Scholes method of valuation which total amounts are set forth in the table above under the year of grant, and to then expense that value over the service period over which the restricted stock awards and options become vested. As a general rule, for time-in-service-based restricted stock awards and options, FlexShopper will immediately expense any restricted stock awards and option or portion thereof which is vested upon grant, while expensing the balance on a pro rata basis over the remaining vesting term of the restricted stock awards and options. For a description Topic 718 and the assumptions used in determining the value of the restricted stock awards and options under the Black-Scholes model of valuation, see the notes to the consolidated financial statements included with this Form 10-K.

(2) Includes all other compensation not reported in the preceding columns, including (i) perquisites and other personal benefits, or property, unless the aggregate amount of such compensation is less than $10,000; (ii) any “gross-ups” or other amounts reimbursed during the fiscal year for the payment of taxes; (iii) discounts from market price with respect to securities purchased from FlexShopper except to the extent available generally to all security holders or to all salaried employees; (iv) any amounts paid or accrued in connection with any termination (including without limitation through retirement, resignation, severance or constructive termination, including change of responsibilities) or change in control; (v) contributions to vested and unvested defined contribution plans; (vi) any insurance premiums paid by, or on behalf of, FlexShopper relating to life insurance for the benefit of the named executive officer; and (vii) any dividends or other earnings paid on stock or option awards that are not factored into the grant date fair value required to be reported in a preceding column.

(3) Includes compensation for service as a director described under Director Compensation, below.

(4) Does not include monies paid to Mr. Rubin on an investment in FlexShopper as described under "Certain Transactions."

For a description of the material terms of each named executive officers’ employment agreement, including the terms of any contract, agreement, plan or other arrangement that provides for any payment to a named executive officer in connection with his or her resignation, retirement or other termination, or a change in control of FlexShopper. See section below entitled “Employment Agreements.”

No outstanding common share purchase option or other equity-based award granted to or held by any named executive officer in the past two fiscal years were repriced or otherwise materially modified, including extension of exercise periods, the change of vesting or forfeiture conditions, the change or elimination of applicable performance criteria, or the change of the bases upon which returns are determined, nor was there any waiver or modification of any specified performance target, goal or condition to payout.

Executive Officer Outstanding Equity Awards

The following table provides certain information concerning any common share purchase options, stock awards or equity incentive plan awards held by each of our named executive officers that were outstanding, exercisable and/or vested as of December 31, 2014.

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options(#) Exercisable	Number of Securities Underlying Unexercised Options(#) Unexercis-able	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock that have not Vested (#)	Market Value of Shares or Units of Stock that have not Vested	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that have not Vested	Equity Incentive Plan Awards: Market or Payout Value of un-earned Shares, Units or Other Rights that have not Vested
Morry F. Rubin	650,000	-0-	-0-	1.25	01/31/2017	-0-	N/A	-0-	N/A
Morry F. Rubin	250,000	-0-	-0-	0.62	03/23/2019	-0-	N/A	-0-	N/A
Morry F. Rubin	250,000	-0-	-0-	0.17	03/20/2022	-0-	N/A	-0-	N/A
Brad Bernstein	950,000	-0-	-0-	1.25	01/31/2017	-0-	N/A	-0-	N/A
Brad Bernstein	250,000	-0-	-0-	0.62	03/23/2019	-0-	N/A	-0-	N/A
Brad Bernstein	250,000	-0-	-0-	0.17	03/20/2022	-0-	N/A	-0-	N/A
Brad Bernstein	250,000	-0-	-0-	0.70	03/24/2024	-0-	N/A	-0-	N/A
Frank Matasavage	-0-	25,000	-0-	.75	01/20/2024	-0-	N/A	-0-	N/A
Frank Matasavage	3,333	6,667	-0-	.70	12/29/2024	-0-	N/A	-0-	N/A

Employment Agreements

On January 31, 2007, we entered into an employment agreement to retain the services of Brad Bernstein ("Bernstein") as President. Mr. Bernstein currently serves as Chief Executive Officer. FlexShopper pays Mr. Bernstein a fixed base salary $240,000 during each year of his Employment Term. The Board may periodically review Mr. Bernstein's Base Salary and may determine to increase (but not decrease) the Base Salary, in accordance with such policies as FlexShopper may hereafter adopt from time to time, if it deems appropriate. The following summarizes the employment agreement of Mr. Bernstein.

- The Agreement shall be automatically renewed for additional one year terms unless either party notifies the other, in writing, at least 60 days prior to the expiration of the term, of such party's intention not to renew the Agreement. In December 2014, the Agreement renewed for one additional year through the close of business on January 31, 2016;
- Mr. Bernstein is required to devote his full business time and efforts to the business and affairs of FlexShopper. Mr. Bernstein is entitled to indemnification to the full extent permitted by law. Mr. Bernstein is subject to provisions relating to non-compete, non-solicitation of employees and customers during the term of the Agreement and for a specified period thereafter (other than for termination without cause or by Mr. Bernstein for good reason).
- Mr. Bernstein is entitled to participate in such our benefit and other compensatory or non-compensatory plans that are available to similarly situated executives of FlexShopper and is entitled to be reimbursed for up to $25,000 of medical costs not covered by FlexShopper's health insurance per year.
- FlexShopper shall, to the extent such benefits can be obtained at a reasonable cost, provide Mr. Bernstein with disability insurance benefits of at least 60% of his gross Base Salary per month. In the event of Mr. Bernstein's disability, Mr. Bernstein and his family shall continue to be covered by all of our executive welfare benefit plans at our expense, to the extent such benefits may, by law, be provided, for the lesser of the term of such disability and 24 months, in accordance with the terms of such plans; and
- FlexShopper shall, to the extent such benefits can be obtained at a reasonable cost, provide Mr. Bernstein with life insurance benefits in the amount of at least $500,000. In the event of Mr. Bernstein's death, his family shall continue to be covered by all of our executive welfare benefit plans, at our expense, to the extent such benefits may, by law, be provided, for 12 months following Mr. Bernstein's death in accordance with the terms of such plans.

Termination of Employment

Mr. Bernstein's employment with FlexShopper may be terminated by mutual agreement. The following description summarizes his severance pay (exclusive of base salary, car allowances and benefits due up to the date of termination), if any, in the event of termination (other than by mutual agreement) and the treatment of his options:

Termination for Cause. In the event of any termination for cause (as defined in the agreement), Mr. Bernstein shall not receive any severance pay and any and all stock options granted to him shall terminate according to their terms of grant with any such vested options being exercisable for the shorter of (i) 90 days from the date of termination and (ii) the exercise term of each relevant option grant.

Termination for Disability or Death. In the event of termination for disability (as defined in the agreement) or death, Mr. Bernstein shall receive all bonuses then earned, six months' severance pay in the case of death, and the acceleration of certain options. Such options may be exercised for the longer of (i) 12 months from the date of the date of termination and (ii) the exercise term of each relevant option grant.

Termination without Cause. Mr. Bernstein's employment with FlexShopper may be terminated by us, in the absence of Cause and by Mr. Bernstein for Good Reason (as defined in the agreement). In such event, Mr. Bernstein shall receive 12 months' severance pay, targeted bonuses, continuation of certain benefits and full vesting of all options. Such options may be exercised for the longer of (i) 12 months from the date of termination and (ii) the exercise term of each relevant option grant.

Voluntary Resignation. Mr. Bernstein's employment with FlexShopper may be terminated by him without Good Reason. In such event, Mr. Bernstein shall not receive any severance pay and unless termination occurs in the first year of employment, all vested options shall be retained by him for the full exercise term of each relevant option.

Option Grants

Mr. Bernstein is eligible to receive stock options and other compensation as determined at the discretion of the board. See "Executive Officer Outstanding Equity Awards" above for a description of outstanding options granted to Mr. Bernstein.

Termination of Employment Agreement with Morry F. Rubin

On December 29, 2014, Mr. Morry F. Rubin resigned as Chief Executive Officer of our company and agreed to terminate his employment agreement. Mr. Rubin is continuing to serve as Chairman of the Board of our company and we have agreed to compensate Mr. Rubin by paying 50% of the health insurance premiums for him and his family under our health insurance plan. Mr. Rubin's employment agreement had contained provisions similar but not identical to those of Mr. Bernstein's with the primary difference being the amount of compensation being paid to Mr. Rubin. See Summary Compensation Table above for a description of the compensation paid to Mr. Rubin for the last two fiscal years.

Review of Risks Arising from Compensation Policies and Practices

We have reviewed our compensation policies and practices for all employees and concluded that any risks arising from our policies and practices are not reasonably likely to have a material adverse effect on FlexShopper.

DIRECTOR COMPENSATION

Cash Fees and Options

As of the date of this Form 10-K, FlexShopper has no audit, compensation, corporate governance, nominating or other committee of the Board of Directors, although it intends to establish an audit, compensation and corporate governance committee in the near future. George Rubin, a former director until December 29, 2014 is receiving reimbursement of health and dental insurance for him and his wife through December 31, 2015. Members of the Board of Directors are eligible to participate under one or more of our company's stock option plan(s). On July 25, 2014, we granted Carl Pradelli options to purchase 180,000 shares, exercisable at $.89 per share from the vesting date through July 25, 2024, with one-third vesting on July 25, 2014, one-third vesting on July 25, 2015 and a third vesting on July 25, 2016. In November 2014, we granted T. Scott King options to purchase 180,000 shares, exercisable at $.70 per share from the vesting date through November 13, 2024, with one-third vesting on November 13, 2014, one-third vesting on November 13, 2015 and a third vesting on November 13, 2016. In the event that a director is no longer serving on the Board of Directors, the director has 90 days to exercise all vested options. Equity incentive awards and cash payments to directors will be determined in the sole discretion of the Board and/or compensation committee of the Board at such times and in such amounts as the Board or a committee thereof determines to make such awards.

Travel Expenses

All directors shall be reimbursed for their reasonable out of pocket expenses associated with attending the meetings.

2014 Director Compensation

The following table shows the overall compensation earned for the 2014 fiscal year with respect to each non-employee and non-executive director of FlexShopper as of December 31, 2014.

DIRECTOR COMPENSATION

Name and Principal Position	Fees Earned or Paid in Cash ($)	Stock Awards ($) (1)	Option Awards ($)(1)	Non-Equity Incentive Plan Compensa-tion ($)	Nonqualified Deferred Compensa-tion Earnings ($)	All Other Compensa-tion ($) (2)	Total ($)
Paul B. Healy, Former Director	$ 9,500	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ 9,500
George Rubin, Former Director (3)	$ 9,500	$ -0-	$ -0-	$ -0-	$ -0-	$ 7,400	$ 16,900
Carl Pradelli, Director	$ 3,700	$ 54,540	$ -0-	--	--	--	$ 58,240-
T. Scott King Director	$ 2,600	$ 45,360	$ -0-	--	--	--	$ 47,960

(1) Topic 718 requires FlexShopper to determine the overall full grant date fair market value of the restricted stock awards and the options as of the date of grant based upon the Black-Scholes method of valuation which total amounts are set forth in the table above under the year of grant, and to then expense that value over the service period over which the restricted stock awards and the options become exercisable vested. As a general rule, for time-in-service-based restricted stock awards and options, FlexShopper will immediately expense any restricted stock award or option or portion thereof which is vested upon grant, while expensing the balance on a pro rata basis over the remaining vesting term of the restricted stock award and option. For a description of Topic 718 and the assumptions used in determining the value of the restricted stock awards and options under the Black-Scholes model of valuation, see the notes to the consolidated financial statements included herein.

(2) Includes all other compensation not reported in the preceding columns, including (i) perquisites and other personal benefits, or property, unless the aggregate amount of such compensation is less than $10,000; (ii) any “gross-ups” or other amounts reimbursed during the fiscal year for the payment of taxes; (iii) discounts from market price with respect to securities purchased from FlexShopper except to the extent available generally to all security holders or to all salaried employees; (iv) any amounts paid or accrued in connection with any termination (including without limitation through retirement, resignation, severance or constructive termination, including change of responsibilities) or change in control; (v) contributions to vested and unvested defined contribution plans; (vi) any insurance premiums paid by, or on behalf of, FlexShopper relating to life insurance for the benefit of the director; (vii) any consulting fees earned, or paid or payable; (viii) any annual costs of payments and promises of payments pursuant to a director legacy program and similar charitable awards program; and (ix) any dividends or other earnings paid on stock or option awards that are not factored into the grant date fair value required to be reported in a preceding column.

(3) All other compensation includes the payment of health insurance which is not provided to other non-employee directors. Mr. Rubin's compensation excludes monies earned as an investor. See "Certain Transactions" for a description of certain transactions involving George Rubin.

Indemnification; Director and Officer Liability Insurance

FlexShopper has agreed to indemnify (and advance the costs of defense of) each director (and his legal representatives) to the fullest extent permitted by the laws of the state in which FlexShopper is incorporated, as in effect at the time of the subject act or omission, or by the Certificate of Incorporation and Bylaws of FlexShopper, whichever affords greater protection to each director, and both during and after termination (for any reason). FlexShopper shall cause each director to be covered under a directors and officers' liability insurance policy for his acts (or non-acts) as an officer or director of FlexShopper or any of its affiliates. Such policy shall be maintained by FlexShopper at its expense in an amount of at least $5 million during the term each director serves FlexShopper (including the time period of coverage after each director's service terminates for any reason whatsoever). In the event of any litigation or other proceeding between FlexShopper and a director with respect to enforcement of a director's rights to indemnification and director and officer liability insurance and such litigation or proceeding results in final judgment or order in favor of the Director, which judgment or order is substantially inconsistent with the positions asserted by FlexShopper in such litigation or proceeding, the losing party shall reimburse the prevailing party for all of his/its reasonable costs and expenses relating to such litigation or other proceeding, including, without limitation, his/its reasonable attorneys' fees and expenses.

2007 Omnibus Equity Compensation Plan

On January 31, 2007, the Board adopted our 2007 Omnibus Equity Compensation Plan (the "Plan"), with 2,100,000 common shares authorized for issuance under the Plan. In October 2009, FlexShopper's stockholders approved an increase in the number of shares covered by the Plan to 4,200,000 shares. The following table shows the amounts that have been granted under the Plan as of December 31, 2014 to named executive officers, directors and others:

2007 Omnibus Equity Compensation Plan

Name and Position	Number of Options	Dollar Value (1)
Morry F. Rubin, Former Chief Executive Officer	1,150,000(1)	$ 302,500
Brad Bernstein, Chief Executive Officer	1,700,000(1)	$ 352,500
Frank Matasavage	35,000	$ 1,000
Executive Group (three persons)	2,885,000(1)	$ 656,000
Non-Executive Director Group (two persons)	360,000(1)	$ 21,600
Non-Executive Officer Employee Group	510,000(1)	$ 80,050

(1) The dollar value of these options is based upon the fair market value of our Common Stock as of the close of business on December 31, 2014 of $1.00 per share, less the exercise price of each respective option.

The following is a summary of the material features of the Plan:

Shares Subject to the Plan

The maximum number of shares of Common Stock with respect to which awards may be made under the Plan is 4,200,000. In the event of any stock split, reverse stock split, stock dividend, recapitalization, reclassification or other similar event or transaction, the Compensation Committee will make such equitable adjustments to the number, kind and price of shares subject to outstanding grants and to the number of shares available for issuance under the Plan as it deems necessary or appropriate. Shares subject to forfeiture, cancelled or expired awards granted under the Plan will again become available for issuance under the Plan. In addition, shares surrendered in payment of any exercise price or in satisfaction of any withholding obligation arising in connection with an award granted under the Plan will again become available for issuance under the Plan.

Administration

A committee of two or more directors appointed by the Board will administer the Plan (the "Committee"); however, until the Committee is appointed, the Board administers the Plan. The Committee interprets the Plan, selects award recipients, determines the number of shares subject to each award and establishes the price, vesting and other terms of each award. While there are no predetermined performance formulas or measures or other specific criteria used to determine recipients of awards under the Plan, awards are based generally upon consideration of the grantee's position and responsibilities, the nature of services provided, the value of the services to us, the present and potential contribution of the grantee to our success, the anticipated number of years of service remaining and other factors which the Board or the Committee deems relevant.

Eligibility

Employees, directors, consultants and other service providers of our Company and its affiliates are eligible to participate in the Plan, provided; however, that only employees of our Company are eligible to receive incentive stock options. The maximum number of shares that are the subject of grants made under the Plan to any individual during any calendar year may not exceed 1,000,000 shares, subject to certain adjustments. A participant in the Plan may not accrue dividend equivalents during any calendar year in excess of $500,000.

Amendment and Termination of Plan

The Board may amend, alter or discontinue the Plan at any time; provided, however, that the Board may not amend the Plan without stockholder approval if such approval is required in order to comply with the Internal Revenue Code or applicable laws or to comply with applicable stock exchange requirements. The Plan will terminate on the day immediately preceding the tenth anniversary of the Plan's effective date, unless the Plan is terminated earlier by the Board or is extended by the Board with the approval of the stockholders.

Grants

Grants made under the Plan may consist of incentive stock options, non-qualified stock options, stock appreciation rights or "SARs," stock awards, stock unit awards, dividend equivalents and other stock-based awards. Each grant is subject to the terms and conditions set forth in the Plan and to those other terms and conditions specified by the Committee and memorialized in a written grant agreement between our Company and grant recipient (the "Grant Instrument").

Stock Options

The Plan permits the grant of incentive stock options ("ISOs") to our employees and the employees of our subsidiaries. The Plan also provides for the grant of non-qualified stock options ("NQSOs") to our employees, directors, and consultants and other individuals who perform services for us (as well as to employees, directors, consultants and service providers of our subsidiaries). The exercise price of any stock option granted under the Plan will be equal to or greater than the fair market value of such stock on the date the option is granted, provided, however, that the exercise price of any incentive stock options granted under the Plan to an employee who, at the time of grant, owns stock possessing more than 10% of the total combined voting power of all classes of our stock or any parent or subsidiary of us, may not be less than 110% of the fair market value of our Common Stock on the date of grant. Generally, payment of the option price may be made (i) in cash, (ii) with the Committee's consent, by approval of the Committee, by delivering shares of Company Stock owned by the Optionee (including Company Stock acquired in connection with the exercise of an Option, subject to such restrictions as the Committee deems appropriate) and having a Fair Market Value on the date of exercise equal to the Exercise Price or by attestation (on a form prescribed by the Committee) to ownership of shares of Company Stock having a Fair Market Value on the date of exercise equal to the Exercise Price, (iii) through a broker in accordance with applicable laws, or (iv) with a combination of cash and shares. The participant must pay the option price and the amount of withholding tax due, if any, at the time of exercise. Shares of Common Stock will not be issued or transferred upon exercise of the option until the option price and the withholding obligation are fully paid.

Under the Plan, each option is exercisable at such time and to such extent as specified in the pertinent Grant Instrument between our Company and the option recipient. However, no option shall be exercisable with respect to any shares of Common Stock more than ten years after the date of grant of such award (except as otherwise determined by the Committee with respect to non-incentive options) and no incentive stock option that is granted to an employee, who at the time of grant, owns stock possessing more than 10% of the total combined voting power of all classes of stock of our Company, or any parent or subsidiary of ours, may be exercised more than five years from the date of grant. Notwithstanding the foregoing, the Committee may provide, in a Grant Instrument, that a Grantee may transfer Nonqualified Stock Options to family members, or one or more trusts or other entities for the benefit of or owned by family members, consistent with the applicable securities laws, according to such terms as the Committee may determine; provided that the Grantee receives no consideration for the transfer of an Option and the transferred Option shall continue to be subject to the same terms and conditions as were applicable to the Option immediately before the transfer.

Effects of Termination of Service with our Company

Generally, unless provided otherwise in the Grant Instrument, the right to exercise any option or SAR (described below) terminates 90 days following termination of the participant's relationship with FlexShopper for reasons other than death, disability or termination for "cause" as defined in the Plan. If the participant's relationship with us terminates due to death or disability, unless provided otherwise in the Grant Instrument, the right to exercise an option or SAR will terminate the earlier of one year following such termination or the original expiration date. If the participant's relationship with us is terminated for "cause" any option or SAR not already exercised will automatically be forfeited as of the date such termination.

Stock Awards

We may issue awards of our Common Stock pursuant to the terms of the Plan. A stock award may be issued for consideration or for no consideration and may be subject to certain restrictions and risk of forfeiture (such as the completion of a period of service or attainment of a performance goal) as determined by the Committee and set forth in the Grant Instrument governing the stock award. If a participant's employment terminates before the vesting condition is fulfilled, the shares will be forfeited. While the shares remain unvested, a participant may not sell, assign, transfer, pledge or otherwise dispose of the shares. Unless otherwise determined by the Committee, a stock award entitles the participant to all of the rights of a stockholder of our Company, including the right to vote the shares and the right to receive any dividends thereon.

Stock Units

The Plan provides for the grant of stock units to employees, non-employee directors, or consultants or other individuals who perform services for us, subject to any terms and conditions, including the fulfillment of specified performance goals or other conditions, as may be established by the Committee. Each stock unit represents one hypothetical share of Common Stock and the right of the grantee to receive an amount based on the value of a share of our Common Stock. Payments with respect to stock units may be made in cash or in shares of Common Stock, or in combination of the two as determined by the appointed committee.

Stock Appreciation Rights

The Plan also provides for the grant of SARs, either alone or in tandem with stock options. An SAR entitles its holder to a cash payment of the excess of the fair market value of our Common Stock on the date of exercise, over the fair market value of our Common Stock on the date of grant. An SAR issued in tandem with a stock option will have the same terms as the stock option. The terms of an SAR granted alone, without an option, will be established by the Committee, in the Grant Instrument governing the SAR.

Other Stock-Based Awards

The Committee may grant other stock-based awards, other than those described herein, that are based on, measured by or payable in shares of Common Stock on such terms and conditions as the Committee may determine. Such awards may be subject to the achievement of performance goals or other conditions and may be payable in cash, shares of Common Stock or any combination of cash and shares of Common Stock as the Committee shall determine.

Dividend Equivalents

The Committee may grant dividend equivalents in connection with grants under the Plan. Dividend equivalents may be paid currently or accrued as contingent cash obligations and may be payable in cash or shares of Common Stock, and upon such terms as the appointed committee may establish, including the achievement of specific performance goals.

Change of Control of FlexShopper

In the event of a Change of Control, as that term is defined in the Plan, of our Company, the Committee has discretion to, among other things, accelerate the vesting of outstanding grants, cashout outstanding grants or exchange outstanding grants for similar grants of a successor company. A Change of Control of our Company will be deemed to have taken place upon:

- the acquisition by any person of direct or indirect ownership of securities representing more than 50% of the voting power of our then outstanding stock;
- a consolidation or merger of our Company resulting in the stockholders of FlexShopper immediately prior to such event not owning at least a majority of the voting power of the resulting entity's securities outstanding immediately following such event;
- the sale of substantially all of our assets; or
- the liquidation or dissolution of our Company.

2015 Omnibus Equity Compensation Plan

On March 26, 2015, the Board adopted the 2015 Omnibus Equity Compensation Plan, subject to stockholder approval of an increase in our authorized number of shares of Common Stock, to 100 million shares and stockholder approval of the 2015 Plan within one year of March 26, 2015. The number of shares under the Plan is 4 million shares.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

As of March 19, 2015, we have 52,015,322 shares of Common Stock and 342,219 shares of Series 1 Preferred Stock issued and outstanding. In this respect, each one share of Series 1 Preferred Stock has the voting rights of 5.7877 common shares, but is convertible into 6.33 common shares. Accordingly, the 342,219 shares of Series 1 Preferred Stock are convertible into 2,166,246 shares of Common Stock with the equivalent voting rights of 1,980,661 common shares. The following table sets forth information regarding the economic ownership of our company Common Stock by:

- each of our stockholders who is known by us to beneficially own more than 5% of our Common Stock;
- each of our executive officers;
- each of our directors; and

all executive officers and directors as a group.

Beneficial ownership is determined based on the rules and regulations of the SEC. A person has beneficial ownership of shares if the individual has the power to vote and/or dispose of shares. This power can be sole or shared, and direct or indirect. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of Common Stock subject to options held by that person are counted as outstanding in such cases where the option holder may exercise the options within 60 days of the date hereof. These shares, however, are not counted as outstanding for the purposes of computing the percentage ownership of any other person. Except as indicated in the footnotes to the table below, each person named in the table has sole voting and dispositive power with respect to the shares set forth opposite that person's name. (Note: All addresses of the Company's officers and directors and Marc Malaga are c/o FlexShopper, Inc. at 2700 North Military Trail, Ste. 200, Boca Raton, FL 33431.)

Name and address of Beneficial Owner	Shares of Common Stock Beneficially Owned	% of Shares of Common Stock Beneficially Owned
Morry F. Rubin (1)	6,980,431	13.0
George Rubin (1)	4,896,931	9.3
Ilissa and Brad Bernstein (2)	3,700,000	6.9
T. Scott King (3)	60,000	*
Carl Pradelli (4)	247,500	*
All officers and directors as a group (five persons) (5)	15,622,862	27.7
Buechel Family Ltd Partnership (6)	1,644,095	3.1
Buechel Patient Care Research & Education Fund (7)	1,293,462	2.4
Marc Malaga (8)	3,263,408	6.1
Waterfall Asset Management, LLC (9)	14,545,455	28.0

*Represents less than 1% of the outstanding shares.

(1) Morry Rubin's beneficial ownership includes 4,901,759 shares of Common Stock and options/warrants to purchase 1,816,672 shares of Common Stock granted to him and 262,000 shares in which Morry Rubin's wife and George Rubin are co-trustees of certain family trusts. George Rubin's beneficial ownership includes 3,968,259 shares of Common Stock and 262,000 shares in which Morry Rubin's wife and George Rubin are co-trustees of certain family trusts and warrants to purchase 666,672 shares.

(2) Of the 3,700,000 shares beneficially owned by them, 2,000,000 common are owned by Ilissa Bernstein, Brad Bernstein's wife. The remaining 1,700,000 shares represent vested options to purchase a like amount of shares of Common Stock granted to Brad Bernstein.

(3) Includes vested options to purchase 60,000 shares of Common Stock.

(4) Includes options to purchase 60,000 shares, 62,500 shares owned in trust and 125,000 shares in a limited liability company owned by Mr. Pradelli and his spouse.

(5) Includes 11,319,518 shares of Common Stock and all options and warrants (described in (1) through (4) above) to purchase an aggregate of 4,303,344 shares.

(6) Includes 1,442,725 shares of Common Stock and 31,812 Preferred shares convertible into 201,370 shares of Common Stock. The Buechel Family Ltd Partnership is a Family Partnership, the General Partner of whom is Frederick Buechel. This partnership is being shown in the table since it may be deemed to be under common control of Dr. Frederick Buechel, who is also a principal of the Buechel Patient Care Research & Education Fund referenced in footnote (7). The address for this investor is c/o Fordham Financial Management, Inc., 17 Battery Place South, Suite 643, New York, NY 10004.

(7) Includes 1,092,725 shares of Common Stock and 31,712 Preferred shares convertible into 200,737 shares of Common Stock. The Buechel Patient Care Research & Education Fund is a 501(c)(3) organization, the principals of which are Drs. Frederick Buechel Sr. and Jr. and Mr. Mark Buechel. This education fund is being shown in the table since it may be deemed to be under common control of Dr. Frederick Buechel who is the general partner referenced in footnote (6) of the Buechel Family Ltd Partnership. The address for this investor is c/o Fordham Financial Management, Inc., 17 Battery Place South, Suite 643, New York, NY 10004.

(8) Includes 1,914,941 common shares, warrants to purchase 666,672 shares, options to purchase 250,000 shares and 431,795 shares of Common Stock issuable upon conversion of 68,214 shares of Series 1 Preferred Stock.Waterfall Eden Master.

(9) Waterfall Eden Master Fund, Ltd. owns 7,882,774 shares of Common Stock, or approximately 15.2% of the outstanding shares of Common Stock. Waterfall Delta Offshore Master Fund, LP owns 4,420,646 shares of Common Stock, or approximately 8.5% of the outstanding shares of Common Stock. Waterfall Delta GP, LLC, as general partner of Waterfall Delta Offshore Master Fund, LP, may be deemed to share beneficial ownership of the shares owned by Waterfall Delta Offshore Master Fund, LP. Waterfall Sandstone Fund, LP owns 2,242,035 shares of Common Stock, or approximately 4.3% of the outstanding shares of Common Stock. Waterfall Sandstone GP, LLC, as general partner of Waterfall Sandstone Fund, LP, may be deemed to share beneficial ownership of the shares owned by Waterfall Sandstone Fund, LP. Waterfall, as the investment adviser to the Waterfall Funds, and Messrs. Capasse and Ross, as members of Waterfall, may be deemed to share beneficial ownership of the 14,545,455 shares of Common Stock owned by the Waterfall Funds, or approximately 28.0% of the outstanding shares of Common Stock. Because of the relationships described above, the Reporting Persons may be deemed to constitute a "group" within the meaning of Rule 13d-5 under the Securities Exchange Act of 1934, as amended, and as such, each member of the group could be deemed to beneficially own, in the aggregate, all of the shares of Common Stock held by members of the group. The Reporting Persons do not admit that they constitute a group within the meaning of Rule 13d-5. Each of the Reporting Persons disclaims beneficial ownership of the shares of Common Stock referred to herein that such Reporting Person does not hold directly. Waterfall and Messrs. Capasse and Ross share the power to vote and direct the disposition of the shares owned by the Waterfall Funds. Waterfall Delta GP, LLC may be deemed to share the power to vote and direct the disposition of the shares owned by the Waterfall Delta Offshore Master Fund, LP, and Waterfall Sandstone GP, LLC may be deemed to share the power to vote and direct the disposition of the shares owned by Waterfall Sandstone Fund, LP. The address for each of the Waterfall associated companies is c/o Waterfall Management, LLC, 1140 Avenue of the Americas, 7th Floor, New York, NY 10036. This information has been obtained from a Schedule 13-D filed by Waterfall with the SEC on March 15, 2015.

Securities Authorized for Issuance under Equity Compensation Plans.

The following summary information is as of December 31, 2014 and relates to our 2007 Plan described elsewhere herein pursuant to which we have granted options to purchase our Common Stock:

	(a)	(b)	(c)
Plan category	Number of shares of Common Stock to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding shares reflected in column (a))
Equity Compensation Plans covering 4,200,000 shares	3,755,000	$ .87	445,000

Item 13. Certain Relationships and Related Transactions and Director Independence.

Due to Institutional Lender/Personal Guarantees of Messrs. M. Rubin and Bernstein

On November 8, 2011, Anchor entered into a Rediscount Credit Facility with a commercial bank that was effective November 30, 2011 and replaced its prior credit facility. The facility was repaid and terminated with the sale of Anchor Assets between April and June, 2014. The maximum amount that could be borrowed under the facility was $10 million, and the Bank advanced up to 80% of Anchor's advances to its clients. Anchor paid interest on advances monthly at the 90 Day Libor Rate plus 6.25% and various other monthly fees as defined in the agreement. The agreement required that Anchor maintain at all times a ratio of debt to tangible net worth of no more than four to one (4:1). The agreement contained customary representations and warranties, events of default and limitations, among other provisions. The agreement was collateralized by a first lien on all Anchors' assets. FlexShopper’s President and CEO had provided validity guarantees to the Bank. Anchor owed this financial institution $3,240,942 as of December 31, 2013 and $-0- as of December 31, 2014.

Related Party Notes

FlexShopper entered into a promissory Note for $1,000,000, with a shareholder and executive of the Company. The note is payable on demand. The note was funded in increments of $500,000 on December 8th and 18th and earned interest at 15% per annum which amounted to $7,083 for the year ended December 31, 2014. The Promissory Note was to assist FlexShopper in purchasing merchandise for lease and was paid in full with interest on March 11, 2015. (See Note 13)

2014 Private Placement Offering

From May 8, 2014 through October 2014, FlexShopper received gross proceeds of $6,501,101 from the sale of 11,820,187 shares offered through three co-placement agents in a private placement offering at an offering price of $.55 per share. The foregoing excludes the issuance at the final closing date of October 9, 2014 of seven year warrants to purchase 15% of the number of shares sold in the offering, which warrants were issued to the placement agents to purchase 1,773,027 shares, each at an exercise price of $.55 per share.

In addition, pursuant to the terms of the private placement offering, George Rubin and Morry F. Rubin, officers, directors and founders of FlexShopper, each completed the funding of their $500,000 loan to FlexShopper and converted these loans into shares of FlexShopper's Common Stock at the same offering price per share as that paid by investors in the offering. An aggregate of 1,818,182 shares of FlexShopper's Common Stock were issued to the Rubins from the conversion of their notes totaling $1,000,000.

2015 Credit and Equity Financings

On March 6, 2015, FlexShopper, Inc. ("FlexShopper"), through a wholly-owned subsidiary (the "Borrower"), entered into a credit agreement (the "Credit Agreement") with WE 2014-1, LLC, an affiliate of Waterfall Asset Management, LLC ("Waterfall"), and certain other lenders thereunder from time to time (collectively, the "Lender"). The Borrower is permitted to borrow funds under the Credit Agreement based on the Borrower's cash on hand and the Amortized Order Value of the Borrower's Eligible Leases (as such terms are defined in the Credit Agreement) less certain deductions described in the Credit Agreement. Under the terms of the Credit Agreement, subject to the satisfaction of certain conditions, the Borrower may borrow up to $25,000,000 from the Lender for a term of two years. The borrowing term may be extended for an additional twelve months in the sole discretion of the Lender. The Credit Agreement contemplates that the Lender may provide additional debt financing to the Borrower, up to $100 million in total, under two uncommitted accordions following satisfaction of certain covenants and other terms and conditions. The Lender will receive security interests in certain leases as collateral under the Credit Agreement. For the term of the Credit Agreement, FlexShopper and its subsidiaries may not incur additional indebtedness (other than certain indebtedness expressly permitted under the Credit Agreement) without the permission of the Lender. Waterfall and its affiliates will have a right of first refusal on certain subsequent FlexShopper transactions involving leases or other financial products during the term of the Credit Agreement and up to three months following the termination thereof.

Pursuant to the Credit Agreement, amounts borrowed by the Borrower will bear interest at the rate of LIBOR plus a mid-teen percent per annum, and a small non-usage fee will be assessed on any undrawn amount if the facility is less than 80% drawn on average in any given measurement period commencing three months after the closing of the facility.

The Credit Agreement includes customary events of default, including, among others, failures to make payment of principal and interest, breaches or defaults under the terms of the Credit Agreement and related agreements entered into with the Lender, breaches of representations, warranties or certifications made by or on behalf of the Borrower in the Credit Agreement and related documents (including certain financial and expense covenants), deficiencies in the borrowing base, certain judgments against the Borrower and bankruptcy events. If an event of default occurs and is continuing, the Lender may, among other things, terminate any remaining commitments available to the Borrower, declare all outstanding principal and interest immediately due and payable and enforce any and all liens created in connection with the Credit Agreement. In connection with the closing under the Credit Agreement, the Company will pay placement agent fees totaling $850,000.

In connection with entering into the Credit Agreement, on March 6, 2015, FlexShopper raised approximately $8.6 million in net proceeds through direct sales of 17.0 million shares of FlexShopper common stock, par value $0.0001 per share (the "Shares"), to certain affiliates of Waterfall and other accredited investors (the "Investors") for a purchase price of $0.55 per share (the "Equity Purchases"). The Shares were placed pursuant to Rule 506 of Regulation D under the Securities Act of 1933. The Shares were not registered under the Securities Act of 1933 and may not be offered or sold absent registration or an applicable exemption from registration requirements.

In connection with the issuance of the Shares to the Investors, on March 6, 2015, FlexShopper entered into Investor Rights Agreements with certain of the Investors. The Investor Rights Agreement entered into with affiliates of Waterfall provides that, so long as the those Investors beneficially own at least 10% of FlexShopper common stock then issued and outstanding, Waterfall will have the right to nominate one director to the FlexShopper Board of Directors (the "Board"). Upon the closing of the Equity Purchases, those Investors beneficially own more than 10% of FlexShopper common stock then issued and outstanding and thus are entitled to nominate one director to the Board. On March 26, 2015, the Board of Directors elected Philip Gitler to the board as a nominee of the Lender effective April 1, 2015. The Investor Rights Agreement with affiliates of Waterfall also entitles those Investors to certain demand registration rights and certain preemptive rights on future sales of equity securities of FlexShopper. The Waterfall Investor Rights Agreement and the Investor Rights Agreements entered into with other Investors entitle all Investors to certain piggyback registration rights.

Independent Directors

Currently, FlexShopper has no audit, compensation, corporate governance, nominating or other committee of the Board of Directors. Under the NASDAQ definition, an "independent director" means a person other than an officer or employee of FlexShopper or its subsidiaries or any other individuals having a relationship that, in the opinion of FlexShopper's board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of the director. The board's discretion in determining director independence is not completely unfettered. Further, under the NASDAQ definition, an independent director is a person who (1) is not currently (or whose immediate family members are not currently), and has not been over the past three years (or whose immediate family members have not been over the past three years), employed by FlexShopper; (2) has not (or whose immediate family members have not) been paid more than $120,000 during the current or past three fiscal years; (3) has not (or whose immediately family has not) been a partner in or controlling stockholder or executive officer of an organization which FlexShopper made, or from which FlexShopper received, payments in excess of the greater of $200,000 or 5% of that organizations consolidated gross revenues, in any of the most recent three fiscal years; (4) has not (or whose immediate family members have not), over the past three years been employed as an executive officer of a company in which an executive officer of FlexShopper has served on that company's compensation committee; or (5) is not currently (or whose immediate family members are not currently), and has not been over the past three years (or whose immediate family members have not been over the past three years) a partner of FlexShopper's outside auditor. Currently, T. Scott King and Carl Pradelli are each deemed by management to be an "independent director" and "Financial Expert" (as defined herein under "Lack of Committees") of FlexShopper. Mr. Gitler would have been considered an independent director, except for his relationship and affiliation with our institutional lender.

Item 14. Principal Accounting Fees and Services.

Audit Fees

During fiscal 2013, the aggregate fees billed for professional services rendered by Scott and Company LLC (the "Independent Auditors") for the 2012 audit of the Company's annual consolidated financial statements totaled approximately $49,500, excluding expenses. During fiscal 2014, the aggregate fees billed for professional services rendered by Scott and Company LLC for the 2013 audit of the Company's annual consolidated financial statements totaled approximately $54,450, excluding expenses. The audit fees for the 2014 audit of the Company's annual financial statement rendered by EisnerAmper LLP is anticipated to be $55,000.

Financial Information Systems Design and Implementation Fees

During 2014 and 2013, there were no fees billed for professional services by Scott and Company LLC, rendered in connection with, directly or indirectly, operating or supervising the operation of its information system or managing its local area network.

All Other Fees

During 2013, there were $24,000 in fees, excluding expenses, billed for professional services rendered by Scott and Company, LLC for review of the Company's quarterly filings with the Securities and Exchange Commission. During fiscal year 2014, there were $17,000 in fees billed for professional services rendered by Scott and Company LLC for review of the Company's first two quarterly filings with the Commission. During fiscal 2014, there was $10,000 in fees billed for professional services rendered by EisnerAmper LLP for review of the Company's quarterly filings for the third quarter of 2014. In the first quarter of 2015, the Company paid $10,000 to Scott and Company, LLC for their review and the issuance of its consent which was filed with the S-1 Registration Statement which is currently pending with the Securities and Exchange Commission.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) Financial Statements

The following documents are filed under "*Item 8. Financial Statements and Supplementary Data"* and are included as part of this Form 10-K as the financial statements of the Company for the years ended December 31, 2014 and 2013:

Reports of Independent Registered Public Accounting Firms
Consolidated Balance Sheets
Consolidated Statements of Operations
Consolidated Statement of Stockholders' Equity
Consolidated Statement of Cash Flows
Consolidated Notes to Financial Statements

Exhibits

The following exhibits are all previously filed in connection with our Form 10-SB , as amended, unless otherwise noted

2.1	Exchange Agreement
3.1	Certificate of Incorporation-BTHC,INC.
3.2	Certificate of Merger of BTHC XI, LLC into BTHC XI, Inc.
3.3	Certificate of Amendment
3.4	Designation of Rights and Preferences-Series 1 Convertible Preferred Stock
3.5	Certificate of Amendment dated October 16, 2013(11)
3.6	Amended and Restated By-laws
4.1	Placement Agent Warrant issued to Fordham Financial Management on October 9, 2014(13)
4.2	Placement Agent Warrant issued to Paulson Investment Company, Inc. on October 9, 2014(13)
4.3	Placement Agent Warrant issued to Spartan Capital Securities, LLC on October 9, 2014(13)
10.1	Directors' Compensation Agreement-George Rubin
10.2	Employment Contract-Morry F. Rubin
10.3	Employment Contract-Brad Bernstein
10.4	Agreement-Line of Credit
10.5	Fordham Financial Management-Consulting Agreement
10.6	Facilities Lease – Florida
10.7	Facilities Lease – North Carolina
10.8	Loan and Security Agreement (1)
10.9	Revolving Note (1)
10.10	Debt Subordination Agreement (1)
10.11	Guaranty Agreement (Morry Rubin) (1)
10.12	Guaranty Agreement (Brad Bernstein)(1)
10.13	Continuing Guaranty Agreement (1)
10.14	Pledge Agreement (1)
10.16	Asset Purchase Agreement between Anchor and Brookridge Funding LLC (2)
10.17	Senior Credit Facility between Anchor and MGM Funding LLC (2)
10.18	Senior Credit Facility Guarantee - Michael P. Hilton and John A. McNiff III (4)
10.19	Employment Agreement - Michael P. Hilton (4)
10.20	Employment Agreement - John A. McNiff (4)
10.21	Accounts Receivable Credit Facility with Greystone Commercial Services LP (3)
10.22	Memorandum of Understanding - Re: Rescission Agreement (5)
10.23	Rescission Agreement and Exhibits Thereto (5)
10.24	Termination Agreement by and between Brookridge Funding Services LLC and MGM Funding LLC.(5)
10.25	First Amendment to Factoring Agreement (6)
10.26	Promissory Note dated April 26, 2011 between Anchor Funding Services, Inc. and MGM Funding, LLC (7)
10.27	Rediscount Facility Agreement with TAB Bank (8)
10.28	Form of Validity Warranty to TAB Bank (8)
10.29	Amendment to Employment Agreement of Morry F. Rubin (10)
10.30	Asset Purchase Agreement dated April 30, 2014 *
10.31	Credit Agreement, dated as of March 6, 2015, among FlexShopper 2, LLC, Wells Fargo Bank, N.A., various Lenders from time to time party thereto and WE 2014-1, LLC. (14)
10.32	Investor Rights Agreement, dated as of March 6, 2015, by and among FlexShopper, Inc., the Management Stockholders and affiliates of Waterfall (14)
10.33	Form of Investor Rights Agreement, dated as of March 6, 2015, by and among FlexShopper, Inc. and the Investors party thereto (14)
10.34	January 2014 amendment to Boca Raton, Florida lease*
14.1	Code of Ethics for Senior Financial Officers*
21.0	Subsidiaries of Registrant*
31.1	Rule 13a-14(a) Certification – Principal Executive Officer *
31.2	Rule 13a-14(a) Certification – Principal Financial Officer *
32.1	Section 1350 Certification – Principal Executive Officer *
32.2	Section 1350 Certification – Principal Financial Officer *
99.1	2007 Omnibus Equity Compensation Plan
99.2	Form of Non-Qualified Option under 2007 Omnibus Equity Compensation Plan
99.3	Amendment to 2007 Omnibus Equity Compensation Plan increasing the Plan to 4,200,000 shares (9)
99.4	Press Release - March 31, 2015*
101.INS	XBRL Instance Document,XBRL Taxonomy Extension Schema *
101.SCH	Document, XBRL Taxonomy Extension *
101.CAL	Calculation Linkbase, XBRL Taxonomy Extension Definition *
101.DEF	Linkbase,XBRL Taxonomy Extension Labels *
101.LAB	Linkbase, XBRL Taxonomy Extension *
101.PRE	Presentation Linkbase *

* Filed herewith.

(1) Incorporated by reference to the Registrant’s Form 8-K filed November 24, 2008 (date of earliest event November 21, 22008).

(2) Incorporated by reference to the Registrant's Form 8-K filed December 8, 2009 (date of earliest event - December 4, 2009).

(3) Incorporated by reference to the Registrant's Form 8-K filed December 2, 2009 (date of earliest event -November 30, 2009).

(4) Incorporated by reference to the Registrant's Form 10-K for the fiscal year ended December 31, 2009.

(5) Incorporated by reference to the Registrant's Form 8-K filed October 12, 2010 (date of earliest event - October 6, 2010).

(6) Incorporated by reference to the Registrant's Form 10-K for the fiscal year ended December 31, 2010.

(7) Incorporated by reference to the Registrant's Form 8-K filed April 28, 2011 (date of earliest event - April 26, 2011).

(8) Incorporated by reference to the Registrant’s Form 10-Q for the quarter ended September 30, 2011.

(9) Incorporated by reference to the Registrant's Form 10-K for the fiscal year ended December 31, 2011.

(10) Incorporated by reference to the Registrant's Form 10-K for the fiscal year ended December 31, 2012.

(11) Incorporated by reference to the Registrant’s Form 8-K dated October 16, 2013.

(12) Incorporated by reference to the Registrant’s Form 8-K dated April 30, 2014.

(13) Incorporated by reference to the Registrant’s Form S-1 Registration Statement filed in January 2015.

(14) Incorporated by reference to the Registrant’s form 8-K dated March 6, 2015.

(b) Financial Statement Schedules

We are not filing any financial statement schedules as part of this Form 10-K because such schedules are either not applicable or the required information is included in the financial statements or notes thereto.

SIGNATURES

Pursuant to the requirements Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

FLEXSHOPPER, INC.

By: /s/ Brad Bernstein
Brad Bernstein, President
and Principal Executive Officer

Dated: Boca Raton, Florida
March 31, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Signatures	Title	Date
/s/ Brad Bernstein Brad Bernstein	President and Principal Executive Officer	March 31, 2015
/s/ Morry F. Rubin Morry F. Rubin	Chairman of the Board	March 31, 2015
/s/ T. Scott King T. Scott King	Director	March 31, 2015
/s/ Carl Pradelli Carl Pradelli	Director	March 31, 2015
/s/ Frank Matasavage Frank Matasavage	Principal Financial Officer	March 31, 2015

Morry F. Rubin, Brad Bernstein, T. Scott King and Carl Pradelli represent all the current members of the Board of Directors.

Exhibit 10.30

Execution Version

ASSET PURCHASE AND SALE AGREEMENT

DATED AS OF April 30, 2014

BY AND BETWEEN

ANCHOR FUNDING SERVICES, LLC

AND

TRANSPORTATION ALLIANCE BANK INC.

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ASSET PURCHASE AND SALE AGREEMENT

THIS ASSET PURCHASE AND SALE AGREEMENT (this "***Agreement***"), is dated as of April 30, 2014 (the "***Signing Date***") and is made between **ANCHOR FUNDING SERVICES, LLC**, a North Carolina limited liability company (the "***Seller***"), and **TRANSPORTATION ALLIANCE BANK INC.**, dba TAB Bank, a Utah industrial bank (the "***Buyer***").

WITNESSETH:

WHEREAS, Seller desires to sell to Buyer, and Buyer desires to purchase from Seller (and to assume certain liabilities associated with), the Portfolio (as defined below), all on the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Seller and the Buyer agree as follows:

ARTICLE I
DEFINITIONS; MATTERS OF CONSTRUCTION

1.1 Definitions. In this Agreement, the following terms have the meanings specified or referred to in this Section 1.1 and shall be equally applicable to both the singular and plural forms.

"Accounting Firm" means Tanner LLC, a Utah limited liability company.

"Accounts" means any right to payment for services rendered or goods sold by a Customer to a Debtor.

"Adjusted Preliminary Closing Payment" has the meaning specified in Section 3.4.

"Adjustment Notice Date" has the meaning specified in Section 3.4.

"Affiliate" means, with respect to any Person, any other Person which directly or indirectly controls, is controlled by or is under common control with such Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Agreed Accounting Principles" means generally accepted accounting principles, consistently applied to the Portfolio and consistent with Seller's FactorSoft information technology system's calculations.

"Agreed Adjustments" has the meaning specified in Section 3.5(b).

"Agreed Rate" means the mean of the high and low bids quoted for Federal Funds in the Money Rates section of *The Wall Street Journal*, as that rate may vary from time to time, or if that rate is no longer published, a comparable rate.

"Agreement" has the meaning set forth in the initial recitals to this Agreement.

"Assignment and Assumption Agreement" means each Assignment and Assumption Agreement delivered with respect to each Closing, in the form of **Exhibit A**, pursuant to which the Seller sells, transfers, assigns, conveys and delivers to the Buyer the Purchased Assets with respect to the Portfolio Accounts subject to such Closing, and the Buyer assumes and agrees to pay, perform or otherwise discharge the Assumed Obligations relating thereto.

"Assumed Obligations" has the meaning specified in Section 2.2.

"Basket" has the meaning specified in Section 11.7.

"Business Day" means any day excluding Saturday, Sunday and any other day that is a legal holiday under the laws of the State of Utah or is a day on which banking institutions located in either such state are closed.

"Buyer" has the meaning set forth in the initial recitals to this Agreement.

"Buyer Ancillary Agreements" means all agreements, instruments and documents being or to be executed and delivered by the Buyer under this Agreement or in connection herewith, including without limitation, any Side Letters.

"Buyer Indemnified Parties" has the meaning specified in Section 11.1.

"Capitalized Charges" means, in the case of any Portfolio Account as of any date, all fees, charges, interest, and other monetary obligations chargeable to the Customer under such Portfolio Account as of such date.

"Closing" and **"Closings"** have the meanings specified in Section 4.1(a).

"Closing Date" has the meaning specified in Section 4.1(a).

"Closing Payment" has the meaning specified in Section 3.2.

"Closing Schedule" means the schedule attached hereto as *Schedule 1.1A* setting forth the Portfolio Accounts the Buyer will purchase at each Closing (with respect to the Portfolio Accounts purchased and sold at a particularly Closing, the "***Purchased Portfolio***") and the corresponding anticipated Closing Dates.

"Code" means the Internal Revenue Code of 1986, as amended.

"Court Order" means any judgment, order, decision, award, injunction, ruling, subpoena, verdict or decree of any foreign, federal, state, local or other court, tribunal or administrative agency and any award in any arbitration proceeding.

"Customers" means those Persons who constitute "customers" or "borrowers" under the Portfolio Documents or from whom the Seller purchases Accounts under the Portfolio Documents.

"Cut-off Time" means, with respect to any Closing, 5:00 p.m. (prevailing Ogden, Utah time) on the Business Day immediately prior to the Closing Date with respect thereto.

"Debtor" means an account debtor or other obligor on an Account.

"Earn-out Payment" has the meaning specified in Section 3.7(a).

"Earn-out Period" has the meaning specified in Section 3.7(a).

"Earn-out Statement" has the meaning specified in Section 3.7(b).

"Encumbrance" means any lien, security interest, mortgage, deed of trust, pledge, conditional sale or other title retention agreement, other than liens and encumbrances respecting the Portfolio Collateral.

"Excluded Materials" means, with respect to the Portfolio, any and all documents, notes, correspondence (including electronic mail or other correspondence) or other writings that relate to the Portfolio and that the Seller reasonably and in good faith determines (i) are subject to the attorney-client privilege or work product doctrine or other evidentiary privilege in favor of the Seller, (ii) are proprietary to the Seller's business (including the methodology or basis for formulation of the Seller's internal risk rating profiles for the Customers or any Guarantors), or (iii) comments upon the character, talent or abilities of any Person employed by or on behalf of any Customer, Guarantor or other obligor under any of the Portfolio Documents.

"Expenses" means all reasonable expenses incurred in connection with investigating, defending or asserting any claim, action, suit or proceeding (including, without limitation, court filing fees, court costs, arbitration fees or costs, witness fees, and reasonable fees and disbursements of legal counsel, investigators, expert witnesses, consultants, accountants and other professionals).

"Files" means all Third-Party Reports and all credit and transaction files of the Seller relating to the Portfolio, including all documents, files, notes, records, underwriting memoranda, credit analyses and other internally prepared credit-related documents of the Seller that relate to the Portfolio. For purposes hereof, the term "Files" shall not be deemed to include (i) any internal electronic mail or other internal correspondence or any electronically-stored data or other computerized records of the Seller, which originally constituted electronically-stored data, (ii) any personal or "shadow" files of any employee of the Seller, or (iii) any files of counsel or other representatives of the Seller.

"Final Closing Date" has the meaning specified in Section 4.1(a).

"Final Closing Payment Computation Schedule" has the meaning specified in Section 3.5(a).

"Funded Accounts" means all Accounts purchased or funded by the Seller pursuant to any of the Portfolio Documents, but excluding any Accounts that the Seller has charged back to a Customer pursuant to any of the Portfolio Documents.

"Governmental Body" means any foreign, federal, state or local governmental authority or regulatory body.

"Governmental Permits" has the meaning specified in Section 5.6.

"Guarantors" has the meaning specified in Section 2.1(a)(ii).

"Indemnified Party" has the meaning specified in Section 11.3.

"Indemnifying Party" has the meaning specified in Section 11.3.

"Initial Closing Date" has the meaning specified in Section 4.1(a).

"Intellectual Property" means any and all of the following in any jurisdiction throughout the world: (a) trademarks and service marks, including all applications and registrations and the goodwill connected with the use of and symbolized by the foregoing; (b) copyrights, including all applications and registrations, and works of authorship, whether or not copyrightable; (c) trade secrets and confidential know-how; (d) patents and patent applications; (e) websites and internet domain name registrations; and (f) all other intellectual property and industrial property rights and assets, including, but not limited to, any licenses, and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing.

"Intellectual Property Assets" means all Intellectual Property used by Seller in connection with the Portfolio, including but not limited to (a) Seller's prospect and customer lists exported from Seller's Salesforce database in a file format acceptable to Buyer; (b) all processes, plans and analytics pertaining to Seller's advertising and marketing campaigns, including, but not limited to, satellite radio campaigns and web advertising campaigns, and any contracts or invoices related thereto; (c) all trademarks and trade names associated with Seller, including, but not limited to, those listed on *Schedule 2.1(b)(i)*; and (d) all domain names, telephone numbers, including, but not limited to, those listed on *Schedule 2.1(b)(ii)*, social media profiles/accounts including, but not limited to, those listed on *Schedule 2.1(b)(iii)*, websites, including content hosted on websites, user submission forms, and any media files related thereto.

"IP Assignment" means the Assignment of Intellectual Property Assets in the form attached hereto as **Exhibit A-1**.

"Knowledge" or **"knowledge"** means, as to any matter relating to the Portfolio, (a) with respect to the Seller the actual knowledge after due inquiry of such matter that is possessed by a portfolio manager or account officer who is employed by the Seller as of the Signing Date and who has direct supervisory authority over the Portfolio; and (b) with respect to Buyer the actual knowledge after due inquiry of such matter that is possessed by a portfolio manager or account officer that is employed by Buyer as of the Signing Date and who has direct supervisory authority over Buyer's due diligence and acquisition activities related to the Portfolio.

"Losses" means any and all losses, claims, obligations, liabilities, settlement payments, awards, judgments, fines, penalties, damages, deficiencies, equitable relief granted, demands, offsets, defenses or counterclaims or other charges.

"Master Lockbox Account" means the Seller's bank account maintained with Wells Fargo Bank, N.A., for the collection of payments with respect to the Portfolio Accounts, together with all of the Seller's lockboxes related to the Portfolio that fund into such bank account.

"Net Funds Employed" of any Portfolio Account as of any specific date means the face amount of all Funded Accounts with respect to such Portfolio Account, minus the reserves maintained by the Seller with respect to such Portfolio Account, minus any net balance due by the Seller to the applicable Customer with respect to such Portfolio Account, plus any net balance due by the applicable Customer to the Seller with respect to such Portfolio Account (reflected as a negative balance on each Customer's settlement statement), in each case as calculated consistent with the terms of the applicable Portfolio Documents and the Portfolio Summary attached hereto as *Schedule 3.1A*.

"Notice of Assignment Letter" has the meaning specified in Section 4.4(f).

"Outstanding Objections" has the meaning specified in Section 3.7(c).

"Person" means any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, business trust, joint venture, association or other entity or Governmental Body.

"Portfolio" means the Portfolio Accounts as listed on *Schedule 3.1A*, less any and all Portfolio Accounts withdrawn at any time before any Closing under the provisions of this Agreement. The Buyer acknowledges that the Seller has factoring and lending relationships with other customers that are not included in the Portfolio and are not subject to this Agreement.

"Portfolio Accounts" means the factoring relationships and obligations owing to the Seller from Customers included in the Portfolio and listed on the Portfolio Summary.

"Portfolio Assets" has the meaning specified in Section 2.1(a).

"Portfolio Collateral" has the meaning specified in Section 2.1(a)(ii).

"Portfolio Documents" means the credit and factoring agreements, guarantees, subordination agreements, insurance loss payable endorsements, promissory notes, certificates of deposit, mortgages, deeds of trust, letters of credit (to the extent assignable), security agreements, blocked account agreements, lock box agreements, securities, financing statements, certificates of title, intercreditor agreements and other instruments and documents executed and delivered to or otherwise obtained by the Seller in connection with the Portfolio.

"Portfolio Summary" means the summary of the Portfolio prepared by the Seller as of the Signing Date, and attached hereto as *Schedule 3.1A* (and updated, with respect to the Portfolio Accounts subject to each Closing, as of each Closing Date) which sets forth with respect to each applicable Portfolio Account, as of such date, (i) the name of the Customer, and (ii) the Net Funds Employed with respect to such Portfolio Account.

"Preliminary Closing Payment" has the meaning specified in Section 3.3.

"Preliminary Closing Payment Computation Schedule" has the meaning specified in Section 3.3.

"Purchase Documents" means this Agreement, the Buyer Ancillary Agreements, the Seller Ancillary Agreements, and all other documents, agreements and instruments executed and/or delivered pursuant to this Agreement.

"Purchase Price" has the meaning specified in Section 3.1.

"Purchased Assets" has the meaning specified in Section 2.1.

"Purchased Portfolio" has the meaning specified in the definition of Closing Schedule.

"Rediscount Facility Agreement" means that certain Rediscount Facility Agreement entered into as of November 30, 2011, by and between Buyer and Seller.

"Requirements of Laws" means any federal, state or local law, statute, regulation, rule, code or ordinance enacted, adopted, issued or promulgated by any Governmental Body, including laws pertaining to usury, which shall either materially affect the enforceability or validity of the obligations of a Customer under applicable Portfolio Documents or which shall subject the holder of Portfolio Documents to civil or criminal penalties for violations thereof.

"Restricted Business" has the meaning specified in Section 8.3(a).

"Restricted Period" has the meaning specified in Section 8.3(a).

"Retained Accounts" means the Seller's Accounts listed on *Schedule 1.1B* attached hereto and any additional Portfolio Accounts properly withdrawn by Buyer or Seller in accordance with Section 7.4.

"Review Period" has the meaning specified in Section 3.7(b).

"Seller" has the meaning set forth in the initial recitals to this Agreement.

"Seller Ancillary Agreements" means all agreements, instruments and documents being or to be executed and delivered by the Seller under this Agreement or in connection herewith, including, without limitation, any Side Letters.

"Seller Indemnified Parties" has the meaning specified in Section 11.2.

"Side Letters" means each of the letter agreements, if any, dated as of any Closing Date between the Seller and the Buyer.

"Signing Date" has the meaning set forth in the initial recitals to this Agreement.

"Tax" or **"Taxes"** means any federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty or addition thereto, whether disputed or not.

"Third-Party Reports" means all reports, appraisals and other written materials prepared for and provided to the Seller with respect to the Portfolio, including all appraisals, environmental reports and audit or field examination reports of the Seller that relate to the Portfolio.

"UCC" means the Uniform Commercial Code (or any successor statute) as adopted and in force in the State of Utah or, when the laws of any other state govern the method or manner of the perfection or enforcement of any security interest in any of the Portfolio Collateral, the Uniform Commercial Code (or any successor statute) of such state.

1.2 Matters of Construction. The terms "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or subdivision. Any pronoun used shall be deemed to cover all genders. All references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations; to any agreement, instrument or other documents shall include any and all modifications and supplements thereto and any and all restatements, extensions or renewals thereof; to any person or entity shall mean and include the successors and permitted assigns of such person or entity; to "including" and "include" shall be understood to mean "including, without limitation" (and, for purposes of this Agreement, the parties agree that the rule of *ejusdem generis* shall not be applicable to limit a general statement, which is followed by or referable to an enumeration of specific matters to matters similar to the matters specifically mentioned); or to the time of day shall mean the time of day on the day in question in Ogden, Utah, unless otherwise expressly provided in the Agreement.

ARTICLE II
PURCHASE AND SALE

2.1 Purchased Assets. Upon the terms and subject to the conditions of this Agreement, the Seller shall sell, transfer, assign, convey and deliver to the Buyer good and valid title (free and clear of any Encumbrances) to, and the Buyer shall purchase from the Seller, the following, wherever located:

(a) the Portfolio to be sold and purchased in separate tranches and closings on certain Closing Dates in accordance with Section 4.1, including, without limitation, all of the following with respect to the Portfolio (collectively the "***Portfolio Assets***"):

(i) all rights, remedies, title and interest of the Seller under the Portfolio Documents with respect to such Portfolio, including, without limitation, all of Seller's presently existing and hereinafter arising accounts, accounts receivable, and proceeds directly related to the Portfolio;

(ii) any claims or causes of action with respect to such Portfolio against (i) Customers, (ii) Persons (other than Persons referred to in (i)) who are parties to the Portfolio Documents or who have given guarantees, sureties, indemnities or made other agreements or undertakings in connection with such Portfolio or pledged, mortgaged or granted security interests in property to secure payment of such Portfolio (such Persons being referred to herein as "***Guarantors***"), (iii) the assets and properties securing payment of such Portfolio, including the applicable Portfolio Documents (all such assets and properties being referred to herein collectively as "***Portfolio Collateral***"), and (iv) any Person from whom the Seller purchased any such Portfolio and all contractual rights and remedies of the Seller under any purchase agreement relating thereto, but only to the extent that any claims or causes of action against any Person described in this Section 2.1(a)(ii) are transferable by the Seller pursuant to the applicable purchase agreement between the Seller and such Person;

(iii) original, signed versions of any promissory notes issued to the order of the Seller evidencing indebtedness owing to the Seller for each Portfolio Account in the Portfolio, duly endorsed by the Seller to the order of the Buyer without recourse of any kind to the Seller and without any representation or warranty on the Seller's part, except as expressly provided in this Agreement, together with original, signed versions of all other Portfolio Documents with respect to such Portfolio (unless and except to the extent that only copies of such documents are in the Seller's possession or control);

(iv) the Files with respect to such Portfolio, other than the Excluded Materials;

(v) all cash reserves of unapplied funds with respect to such Portfolio, if any (to the extent not reflected in the calculation of the Net Funds Employed with respect thereto); and

(b) all Intellectual Property Assets, including but not limited to those set forth in *Schedules 2.1(b)(i)-(iii)*.

The Portfolio Assets and the Intellectual Property Assets are collectively referred to as the "***Purchased Assets.***" The Buyer acknowledges that, notwithstanding anything to the contrary contained herein, the Purchased Assets shall not include any asset relating to factoring and lending relationships of the Seller with customers that are not included in the Portfolio, it being the expressed intent of the Seller and the Buyer that the relationships, obligations and indebtedness subject to this Agreement are strictly limited to those arising out of the Portfolio.

2.2 Assumed Obligations. On each Closing Date, the Buyer shall execute and deliver to the Seller an Assignment and Assumption Agreement pursuant to which the Buyer shall assume and agree to pay, perform, discharge or defend, in accordance with their respective terms and subject to the respective conditions thereof, all funding and other contractual obligations of the Seller to be performed on or after such Closing Date under the Portfolio Documents with respect to the Portfolio Accounts sold on such Closing Date. All other liabilities and obligations are expressly excluded. All of the liabilities and obligations to be assumed by the Buyer hereunder are herein called the "***Assumed Obligations***."

ARTICLE III
PURCHASE PRICE

3.1 **Purchase Price.** The aggregate purchase price for the Purchased Assets (the "***Purchase Price***") shall be equal to the sum of the following:

(a) the sum of all Closing Payments, and

(b) the sum of all Earn-Out Payments.

3.2 **Closing Payments; Use of Proceeds**. A "***Closing Payment***" shall be the payment made at each Closing and, with respect to each Closing, shall be equal to (i) the Net Funds Employed of each Portfolio Account in the Purchased Portfolio outstanding as of the applicable Cut-off Time, plus (ii) 10% of the average daily balance of the aggregate Net Funds Employed of each Portfolio Account in the Purchased Portfolio existing during the 60 day period immediately preceding the Cut-off Time.

The Buyer acknowledges that the Portfolio Documents authorize the Seller to charge interest, fees and other monetary obligations due and owing in connection with the Portfolio Accounts to the Customer's account established for each Portfolio Account, which charges are thereafter deemed to be principal or other monetary obligations under the affected Portfolio Account. All such charges accruing in connection with each Portfolio Account through and including the applicable Cut-off Time shall be added to the Net Funds Employed of each Portfolio Account as of the applicable Cut-off Time.

Seller shall use the proceeds of each Closing Payment to first pay Buyer the amount of Availability (as defined in Section 6.1 of the Rediscount Facility Agreement) related to the applicable Purchased Portfolio. Seller agrees that Buyer may offset and retain from each Closing Payment an amount equal to the amount of Availability with respect to the relevant Purchased Portfolio, provided that Buyer apply such offset amount to pay any outstanding amounts owed by Seller to Buyer under the Rediscount Facility Agreement. Any remaining proceeds of each Closing Payment shall be paid to Seller without limitation or restriction.

3.3 **Determination of Preliminary Closing Payment.** Promptly after the applicable Cut-off Time with respect to each and before the time of each Closing, the Seller shall deliver to the Buyer a preliminary closing statement and supporting information for such Closing (each, a "***Preliminary Closing Payment Computation Schedule***"), reflecting the Seller's best efforts to determine the Closing Payment applicable to such Closing using information as of the applicable Cut-off Time (each, a "***Preliminary Closing Payment"***), which shall include, in any event, the Net Funds Employed of each Portfolio Account in the Purchased Portfolio subject to such Closing, inclusive of all Capitalized Charges, as of the applicable Cut-off Time, plus 10% of the average daily balance of the aggregate Net Funds Employed of each Portfolio Account in the Purchased Portfolio existing during the 60 day period immediately preceding the applicable Cut-off Time.

3.4 **Adjustment of Preliminary Closing Payment.** Within forty-five (45) days after each Closing Date, the Seller may notify the Buyer of any adjustments to the Preliminary Closing Payment with respect to such Closing (each, an "***Adjusted Preliminary Closing Payment***") necessitated by the imposition of any Capitalized Charges made on or after the applicable Cut-off Time and any adjustments to the Preliminary Closing Payment due to activity pursuant to the Portfolio Documents with respect to the applicable Portfolio Accounts on the applicable Closing Date. Without limiting the generality of the foregoing, each Adjusted Preliminary Closing Payment shall take into account (i) any increase in the Net Funds Employed of any applicable Portfolio Account after the applicable Cut-off Time due to the imposition of Capitalized Charges on the applicable Closing Date (including accrued fees, charges and interest (including charges accruing in connection with the applicable Portfolio Accounts prior to such Closing Date, but payable after such Closing Date) with respect to the applicable Portfolio Accounts on such Closing Date), (ii) any increase in the Net Funds Employed of any applicable Portfolio Account on the applicable Closing Date due to the purchase by the Seller of any Funded Accounts from the Customer thereunder on the applicable Closing Date or the making of any loan or advance by the Seller to the Customer thereunder on the applicable Closing Date that was not included in the Preliminary Closing Payment with respect to such Closing but which are part of the Net Funds Employed of any applicable Portfolio Account as of the applicable Closing Date, and (iii) any decrease in the Net Funds Employed of any applicable Portfolio Account on the applicable Closing Date due to any collections received by the Seller with respect thereto on the applicable Closing Date and the application of any unapplied cash to the Net Funds Employed of any applicable Portfolio Account on the applicable Closing Date. Each date on which the Seller provides the Buyer notice of such adjustments shall be referred to as an "***Adjustment Notice Date***".

Within fifteen (15) days after an Adjustment Notice Date with respect to any Closing,

(i) if the Adjusted Preliminary Closing Payment with respect to such Closing exceeds the Preliminary Closing Payment with respect thereto, the Buyer shall pay to the Seller by wire transfer of immediately available funds an amount equal to the excess of (A) such Adjusted Preliminary Closing Payment over (B) such Preliminary Closing Payment, plus interest on such excess from the applicable Closing Date to the date of payment at the Agreed Rate; or

(ii) if the Preliminary Closing Payment with respect to such Closing exceeds the Adjusted Preliminary Closing Payment with respect thereto, the Seller shall pay to the Buyer by wire transfer of immediately available funds an amount equal to the excess of (A) such Preliminary Closing Payment over (B) such Adjusted Preliminary Closing Payment, plus interest on such excess from the applicable Closing Date to the date of payment at the Agreed Rate.

Each such Adjusted Preliminary Closing Payment with respect to a Closing shall thereafter be the "***Preliminary Closing Payment***" with respect to such Closing for purposes of this Agreement, including for the purposes of Section 3.5.

3.5 Determination of Purchase Price.

(a) Within fifteen (15) days after the earlier of (i) the Adjustment Notice Date for the final Closing or (ii) forty-five (45) days after the Final Closing Date, either the Seller or the Buyer may notify the other party of its objections to the Preliminary Closing Payment Computation Schedule and Preliminary Closing Payment for any Closing by submitting a certificate (signed by an authorized officer of such party) setting forth its objections, together with a summary of the reasons therefor and calculations which, in its view, are necessary to eliminate such objections, and such party's determination of the actual Closing Payment for such Closing. If the other party does not deliver to the objecting party a written notice of objection to the objecting party's certificate within thirty (30) days after such other party's receipt thereof, the certificate's declared closing statement and Closing Payment with respect to each Closing specified therein shall be final and binding as the "***Final Closing Payment Computation Schedule***" and the Closing Payment, respectively, for each such Closing for purposes of this Agreement. If neither the Seller nor the Buyer notifies the other party of any objections to the Preliminary Closing Payment Computation Schedule and Preliminary Closing Payment for any Closing within such fifteen (15) day period specified in the first sentence of this Section 3.5(a), the Preliminary Closing Payment Computation Schedule and Preliminary Closing Payment with respect to such Closing shall be final and binding as the Final Closing Payment Computation Schedule and the Closing Payment, respectively, for such Closing for purposes of this Agreement.

(b) If the other party delivers to the objecting party a written notice of objection to the objecting party's certificate within such thirty (30) day period, the Buyer and the Seller shall use their reasonable efforts to resolve by written agreement (the "***Agreed Adjustments***") any differences as to the Preliminary Closing Payment Computation Schedule and Preliminary Closing Payment with respect to each Closing and, in the event the Seller and the Buyer so resolve any such differences, each closing statement and each Preliminary Closing Payment as adjusted by the Agreed Adjustments shall be final and binding as the Final Closing Payment Computation Schedule and the Closing Payment, respectively, for each such Closing for purposes of this Agreement.

(c) If any objections raised by the Buyer or the Seller are not resolved by Agreed Adjustments within the thirty (30) day period following the original thirty (30) day objection period provided for in Sections 3.5(a) and 3.5(b) above, then the Buyer and the Seller shall submit the objections that are then unresolved to the Accounting Firm for purposes of resolving the dispute. The Accounting Firm will be provided with a brief summary of the dispute by both the Buyer and the Seller, and asked to provide its written estimate of the fees and expenses that it believes will be charged by it for resolving the dispute. If the estimated fees and expenses are less than the amount in dispute between the parties, then the Accounting Firm will be directed to proceed with resolving the unresolved objections (based solely on the presentations by the Buyer and by the Seller as to whether any disputed matter had been determined in a manner consistent with the Agreed Accounting Principles) as promptly as reasonably practicable and to deliver written notice to the Buyer and the Seller setting forth its resolution of the disputed matters. Each Preliminary Closing Payment Computation Schedule and Preliminary Closing Payment, after giving effect to any Agreed Adjustments and to the resolution of disputed matters by the Accounting Firm, shall be final and binding as the Final Closing Payment Computation Schedule and the Closing Payment, respectively, for purposes of this Agreement. If the Accounting Firm's estimated fees and expenses exceed the amount that is in dispute hereunder, then the Buyer and the Seller will divide the amount in dispute in half and adjust the Closing Payment for each applicable Closing accordingly.

(d) The parties hereto shall make available to the Buyer, the Seller and, if applicable, the Accounting Firm, such books, records and other information (including work papers) as any of the foregoing reasonably may request to prepare or review any Preliminary Closing Payment Computation Schedule or any matters related thereto submitted to the Accounting Firm.

3.6 **Adjustment of Payment in Respect of Closing Payment.** Within five (5) days after the final determination of all Closing Payments:

(a) if the aggregate Closing Payments as determined by the Final Closing Payment Computation Schedule exceeds the aggregate Preliminary Closing Payments, the Buyer shall pay to the Seller by wire transfer of immediately available funds an amount equal to the excess of (A) the aggregate Closing Payments over (B) the aggregate Preliminary Closing Payments, plus interest on such excess from the Final Closing Date to the date of payment at the Agreed Rate; or

(b) if the aggregate Preliminary Closing Payment exceeds the aggregate Closing Payments as determined by the Final Closing Payment Computation Schedule, the Seller shall pay to the Buyer by wire transfer of immediately available funds an amount equal to the excess of (A) the aggregate Preliminary Closing Payments over (B) the aggregate Closing Payments, plus interest on such excess from the Final Closing Date to the date of payment at the Agreed Rate.

3.7 Earn-Out Statements and Seller Right to Review.

(a) As additional consideration and a component of the Purchase Price, the Seller shall be entitled to receive, and the Buyer shall pay to Seller an amount equal to 50% of the factoring fee and interest income earned by Buyer from each Purchased Portfolio as determined in accordance with the Agreed Accounting Principles (the "***Earn-Out Payment***") for the period beginning on the applicable Closing Date and ending twelve (12) months thereafter (the "***Earn-Out Period***") subject to any offsets permitted by Section 3.8. For the avoidance of doubt, the factoring fee and interest income used to calculate the amount of the Earn-Out Payment shall specifically exclude (i) administrative or servicing fees, including without limitation, early termination fees, wire fees, treasury management, and similar fees, and (ii) any fees or income related to any accounts the Customer has with Buyer that were originated prior to the Initial Closing Date and are unrelated to any Portfolio Account in the Purchased Portfolio.

(b) Buyer shall, within fifteen (15) days after the end of each calendar month during the Earn-Out Period, (i) prepare and deliver to Seller a monthly statement of the Earn-Out Payment due for such calendar month (each an ***"Earn-Out Statement"***) and (ii) pay to Seller the Earn-Out Payment. Buyer shall provide Seller with reasonable access to the relevant books and records of Buyer relating to Buyer's calculation of each monthly Earn-Out Payment and to Buyer's relevant personnel as Seller may reasonably request for the purpose of reviewing such calculations. If after the date that is thirty (30) days after Seller has received an Earn-Out Statement for the last full or partial calendar month of the Earn-Out Period (the ***"Review Period"***) Seller objects to Buyer's determination of the calculation of a monthly Earn-Out Payment, Seller shall notify Buyer of such objection by delivering to Buyer a written statement setting forth Seller's objections in reasonable detail. To the extent Seller fails to deliver any objections prior the expiration of the Review Period, the amount of any Earn-Out Payment (or any determination that none is payable) contained in the Earn-Out Statement shall be deemed to have been accepted by Seller. If Seller delivers objections before the expiration of the Review Period, Buyer and Seller shall negotiate in good faith to resolve the objections stated therein within thirty (30) days after the date of delivery to Buyer of such objections, and, if the same are so resolved within such period, the determination of the amount for any Earn-Out Payment contained in such Earn-Out Statement, with such changes as are agreed to in writing between Buyer and Seller, shall be final and binding on the Parties.

(c) If Buyer and Seller fail within the 30 day resolution period to reach an agreement with respect to all of the objections set forth in any notice of objections by Seller, then the objections of Seller that remain unresolved, to the extent such unresolved matters are of an accounting nature, (the ***"Outstanding Objections"***) shall be submitted for resolution to the Accounting Firm in accordance with the procedures outlined in Section 3.5(c). Upon the Accounting Firm's final determination of the amount of an Earn-Out Payment the parties shall pay such amounts as applicable to effect such final determination.

3.8 Off-Sets. Buyer shall be entitled to offset any amounts owed by Seller against any payments made to Seller (other than any Closing Payment) that are attributable to any period of time after the Closing Date.

ARTICLE IV
CLOSING

4.1 Closing Mechanics.

(a) The purchase and sale of the Purchased Assets and the assumption of the Assumed Obligations will take place in a series of closings at the offices of Buyer (each a "***Closing***" and, collectively, the "***Closings***"), with the first such Closing to take place on April ___, 2014 (the "***Initial Closing Date***"), and subsequent Closings to take place on such dates set forth on the Closing Schedule, or as otherwise designated by the Buyer, until the final Closing, which must occur on or before May 31, 2014. As used herein, the date of the final Closing shall be referred to as the "***Final Closing Date***" and the date of any Closing shall be referred to as a "***Closing Date***". Each Closing shall be effective as of 11:59 p.m. on the Closing Date applicable to such Closing.

(b) On the Initial Closing Date, Seller shall sell and deliver to Buyer, and Buyer shall purchase from Seller good and valid title (free and clear of any Encumbrances) to the Intellectual Property Assets and the Portfolio Assets identified to be transferred and sold on the Closing Schedule to be sold on the Initial Closing Date, other than any Portfolio Assets related to any Portfolio Accounts properly withdrawn by Buyer or Seller in accordance with Section 7.4.

(c) On all Closing Dates other than the Initial Closing Date, Seller shall sell and deliver to Buyer, and Buyer shall purchase from Seller good and valid title (free and clear of any Encumbrances) to the Portfolio Assets identified to be transferred and sold on the Closing Schedule to be sold on such Closing Date, other than any Portfolio Assets related to any Portfolio Accounts properly withdrawn by Buyer or Seller in accordance with Section 7.4.

(d) On the Final Closing Date, the Seller shall sell and deliver to Buyer, and the Buyer shall purchase from Seller good and valid title (free and clear of any Encumbrances) to the Portfolio Assets related to all Portfolio Accounts that have not been purchased by the Buyer prior thereto, other than any Portfolio Account properly withdrawn by Buyer or Seller in accordance with Section 7.4.

(e) The Buyer shall not be permitted to purchase any Portfolio Accounts with respect to a particular Customer at a Closing unless the Buyer purchases all Portfolio Accounts with respect to such Customer at such Closing.

(f) The Seller hereby agrees that, during the period from the Signing Date through each applicable Closing Date, the Seller will cooperate in good faith with the Buyer in making joint communications from the Seller and the Buyer to each Customer whose Portfolio Accounts are to be sold to the Buyer on such Closing Date, which communications shall be subject to the Seller's reasonable approval and shall contain notice of the pending sale of such Customer's Portfolio Accounts to the Buyer and such other information as may be necessary in order to assist with an orderly transition of responsibilities as lender/factor with respect to such Portfolio Accounts from the Seller to the Buyer. The Buyer hereby agrees that, until the Closing of the sale of the Portfolio Accounts with respect to a particular Customer in accordance with the terms hereof, the Buyer shall not make or have any communications with such Customer except for the joint communications described in the preceding sentence.

(g) At each Closing, the Buyer will pay the Preliminary Closing Payment and assume the Assumed Obligations corresponding to the Portfolio Accounts specified in the Closing Schedule for such Closing, such Closing Payment to be paid in accordance with Section 4.2.

4.2 Payment of the Purchase Price. The Purchase Price shall be paid as follows:

(a) On each Closing Date (including the Initial Closing Date), the Buyer shall pay to the Seller an amount equal to the Preliminary Closing Payment applicable to such Closing by wire transfer of immediately available funds to such account as the Seller shall designate in writing to the Buyer; and

(b) For one (1) year after the Final Closing Date, the Earn-Out Payment shall be paid together with the delivery of an Earn-Out Statement monthly no later than fifteen (15) days after the end of each calendar month.

4.3 **The Buyer's Deliveries.** Subject to fulfillment or waiver of the conditions set forth in Article IX, at each Closing, the Buyer shall deliver to the Seller all of the following:

(a) A certificate of the Buyer, dated as of the Initial Closing Date, as to the authority of the authorized representatives of the Buyer executing this Agreement and Buyer Ancillary Agreements;

(b) An Assignment and Assumption Agreement;

(c) The certificate, dated as of the applicable Closing Date, contemplated by Section 10.1 duly executed by an authorized representative of the Buyer, substantially in the form of **Exhibit B**; and

(d) A duly executed version of all applicable Buyer Ancillary Agreements (including, without limitation, any Side Letters).

4.4 **The Seller's Deliveries.** Subject to fulfillment or waiver of the conditions set forth in Article X, at each Closing (or at such later date provided below) the Seller shall deliver to the Buyer all of the following:

(a) A certificate of the Seller, dated as of the Initial Closing Date, as to the authority of the authorized representatives of the Seller executing this Agreement and Seller Ancillary Agreements;

(b) An Assignment and Assumption Agreement;

(c) The certificate, dated as of the applicable Closing Date, contemplated by Section 9.1 duly executed by an authorized representative of the Seller, substantially in the form of **Exhibit C**;

(d) All consents, waivers or approvals obtained by the Seller from third parties with respect to the assignment of the Portfolio Accounts subject to such Closing or consummation of the transactions contemplated hereby;

(e) A limited power of attorney, with respect to each Portfolio Account subject to such Closing, to take those actions appropriate to effect any transfer of such Portfolio Accounts and to enable the Buyer to bill, collect, service and administer such Portfolio Accounts, each of which shall be substantially in the form contained in **Exhibit D;**

(f) A Notice of Assignment Letter, in the form attached hereto as **Exhibit E** ("***Notice of Assignment Letter***");

(g) A final accounts receivable aging report for all Portfolio Accounts subject to such Closing;

(h) A Portfolio Summary prepared as of the applicable Closing Date;

(i) Copies of any approvals or other actions by a Governmental Body required for the Seller's sale of the Portfolio Accounts subject to such Closing, other than Excluded Materials;

(j) Copies of any and all Portfolio Documents with respect to the Portfolio Accounts subject to such Closing, including all promissory notes endorsed in favor of the Buyer, and within three (3) Business Days after the applicable Closing Date, originals of the same;

(k) A duly executed version of all applicable Seller Ancillary Agreements (including, without limitation, any Side Letters);

(l) Copies of the Files applicable to the Portfolio Accounts subject to such Closing, other than Excluded Materials, and within three (3) Business Days after the applicable Closing Date, originals of the same;

(m) Copies of all Portfolio Collateral with respect to the Portfolio Accounts subject to such Closing of which the Seller has actual physical possession on the applicable Closing Date, and within three (3) Business Days after the applicable Closing Date, originals of the same; and

(n) Copies of all Third-Party Reports with respect to the Portfolio Accounts subject to such Closing, and within three (3) Business Days after the applicable Closing Date, originals of the same.

4.5 **Additional Seller Deliveries for Initial Closing**. In addition to the deliveries referenced in Section 4.4, at the initial Closing, Seller shall deliver to Buyer, the IP Assignment duly executed by Seller.

4.6 **The Seller's Post-Closing Deliveries.** Within 10 Business Days after the Final Closing Date, the Seller shall deliver to the Buyer all of the Files (other than Excluded Materials) and Portfolio Documents not already delivered pursuant to Section 4.4. Additionally, for a period of one hundred and eighty (180) days following the Final Closing Date, Seller shall:

(a) Remit within two (2) days from receipt or discovery thereof, all monies that Buyer may be entitled to receive from Seller relative to the Purchased Assets; and

(b) Identify and remit within two (2) days of receipt, any collections on any Portfolio Account which Seller receives on or after each applicable Closing Date.

Any transmittal pursuant to this Section 4.6 shall be sent via overnight delivery to Buyer at Buyer’s expense.

4.7 **The Buyer’s Post-Closing Deliveries.** For a period of one hundred and eighty (180) days following the Final Closing Date, Buyer shall:

(a) Remit within two (2) days from receipt or discovery thereof, all monies that Seller may be entitled to receive from Buyer relative to the Purchased Assets; and

(b) Identify and remit within two (2) days of receipt, any collections on any Retained Account received by Buyer.

Buyer may offset any remittance pursuant to Section 4.7(a): (i) against any amounts owed by Seller to Buyer pursuant to the Rediscount Facility Agreement; and (ii) against any amounts owed by Seller to Buyer in accordance with Section 3.8. Any transmittal pursuant to this Section 4.7 shall be sent via overnight delivery to Seller at Seller's expense.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE SELLER

As an inducement to the Buyer to enter into this Agreement and to consummate the transactions contemplated hereby, the Seller represents and warrants to the Buyer and agrees as follows:

5.1 **Organization.** The Seller is a limited liability company duly organized, validly existing and in good standing under the laws of its jurisdiction with full power and authority to own the Purchased Assets and to consummate the transactions contemplated hereby.

5.2 **Authority.** The Seller has full power and authority to execute, deliver and perform this Agreement and all of the Seller Ancillary Agreements. All corporate action required to be taken by the Seller to authorize the execution, delivery and performance of this Agreement and the Seller Ancillary Agreements has been taken and does not require any further authorization or consent of the Seller or the Seller's [Manager/Managing Members]. This Agreement has been duly authorized, executed and delivered by the Seller and is the legal, valid and binding obligation of the Seller, enforceable against the Seller in accordance with its terms, and each of the Seller Ancillary Agreements has been duly authorized by the Seller and, upon execution and delivery by the Seller, will be a legal, valid and binding obligation of the Seller, enforceable against the Seller in accordance with its terms, in each case subject to bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditor's rights generally, and any limitation imposed by general equity principles, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

5.3 **Consents.** Neither the execution nor delivery of this Agreement nor any of the Seller Ancillary Agreements nor the consummation of any of the transactions contemplated hereby or thereby nor compliance by the Seller with or fulfillment of the terms, conditions and provisions hereof or thereof will:

(a) conflict with, result in a material breach of the terms, conditions or provisions of, or constitute a default, an event of default or an event creating rights of acceleration, termination or cancellation or a loss of rights under, or result in the creation or imposition of any Encumbrance upon any of the Purchased Assets under, (i) the Articles of Organization or Operating Agreement of the Seller, (ii) any other material note, instrument, agreement, mortgage, deed of trust, lease, license, franchise, permit or other authorization, right, restriction or obligation to which the Seller is a party or by which the Seller is bound and which affects any Purchased Asset, (iii) any Court Order to which the Seller is a party or any of the Purchased Assets is subject or by which the Seller is bound, or (iv) any Requirements of Laws applicable to the Seller; or

(b) require the approval, consent, authorization or act of, or the making or giving by the Seller of any notice, declaration, filing, report or registration with, any Person or any consents, licenses, permits, authorizations or approvals required to be obtained by the Seller from any Governmental Body or any other Person in connection with the execution and delivery by the Seller of this Agreement or any of the Seller Ancillary Agreements, the consummation of any of the transactions contemplated hereby or thereby or compliance by the Seller with, or fulfillment by the Seller of, the terms, conditions and provisions hereof or thereof.

5.4 Portfolio and Portfolio Documents.

(a) The information set forth on the Portfolio Summary attached hereto as *Schedule 3.1A* as to the Net Funds Employed in respect of each Portfolio Account, and the average daily balance of the Net Funds Employed during the 60 day period immediately preceding the applicable Closing Date, is true, accurate and complete in all material respects.

(b) All information in the Files and all data Seller has provided to Buyer related to the Portfolio from Seller's FactorSoft information technology system used by Seller to manage the Portfolio Accounts and general reports is accurate, true, and correct in all material respects.

(c) The Seller is not in breach or default in any material respect of its obligations under any of the Portfolio Documents.

(d) The entire agreement between Seller and each Customer, as in effect on each relevant Closing Date, is contained in the Portfolio Documents and there are no warranties, agreements or options not set forth therein. Other than the Portfolio Documents, there are no agreements with respect to the Portfolio Account between the Seller and any Customer, which agreements are in effect as of the Closing Date. The Portfolio Documents are genuine and represent the legal, valid and binding obligation of the relevant Customer party thereto, enforceable against such Customer in accordance with its terms except as such enforcement may be limited by the application of bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general equity principles (regardless of whether such enforcement is considered in a proceeding in equity or at law).

5.5 Other Matters Relating to Portfolio.

(a) Each Portfolio Account arises from a *bona fide* transaction in the ordinary course of the Seller's business.

(b) Seller has made an adequate credit investigation of the Customers of each Portfolio Account and has determined that (i) each such Customer's credit complies in all material respects with its underwriting and credit guidelines on the date of origination or acquisition of such Portfolio Account, which underwriting guidelines are consistent with those of a prudent lender engaged in the similar lending activities, and (ii) each Portfolio Account has a perfected first priority lien on its underlying collateral.

(c) Except as would not be expected to have a material adverse impact, no Portfolio Account is delinquent, beyond any applicable grace period set forth in the Portfolio Documents therefor, in payment of any amounts payable by the Customer thereunder to the Seller under the Portfolio Documents.

(d) No Customer or Guarantor has asserted in writing nor does any Customer or Guarantor have any basis to assert (i) that any Portfolio Account is subject to any right of rescission, set-off, counterclaim or defense, including any defense of usury, or (ii) any valid claim against Seller as holder of such Portfolio Account, in each case, which, in the aggregate, would have a material adverse impact.

(e) Each Portfolio Account is not subject to any type of retainage by the Debtor; does not arise from goods placed on consignment, guaranteed sale, or other terms by reason of which the payment by the Account Debtor may be conditional; has not been pre-billed or progress-billed by Seller; and is not conditional upon Debtor's approval or otherwise subject to any bonding, credit hold, short payment, rebate accrual, repurchase obligation, return right or haulback.

(f) To the Knowledge of Seller, there are no actions pending in which one of the Customers or Guarantors (to the extent such Guarantor was material to the Seller's credit decision to make advances to the applicable Customer) has (i) filed, or consented (by answer or otherwise) to the filing against it of, a petition for relief under any bankruptcy or insolvency law of any jurisdiction, (ii) made an assignment for the benefit of its creditors, (iii) consented to the appointment of a custodian, receiver, trustee, liquidator or other judicial officer with similar power over itself or of any substantial part of its property, (iv) been adjudicated by a court to be insolvent, or (v) taken corporate or partnership action for the purpose of authorizing any of the foregoing.

(g) There has been no act or omission, or error by Seller or any employee, agent or representative acting on Seller's behalf, with respect to the origination, underwriting, servicing or sale of any Portfolio Account which are not in conformity with all applicable federal, state and local laws, statutes, rules, regulations and ordinances applicable to Seller and each Portfolio Account in all material respects. Each Portfolio Account has been originated, underwritten, sold and serviced in material compliance with all Requirements of Law in all material respects. Seller is not otherwise in default with respect to any of Seller's obligations under any of the Portfolio Accounts.

(h) Except as set forth on ***Schedule 5.5(H)***, since the earlier of the date Seller last provided Buyer with the Portfolio Documents and the Files or December 31, 2013, Seller has administered and serviced each Portfolio Account in the ordinary course of its business, consistent with past practices, and has not (i) amended, modified, altered, satisfied, impaired, cancelled, rescinded or waived any provision of, or extended, renewed, supplemented, reduced, subordinated, or terminated the term of, any Portfolio Account, (ii) commenced or initiated any lawsuit, action or proceeding with respect to any Portfolio Account, or (iii) released any Customer under any Portfolio Account.

(i) The Portfolio Accounts were originated without any fraud or misrepresentation on the part of the Seller, or to the best of Seller's knowledge, the Customer.

5.6 **Governmental Permits.** The Seller owns, holds or possesses those licenses, franchises, permits and other authorizations from a Governmental Body which are reasonably necessary for the Seller to own the Purchased Assets and to carry on and conduct its business relating thereto substantially as currently conducted, except where the failure by the Seller to own, hold or possess any such license, franchise, permit or other authorization would not be reasonably likely to have a material adverse effect on the Seller or the Purchased Assets ("***Governmental Permits***").

5.7 **Title to Property.** The Seller has good title to all of the Purchased Assets. Upon delivery to the Buyer on each Closing Date of the instruments of transfer contemplated by Section 4.4, the Seller will transfer to the Buyer good title to the Purchased Assets to be purchased on such Closing Date, subject to no other Encumbrances created by, through or under the Seller. Seller has not assigned or transferred the Purchased Assets or obligations to any Person, and upon Seller's receipt of the Closing Payment, the Client and account debtor relating to any Purchased Asset will not be indebted to Seller, and if any such indebtedness shall arise in the future, Seller will not assert against Buyer that such indebtedness is secured by the Purchased Assets.

5.8 **No Violation, Litigation or Regulatory Action.**

(a) The Seller has received no written notification of its failure to comply in any material respect with any Requirement of Law applicable to the Purchased Assets where the Seller's failure to comply therewith could be reasonably expected to have a material adverse effect upon the Purchased Assets.

(b) There are no material actions, suits, or proceedings pending against the Seller by any Customer, Guarantor or third Person in respect of the Purchased Assets, and there are no material actions, suits, or proceedings pending in which the Seller is the plaintiff or claimant and which relate to any of the Purchased Assets.

(c) There is no action, suit, or proceeding pending or, to the Knowledge of Seller, threatened which questions the legality or propriety of the transactions contemplated by this Agreement.

5.9 **No Finder.** Neither the Seller nor any Person acting (with the Seller's knowledge) on its behalf has paid or become obligated to pay any fee or commission to any broker, finder or intermediary for or on account of the transactions contemplated by this Agreement.

5.10 **Full Disclosure.** No representation or warranty by Seller in this Agreement and no statement contained in the Seller Ancillary Documents or any certificate or other document furnished or to be furnished to Buyer pursuant to this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not misleading.

ARTICLE VI
REPRESENTATIONS AND WARRANTIES OF BUYER

As an inducement to the Seller to enter into this Agreement and to consummate the transactions contemplated hereby, the Buyer hereby represents and warrants to the Seller and agrees as follows:

6.1 **Organization of the Buyer.** The Buyer is a corporation or other legal entity, duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, with full power and authority to consummate the transactions contemplated hereby.

6.2 **Authority of the Buyer.** The Buyer has full power and authority to execute, deliver and perform this Agreement and all of the Buyer Ancillary Agreements. All corporate or other legal action required to be taken by the Buyer to authorize the execution, delivery and performance of this Agreement and the Buyer Ancillary Agreements has been taken and does not require any further authorization or consent of the Buyer or its stockholders. This Agreement has been duly authorized, executed and delivered by the Buyer and is the legal, valid and binding obligation of the Buyer, enforceable against the Buyer in accordance with its terms, and each of the Buyer Ancillary Agreements has been duly authorized by the Buyer and upon execution and delivery by the Buyer will be a legal, valid and binding obligation of the Buyer, enforceable against the Buyer in accordance with its terms, in each case subject to bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditor's rights generally and any limitation imposed by general equity principles, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

6.3 **Consents.** Neither the execution nor delivery of this Agreement or any of Buyer Ancillary Agreements or the consummation of any of the transactions contemplated hereby or thereby nor compliance by the Buyer with or fulfillment of the terms, conditions and provisions hereof or thereof will:

(a) conflict with, result in a breach of the terms, conditions or provisions of, or constitute a default, an event of default or an event creating rights of acceleration, termination or cancellation or a loss of rights under (i) the organizational documents of the Buyer, (ii) any material note, instrument, agreement, mortgage, deed of trust, lease, license, franchise, permit or other authorization, right, restriction or obligation to which the Buyer is a party or any of its assets or properties is subject or by which the Buyer is bound, (iii) any Court Order to which the Buyer is a party or by which it is bound, or (iv) any Requirements of Laws applicable to the Buyer; or

(b) require the approval, consent, authorization or act of, or the making or giving by the Buyer of any notice, declaration, filing, report or registration with, any Person nor are any consents, licenses, permits, authorizations or approvals required to be obtained by the Buyer from any Governmental Body or any other Person in connection with the execution and delivery by the Buyer of this Agreement or any of the Buyer Ancillary Agreements, the consummation of any of the transactions contemplated hereby or thereby nor compliance by the Buyer with, or fulfillment by the Buyer of, the terms, conditions and provisions hereof or thereof.

6.4 **No Violation, Litigation or Regulatory Action.** There is no action, suit, or proceeding pending and the Buyer is without knowledge of any threatened action, suit, or proceeding which questions the legality or propriety of the transactions contemplated by this Agreement.

6.5 **Ability to Perform; Availability of Funds.** The Buyer has the sophistication, operational capability, financial wherewithal, personnel, facilities, legal and accounting support and other resources to perform fully its obligations under this Agreement, the Assignment and Assumption Agreement and the other Buyer Ancillary Agreements. Without limiting the generality of the foregoing, the Buyer has sufficient funds to pay the Preliminary Closing Payments at each Closing and to carry out the transactions contemplated by this Agreement.

6.6 **No Finder.** Neither the Buyer nor any Person acting on its behalf has paid or become obligated to pay any fee or commission to any broker, finder or intermediary for or on account of the transactions contemplated by this Agreement.

6.7 **The Seller's Name.** Except with respect to actions which may be taken following the Closings pursuant to the power of attorney to be delivered by the Seller at the Closings, the Buyer shall not institute any action in the Seller's name or purport to act as the Seller's agent in correspondence to or discussions with any Customers, other obligors, or any other Persons. The Buyer shall disclose fully to Customers and Debtors its identity following the Closings and shall not use any name or take any action that may confuse Customers or Debtors, other obligors, or any other Person as to its relationship with the Seller.

6.8 **Status of the Buyer.** The Buyer is (i) a financial institution, or (ii) an institutional purchaser, or a sophisticated purchaser that is in the business of buying or originating loan and factoring accounts of the type being purchased or that otherwise deals in lending and factoring relationships in the ordinary course of its business.

6.9 **Independent Evaluation.** Buyer has conducted its own independent investigation, review and analysis of the Portfolio Accounts, and acknowledges that it has been provided adequate access to the personnel, properties, assets, premises, books and records and other documents and data of Seller for such purpose. Buyer acknowledges and agrees that in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, Buyer has relied solely upon its own investigation and the express representations and warranties of Seller set forth in this Agreement.

6.10 **Reports.** The Buyer acknowledges that the Seller makes no representation or warranty to the Buyer concerning the accuracy or completeness of Third-Party Reports that are in the Files, including appraisals, environmental audits, title abstracts, policies and reports, lien search reports, and other similar reports, of opinion letters of law firms and other similar Persons, or of any financial statements or reports of Customers prepared or audited by accountants and other similar persons.

ARTICLE VII
ACTION PRIOR TO CLOSING DATES

The respective parties hereto covenant and agree to take the following actions between the Signing Date and the Closing Dates:

7.1 Preserve Accuracy of Representations and Warranties. Each of the parties hereto shall refrain from taking any action which would render any representation or warranty contained in Article V or VI of this Agreement inaccurate as of any Closing Date. Each party shall promptly notify the other of any action, suit or proceeding that shall be instituted or threatened against such party to restrain, prohibit or otherwise challenge the legality of any transaction contemplated by this Agreement. The Seller shall promptly notify the Buyer of any action, suit or proceeding that may be threatened, brought, asserted or commenced against the Seller which would render Section 5.8 inaccurate as of any Closing Date.

7.2 Consents of Third Parties; Approval by Governmental Bodies. Seller shall use commercially reasonable efforts to secure, before the applicable Closing Date, the consent, approval or waiver, in form and substance reasonably satisfactory to the Buyer, from any party to any Portfolio Document with respect to Portfolio Accounts subject to the Closing on such Closing Date required to be obtained in order to assign or transfer any such Portfolio Document to the Buyer or otherwise required for the transactions contemplated hereby. The Buyer shall act diligently and reasonably to cooperate with the Seller to obtain the consents, approvals and waivers contemplated by this Section 7.2.

7.3 Actions Prior to Closing Dates. The Seller shall operate its business and manage the Purchased Assets consistent with its historical best practices and cause all related books, accounts and records to be true and complete in all material respects, and comply with the provisions set forth in the remainder of this Section 7.3. Except as otherwise expressly required by this Agreement, the Seller shall not (i) waive or modify any right if such waiver or modification could reasonably be expected to have a material adverse effect on the Purchased Assets taken as a whole; (ii) mortgage, pledge or otherwise encumber any Purchased Asset; (iii) take any action that would breach any of the Seller's representations, warranties or covenants contained in this Agreement if such representation, warranty or covenant were made at the time of the action; or (iv) enter into an agreement, contract or commitment (other than this Agreement) to do any of the things prohibited by the foregoing clauses (i) through (iii).

7.4 Withdrawal of Portfolio Accounts.

(a) Subsequent to the Signing Date and other than as expressly permitted in accordance with Section 7.4(c), Seller shall not have the right to withdraw any Portfolio Accounts from the Portfolio; *provided however*, that, notwithstanding the foregoing, if, prior to the sale of a Portfolio Account to the Buyer in accordance with the terms hereof, such Portfolio Account is terminated by either the Seller or its Customer and all, or substantially all, indebtedness and obligations owing to the Seller in regard thereto are paid in full, then such Portfolio Account shall be withdrawn from the Portfolio by the Seller, with a corresponding adjustment of the Purchase Price.

(b) Prior to any Closing, if Buyer, in its good faith discretion, determines that any Portfolio Account breaches or is inconsistent with any of Seller's representations and warranties in this Agreement, Buyer may upon written notice to Seller prior to the relevant Closing withdraw such Portfolio Account from the Portfolio and elect not to purchase such Portfolio Account. If Buyer elects to withdraw a Portfolio Account for any one Closing and prior to the final Closing, Buyer shall have the right until the final Closing to elect to include such withdrawn Portfolio Account in a subsequent Closing.

(c) Prior to each Closing, Buyer and Seller shall each use their respective reasonable and good faith efforts to notify the other Party as soon as reasonably practicable after such Party first has Knowledge of any information or circumstance that the Seller may then be in breach of any of its representations or warranties in this Agreement or in any Seller Ancillary Agreement, or that at any Closing it will be in breach thereof, which breach would give rise to a claim by the Buyer against the Seller for indemnification under Section 11.1 or would give rise to a right by the Buyer to terminate this Agreement under Article XII. In the event of such notice, Buyer may elect to waive such breach in writing and any affected Portfolio Accounts shall not be withdrawn from the Portfolio. If such breach is not waived by the earlier to occur of (i) ten (10) days after receipt of such notice and (ii) the applicable Cut-off Time, Seller or Buyer may, upon prior written notice to the other Party, withdraw any affected Portfolio Account from the relevant Closing. Notwithstanding anything to the contrary in this Section 7.4(c), Buyer's failure to provide notice to Seller under this Section 7.4(c) shall not in any way limit Buyer's rights under this Agreement with respect to any Portfolio Account purchased by Buyer, including without limitation, rights to indemnification or repurchase pursuant to Article XI.

ARTICLE VIII
ADDITIONAL AGREEMENTS

8.1 Post-Closing Remittances and Adjustments; Further Assurances.

(a) Except for amounts to which the Seller is entitled post-Closing in accordance with the terms of Article III, this Section 8.1, Section 11.2, or any other provision of this Agreement, amounts which are paid in respect of the Purchased Assets and are received by the Seller following the applicable Closing with respect to such Purchased Assets shall be received by the Seller as agent, in trust for and on behalf of the Buyer and the Seller shall pay promptly all of such amounts over to the Buyer and shall provide to the Buyer information, to the extent known, as to the nature, source and classification of such payments, including any invoice relating thereto. All amounts in respect of assets not transferred to the Buyer shall be received by the Buyer as agent, in trust for and on behalf of the Seller, and the Buyer shall promptly pay all of such amounts over to the Seller and shall provide to the Seller information, to the extent known, as to the nature, source and classification of such payments, including any invoice relating thereto.

(b) The Buyer agrees to pay to the Seller (in immediately available funds), within seven (7) days following the Seller's written demand with respect thereto, the face amount of any check which is returned to the Seller unpaid to the extent such check has been credited to any Customer's account and for which such Customer was given credit in calculating the Net Funds Employed used in determining the Purchase Price.

(c) The Buyer hereby agrees to indemnify the Seller for, hold the Seller harmless from, and, promptly upon the Seller's demand therefor, reimburse to the Seller, in immediately available funds, the amount of any claim asserted against the Seller arising (i) out of the Seller's remittance of any funds, or making of any payment, to the Buyer under Section 8.1(a) or any other provisions of this Agreement or (ii) under Sections 547 or 548 of the Federal Bankruptcy Code relating to a payment made to the Seller by a Debtor with respect to the Portfolio.

(d) The Seller shall execute and deliver notices of assignment of each Portfolio Account substantially in the form attached hereto as **Exhibit F**, such notices of assignment to be delivered at the applicable Closings. The Seller shall also execute, to the extent prepared as of the applicable Closing Date, and thereafter the Buyer will use, each power of attorney of the Seller delivered at the applicable Closing to (i) effect the sale, transfer and conveyance to the Buyer of the Purchased Assets subject to such Closing, including the applicable Portfolio Documents, (ii) to enable the Buyer to bill, collect, service and administer the Portfolio Accounts, and (iii) to endorse checks and execute such other assignments, transfer documents, instruments of further assurance, approvals and consents as are necessary or proper in order to complete, ensure and perfect the sale, transfer and conveyance to the Buyer contemplated hereby of Purchased Assets and the consummation of the other transactions contemplated hereby with respect to the Portfolio Accounts; provided that the execution of any such assignments, transfer documents, instruments of further assurance, approvals, consents and any other documents by the Buyer under such power of attorney described hereinabove shall be without recourse of any kind to the Seller and without any representation or warranty on the Seller's part, except as expressly provided in this Agreement. Any other assignments, in particular any additional assignments of any lien instruments, any transfer documents, instruments of further assurance, approvals and consents as are necessary or proper in order to complete, ensure and perfect the sale, transfer and conveyance to the Buyer contemplated hereby of Purchased Assets and the consummation of the other transactions contemplated hereby with respect to the Portfolio shall be prepared by the Buyer, at the Buyer's expense, and submitted to the Seller for execution, if necessary, within sixty (60) days after the Initial Closing Date. The Buyer shall be responsible for the preparation and filing of, and any costs associated with the preparation of, such additional assignments and for any costs or filing fees associated with the recording thereof. Within sixty (60) days after the Initial Closing Date, the Seller shall also provide the Buyer with any affidavits of loss the Buyer may reasonably request with respect to any Portfolio Documents for which originals are not available.

(e) The Seller and the Buyer acknowledge that (i) substantially all payments by Debtors in connection with the Portfolio Accounts are made to the Master Lockbox Account, and (ii) the Seller is not assigning its interest in the Master Lockbox Account to the Buyer. The Seller shall, for up to one hundred eighty (180) days after the Final Closing Date and at the Buyer's expense, remit to the Buyer, on a weekly basis, any immediately available funds received by the Seller from the Master Lockbox Account solely to the extent relating to Portfolio Accounts. Seller shall close the Master Lockbox Account on the one hundred eightieth (180^{th}) day after the Final Closing Date, or on an earlier date if instructed to do so by Buyer, in its sole discretion.

(f) Within a reasonable period after each Closing Date, the Buyer and the Seller agree to prepare and send to the Customers, the Debtors and applicable third parties the Notice of Assignment Letter. All costs associated therewith shall be borne by the Buyer.

8.2 Taxes; Prorations.

(a) Any documentary stamp Tax, transfer or similar Tax directly attributable to the sale or transfer of the Purchased Assets or the Assumed Obligations shall be paid by the Seller.

(b) Each party hereto shall provide reimbursement for any Tax which is the responsibility of such party in accordance with the terms of this Section 8.2 and which is paid by the other party. Within a reasonable time prior to the payment of any such Tax, the party paying such Tax shall give notice to the other party of the Tax payable and the portion which is the liability of each party, although failure to do so will not relieve the other party from its liability hereunder.

(c) Nothing herein shall be construed as obligating the Seller in any way to pay any taxes which are the liability of a Customer or which shall be due with respect to any Portfolio Collateral.

8.3 Non-Compete and Non-Solicitation.

(a) For thirty-six (36) months after the Final Closing Date (the "***Restricted Period***"), the Seller shall not, and shall not permit any of its Affiliates to, directly or indirectly (i) engage or assist in factoring or otherwise financing the Accounts of any Person (whether or not a Customer), providing any asset-based loan or other credit facility to any Customer, refinancing Portfolio Accounts or originating new Portfolio Accounts, or otherwise creating, selling, or profiting from commercial lending or working capital financial products in direct competition to Buyer, together and all of the foregoing, the "***Restricted Business***" anywhere in the United States, (ii) have an interest in any Person that engages directly or indirectly in any Restricted Business anywhere in the United States in any capacity, including as a partner, owner, member, employee, principal, agent, trustee or consultant or (iii) intentionally interfere in any material respect with the business relationships (whether formed prior to or after the date of this Agreement) of Buyer.

(b) During the Restricted Period, the Seller shall not, and shall not permit any of its Affiliates to, directly or indirectly, hire or solicit any employee of Buyer or encourage any such employee to leave such employment or hire any such employee who has left such employment.

(c) During the Restricted Period, the Seller shall not, and shall not permit any of its Affiliates to, directly or indirectly, solicit or entice, or attempt to solicit or entice, by means of direct mail, telephone, internet or personal solicitation, any Customers, clients or customers of Buyer or potential clients or customers of Buyer for purposes of prepayment, origination, refinance or modification of any Accounts or for any financial services or products.

(d) The Seller acknowledges that a breach or threatened breach of this Section 8.3 would give rise to irreparable harm to Buyer for which monetary damages would not be an adequate remedy, and hereby agrees that in the event of a breach or a threatened breach by Seller or its Affiliates of any such obligations, Buyer shall, in addition to any and all other rights and remedies that may be available to them in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond).

(e) The Seller acknowledges that the restrictions contained in this Section 8.3 are reasonable and necessary to protect the legitimate interests of Buyer and constitute a material inducement to each of them to enter into this Agreement and to consummate the transactions contemplated by this Agreement. In the event that any covenant contained in this Section 8.3 should ever be adjudicated to exceed the time, geographic, product or service, or other limitations permitted by applicable law in any jurisdiction, then the parties hereto hereby agree to amend this Agreement to cause such unenforceable provision (or any portion thereof) to be enforceable and enforced, in such jurisdiction to the maximum time, geographic, product or service, or other limitations permitted by applicable Law. The covenants contained in this Section 8.3 and each provision hereof are severable and separate and distinct covenants and provisions. The invalidity or unenforceability of any such covenant or provision, or any part thereof, as written, shall not invalidate or render unenforceable the remaining covenants or provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such covenant or provision in any other jurisdiction.

(f) Notwithstanding the foregoing or any other provision of this Agreement to the contrary, nothing herein shall be deemed to prohibit, inhibit, limit or impair Seller's rights to collect the Retained Accounts, including, without limitation, the right to use any Intellectual Property Assets in connection therewith, and Buyer hereby grants Seller a limited license to use the Intellectual Property Assets for such purpose.

ARTICLE IX
CONDITIONS PRECEDENT TO OBLIGATIONS OF THE BUYER

The obligations of the Buyer under this Agreement, at the option of the Buyer, shall be subject to the satisfaction or waiver, on or prior to each Closing Date, of the following conditions:

9.1 No Misrepresentation or Breach of Covenants and Warranties. There shall have been no material breach by the Seller in the performance of any of its covenants and agreements herein; each of the representations and warranties of the Seller contained or referred to herein (other than with respect to any Portfolio Account that is withdrawn from the Purchased Assets in accordance with Section 7.4) shall be true and correct on the applicable Closing Date as though made on such Closing Date; and there shall have been delivered to the Buyer a certificate or certificates to such effect, dated as of such Closing Date and signed on behalf of the Seller by an authorized officer of the Seller.

9.2 **Consents.** Buyer shall have received all material consents and approvals necessary for the transactions contemplated hereby; all notice and waiting periods required by law shall have passed; no proceeding to enjoin, restrain, prohibit or invalidate such transactions shall have been instituted or threatened; and any material conditions of any regulatory approval shall have been met.

9.3 **Obligations Performed.** The Seller shall perform and comply in all material respects with all the obligations and agreements required by this Agreement to be performed or complied with by it prior to or on such Closing Date.

9.4 **Delivery of Closing Documents.** Seller shall have delivered to the Buyer each document to be delivered pursuant to Section 4.4, together with all documents that are customary or necessary, each in a form acceptable to and approved by Buyer.

ARTICLE X
CONDITIONS PRECEDENT TO OBLIGATIONS OF THE SELLER

The obligations of the Seller under this Agreement, at the option of the Seller, shall be subject to the satisfaction or waiver, on or prior to each Closing Date, of the following conditions:

10.1 **No Misrepresentation or Breach of Covenants and Warranties.** There shall have been no material breach by the Buyer in the performance of any of its covenants and agreements herein; each of the representations and warranties of the Buyer contained or referred to in this Agreement shall be true and correct on the applicable Closing Date as though made on such Closing Date; and there shall have been delivered to the Seller a certificate to such effect, dated as of such Closing Date and signed on behalf of the Buyer by an authorized officer of the Buyer.

10.2 **Necessary Consents and Approvals.** Seller shall have received all material consents and approvals necessary for the transactions contemplated hereby; all notice and waiting periods required by law shall have passed; no proceeding to enjoin, restrain, prohibit or invalidate such transactions shall have been instituted or threatened; and any material conditions of any regulatory approval shall have been met.

10.3 **Obligations Performed.** The Buyer shall have performed and complied in all material respects with all obligations and agreements required by this Agreement to be performed or complied with by it prior to or on such Closing Date.

10.4 **Payment of Closing Payment; Delivery of Closing Documents.** The Buyer shall have paid the Preliminary Closing Payment pursuant to Section 4.2 and delivered to the Seller each document to be delivered pursuant to Section 4.3, each in a form acceptable to and approved by Seller.

ARTICLE XI
INDEMNIFICATION

11.1 Indemnification by the Seller. From and after the Initial Closing Date and subject to the limitations of this Article XI, the Seller agrees to indemnify and hold the Buyer and its Affiliates, their respective successors and assigns, and in each such case their respective present or former directors, officers, employees and agents ("***Buyer Indemnified Parties***") harmless from and against any and all Losses and Expenses incurred by any Buyer Indemnified Party in connection with, resulting from, related to or arising from:

(a) any inaccuracy or breach by the Seller of any of its representations or warranties in this Agreement or in any Seller Ancillary Agreement;

(b) any breach or nonfulfillment of any agreement or covenant to be performed by the Seller pursuant to this Agreement or any Seller Ancillary Agreement;

(c) any action, complaint, investigation, petition, suit or other proceeding, whether civil, criminal or administrative, in law or in equity, or before any arbitrator or a Governmental Body (including but not limited to any counterclaim or cross claims), relating to any of the Portfolio Accounts or Portfolio Documents in a Purchased Portfolio, in each case arising out of or based upon or with respect to any action or event occurring prior to the relevant Closing Date related to such Portfolio Account or Portfolio Document, whether or not pending or threatened on the Signing Date or at the applicable Closing, and whether brought, made or instigated by any Governmental Body or any other Person; or

(d) the operation or administration of any Purchased Portfolio prior to the Closing Date applicable thereto.

11.2 Indemnification by the Buyer. From and after the Initial Closing Date and subject to the limitations of this Article XI, the Buyer agrees to indemnify and hold the Seller and its Affiliates, their respective successors and assigns, and in each such case their respective present or former directors, officers, employees and agents ("***Seller Indemnified Parties***") harmless from and against any and all Losses and Expenses at any time incurred by any Seller Indemnified Party in connection with, resulting from, related to or arising from:

(a) any inaccuracy or breach by the Buyer of any of its representations or warranties in this Agreement or in any Buyer Ancillary Agreement;

(b) any breach or nonfulfillment of any agreement or covenant to be performed by the Buyer pursuant to this Agreement or any Buyer Ancillary Agreement;

(c) any action, complaint, investigation, petition, suit or other proceeding, whether civil, criminal or administrative, in law or in equity, or before any arbitrator or a Governmental Body (including but not limited to any counterclaim or cross claims), relating to any of the Portfolio Accounts or Portfolio Documents in a Purchased Portfolio, in each case arising out of or based upon or with respect to any action or event occurring on or after the relevant Closing Date related to such Portfolio Account or Portfolio Document, whether or not pending or threatened on the Signing Date or at the applicable Closing, and whether brought, made or instigated by any Governmental Body or any other Person; or

(d) the operation or administration of any Purchased Portfolio after the Closing Date applicable thereto.

11.3 Notice of Claims. Promptly upon the sooner to occur of (a) a party's acquisition of knowledge of facts or circumstances which could serve as the basis for a claim under this Article XI or (b) receipt of notice of any claim, demand or assessment or the commencement of any suit, action, arbitration or proceeding in respect of which indemnity may be sought on account of the indemnity agreement contained in this Article XI, the party seeking indemnification (the "***Indemnified Party***") shall give written notice to the party obligated to provide indemnification to such Indemnified Party (the "***Indemnifying Party***") describing in reasonable detail the facts giving rise to any claim for indemnification hereunder and a reference to the provision of this Agreement or any other agreement, document or instrument executed hereunder or in connection herewith upon which such claim is based and within sufficient time to respond to such claim or answer or otherwise plea in such action; provided that failure to give such notice shall not relieve the Indemnifying Party of its obligations hereunder except to the extent it shall have been materially prejudiced by such failure.

11.4 Third Party Claims. In the event that any Person not a party to this Agreement shall make any demand or claim or file or threaten to file any lawsuit, which demand, claim or lawsuit may result in any Losses or Expenses to one party hereto of the kind for which such party is entitled to indemnification pursuant to this Article XI, then, after written notice is provided by the Indemnified Party, the Indemnifying Party shall have the option, at its Expense, to provide legal counsel for the Indemnified Party (such counsel shall be reasonably satisfactory to the Indemnified Party) to defend any such demand, claim or lawsuit. The Indemnifying Party agrees to compensate or reimburse the Indemnified Party for such reasonable legal fees as and when they are incurred. In effecting the settlement of any such demand, claim or lawsuit, an Indemnified Party shall act in good faith, shall consult with the Indemnifying Party and shall enter into only such settlement as the Indemnifying Party shall approve, which approval shall not be unreasonably withheld (the Indemnifying Party's approval will be implied if it does not respond within ten (10) calendar days of its receipt of the notice of such settlement offer). Each party shall reasonably cooperate with the other party in connection with the defense of any such claim including, without limitation, by making personnel available for interviews and as witnesses, providing books, records, files and other documents or materials relevant to such claim, designating an internal point of contact to assist with and coordinate discovery requests and otherwise assist with the claim, and granting such authorizations or limited powers of attorney, or executing documents, agreements, orders or other instruments as such party may reasonably consider necessary, desirable or required in connection with the defense of any such claim. The party providing the aforementioned assistance shall be reimbursed for its reasonable "out-of-pocket" expenses arising from such assistance including, without limitation, travel, lodging and copying, retrieval or reproduction costs.

In the event of any third party demand, claim, lawsuit or threat of lawsuit for which the Seller shall be the Indemnifying Party, the Seller reserves the right, in its sole discretion, to repurchase the Purchased Asset(s) relating to the Portfolio Account which are the subject of the demand, claim or lawsuit. The Seller shall notify the Buyer of the Seller's intention to repurchase the Purchased Asset(s) at the Seller's expense. At the closing of any such repurchase, the Seller shall pay to the Buyer as the repurchase price an amount equal to the sum of the Net Funds Employed of such Portfolio Account on the date of repurchase, plus any premium paid by Buyer on the original Closing Date by wire transfer of immediately available funds to such account as the Buyer shall designate in writing to the Seller, and the Buyer shall convey to the Seller all of the Buyer's right, title and interest in and to such repurchased Purchased Asset(s) and the assignment and transfer documents relating to such Purchased Asset(s). The conveyance documents executed by the Buyer reconveying the Purchased Asset(s) to the Seller shall contain such representations and warranties by the Buyer in favor of the Seller concerning the Purchased Asset(s) which may be reasonably requested by the Seller to confirm, inter alia, that the Buyer shall have unencumbered title to the Purchased Asset(s) being reconveyed, the Buyer shall have the ability and authority to reconvey the Purchased Asset(s), the Buyer's compliance with Requirements of Law as in effect on the date of reconveyance, and the Buyer's compliance with its obligations under the Assignment and Assumption Agreement during its ownership of the Purchased Asset(s).

No amounts paid by the Seller to repurchase any Purchased Assets hereunder shall be applied to the threshold amount for indemnification claims against the Seller provided for in Section 11.7 below.

11.5 General. In addition, the Indemnified Party shall be obligated in connection with any claim for indemnification under this Article XI to use all commercially reasonable efforts to mitigate all Losses and Expenses upon and after becoming aware of any event which could reasonably be expected to give rise to such Losses and Expenses. No party shall be entitled to bring or maintain an indemnification claim with respect to any inaccuracy or breach of any representation or warranty of any other party contained in this Agreement, or with respect to any failure by any other party to perform or observe any covenant, agreement or condition required by this Agreement, of which such party was aware or had knowledge on or prior to the Initial Closing Date.

11.6 Survival of Representations and Warranties; Bar Date for Indemnification Claims. All representations, warranties, covenants and obligations in this Agreement and any other agreement, document or certificate delivered pursuant to this Agreement (other than the representations and warranties set forth in Sections 5.4 and 5.5) will survive the Closings for a period ending on the eighteen (18) month anniversary of the Final Closing Date, and no claim for indemnification for any purpose under this Agreement shall be made after such date (unless notice of such claim or the basis for such claim is delivered by a party hereto in strict compliance with this Article XI on or before the date that is the eighteen (18) month anniversary after the Final Closing Date). The representations and warranties set forth in Sections 5.4 and 5.5 shall survive the Closings for a period ending on the twelve (12) month anniversary of the Final Closing Date, and no claim for indemnification with respect such representations and warranties shall be made after such date (unless notice of such claim or the basis for such claim is delivered by a party hereto in strict compliance with this Article XI on or before the date that is the twelve (12) month anniversary after the Final Closing Date).

11.7 **Limitations on Indemnification by Seller**. The Seller will have no liability with respect to the matters described in Section 11.1 until the total of all Losses and Expenses with respect to such matters exceeds $100,000 (the "***Basket***"), at which point the Seller will be obligated to indemnify the Buyer Indemnified Parties for all Losses and Expenses without regard to the Basket. The Seller's maximum aggregate liability with respect to the matters described in Section 11.1 will be limited to the Purchase Price.

11.8 **Payment of Claims**. All claims for indemnity under this Article XI shall be paid on demand in immediately available funds in United States Dollars after such claim and the liability for Losses and Expenses thereunder have been finally determined. A claim, and the liability for Losses and Expenses thereunder, shall be deemed to be "finally determined" for purposes of this section when the parties have so determined by mutual agreement or, if disputed, when a final order of a court of competent jurisdiction or a final order of an arbitrator having competent jurisdiction, if one shall have been selected by the parties, has been entered. Any indemnification payments made by any Indemnifying Party shall be deemed to be and treated for all purposes, including, without limitation, tax purposes, as adjustments to the Purchase Price. The liability of the Indemnifying Party with respect to any indemnification claim shall be reduced by the tax benefit actually realized and any insurance proceeds received by the Indemnified Party as a result of any Losses or Expenses upon which such indemnification claim is based.

11.9 **Limited Remedies**. If the Closings occur, except for remedies based upon fraud and except for equitable remedies, the remedies and limitations provided in this Article XI of this Agreement constitute the sole and exclusive remedies for recovery against the Indemnifying Party based upon the inaccuracy, untruth, incompleteness or breach of any representation or warranty of any Indemnifying Party contained herein or in any certificate, Schedule or Exhibit furnished by any Indemnifying Party in connection herewith, or based upon the failure of any Indemnifying Party to perform any covenant, agreement or undertaking required by the terms hereof to be performed by such Indemnifying Party. The foregoing shall not in any manner limit (a) any claims by either party with respect to the computation or payment of the Purchase Price pursuant to Sections 3.1 through 3.7 for any reason, any such claims to be subject exclusively to the provisions of Sections 3.1 through 3.7 or (b) any claims by the Seller pursuant to Section 8.1, any such claim to be subject exclusively to the provisions of Section 8.1.

11.10 **Subrogation**. Upon payment in full of any indemnification claim or the payment of any judgment or settlement with respect to a third party claim under this Agreement, the Indemnifying Party shall be subrogated to the extent of such payment to the rights of the Indemnified Party against any person or entity with respect to the subject matter of such indemnification claim or third party claim.

ARTICLE XII
TERMINATION

12.1 Termination. This Agreement may be terminated in any of the following ways on or prior to the Initial Closing Date:

(a) by the mutual written consent of the Buyer and the Seller at any time on or prior to the Initial Closing Date;

(b) by the Seller in writing if the conditions set forth in Article X of this Agreement with respect to the Initial Closing Date shall not have been met by the Buyer or waived in writing by the Seller on or prior to the Initial Closing Date;

(c) by the Buyer in writing if the conditions set forth in Article IX of this Agreement with respect to the Initial Closing Date shall not have been met by the Seller or waived in writing by the Buyer on or prior to the Initial Closing Date; or

(d) any time on or prior to the Initial Closing Date, by either the Seller or the Buyer in writing if the other party shall have been (i) in material breach of any representation and warranty (as if such representation and warranty had been made on and as of the date hereof and on the date of the notice of breach referred to below), other than any breach by the Seller with respect to a Portfolio Account that is withdrawn from the Purchased Assets in accordance with Section 7.4, or (ii) in material breach of any covenant, undertaking or obligation contained herein, and such breach has not been cured by the Initial Closing Date.

12.2 Notice of Termination. Any party desiring to terminate this Agreement pursuant to Section 12.1 shall give prompt written notice of such termination to the other party.

12.3 Effect of Termination.

(a) In the event that this Agreement shall be terminated pursuant to this Article XII, all further obligations of the parties under this Agreement (other than Sections 13.1, 13.10 and 13.14, and this Article XII), shall be terminated, provided that nothing herein shall relieve any party from liability for its breach of this Agreement.

(b) If this Agreement is terminated as provided herein:

(i) each party will return all documents, work papers and other materials of the other party, including photocopies or other duplications thereof, relating to the transactions contemplated herein, whether obtained before or after the execution hereof, to the party furnishing the same;

(ii) each party will destroy all analyses, studies, surveys, evaluations, reports and other internal documents used to evaluate or analyze the transactions contemplated herein, and shall certify to the other party of such destruction;

(iii) all information received by either party hereto with respect to the business of the other party (other than information which is a matter of public knowledge or which has heretofore been published in any publication for public distribution or filed as public information with any Governmental Body) shall not at any time be used for any business purpose by such party or disclosed by such party to third persons; and

(iv) each party will pay its own expenses, except as otherwise provided in Section 12.3(c) and Section 12.3(d).

(c) Neither the Buyer nor the Seller waives any right it may have to require the other to mitigate damages in connection with any damage claim against the Buyer or the Seller made under this Article XII.

(d) If the transactions contemplated hereby are not consummated because of a party's breach of this Agreement, in addition to such damages as may be recoverable in law or equity, the other party shall be entitled to recover from the breaching party upon demand, itemization and documentation, its reasonable outside legal, accounting, consulting and other out-of-pocket expenses. In the event of judicial proceedings brought by either party in order to enforce its rights under this Article XII, the prevailing party shall be entitled to recover its reasonable attorneys' fees and expenses.

ARTICLE XIII
GENERAL PROVISIONS

13.1 Confidential Nature of Information. Each party hereto agrees that it will treat in confidence all documents, materials and other information which it shall have obtained regarding the other party during the course of the negotiations leading to the consummation of the transactions contemplated hereby (whether obtained before or after the date of this Agreement), the investigation provided for herein and the preparation of this Agreement and other related documents, and, in the event the transactions contemplated hereby shall not be consummated, each party will return to the other party all copies of nonpublic documents and materials which have been furnished in connection therewith. Such documents, materials and information shall not be disclosed to any other party or Person; provided that either party hereto may disclose such documents, materials and information to any of its counsel, accountants or financial advisors who are informed of the confidentiality provisions contained herein, it being understood that such disclosing party shall be liable to the other party hereto for any disclosure or use of such documents, materials and information in violation of the terms hereof by any of its counsel, accountants or financial advisors. Neither party hereto shall use any confidential information in any manner whatsoever except solely for the purpose of evaluating the proposed purchase and sale of the Purchased Assets and the assumption of the Assumed Obligations. The obligation of each party to treat such documents, materials and other information in confidence shall not apply to any information which (a) is or becomes available to such party from a source other than the other party, (b) is or becomes available to the public other than as a result of disclosure by such party or its agents, (c) is required to be disclosed under applicable law or judicial process, or to any Governmental Body having regulatory authority over such party or its Affiliates, but only to the extent it must be disclosed, or (d) such party reasonably deems necessary to disclose in order to obtain any of the consents or approvals contemplated hereby.

13.2 No Partnership. Nothing herein shall be construed as creating a partnership, joint venture or agency relationship between the Buyer and the Seller, except to the extent the power of attorney to be delivered to the Buyer at each Closing by the Seller creates an agency relationship.

13.3 **No Public Announcement.** No party hereto, without the approval of the other party hereto, shall make any press release or other general public announcement concerning the transactions contemplated by this Agreement, except as and to the extent that any such party shall be so obligated by law, in which case the other party shall be advised and the parties shall use their best efforts to cause a mutually agreeable release or announcement to be issued; provided, however, that the foregoing shall not preclude communications or disclosures to employees and as necessary to implement the provisions of this Agreement or to comply with accounting and Securities and Exchange Commission disclosure obligations.

13.4 **Notices.** All notices required under this Agreement shall be in writing and shall be considered given upon: (a) personal delivery (including delivery by overnight courier) of the written notice; (b) sending the message by a telecopy or facsimile machine to the other party's telecopy or facsimile machine, provided the sending machine automatically prints a message confirming that the message was received, and a copy thereof is forthwith mailed or sent by personal delivery to the addressee; or (c) if sent via United States mail, the third day following mailing, certified mail, return receipt requested, postage prepaid and appropriately addressed. Such addresses shall be:

(a) If to the Seller, to:

Anchor Funding Services, LLC
2700 N. Military Trail Suite 200
Boca Raton, FL 33431
Attention: Brad Bernstein
Telephone: 561-367-1504
Facsimile: 212-214-0881

With a Copy to (which shall not constitute Notice):

K&L Gates LLP
Hearst Tower
214 North Tryon Street, 47th Floor
Charlotte, North Carolina 28202
Attention: Mark Busch, Esq.
Telephone: (704) 331-7440
Facsimile: (704) 353-3203

(b) If to the Buyer, to:

Transportation Alliance Bank Inc.
4185 Harrison Blvd., Suite 200
Ogden, Utah 84403
Attention: General Counsel
Telephone: (801) 624-4422
Facsimile: (801) 395-8653

With a Copy to (which shall not constitute Notice):

Snell & Wilmer L.L.P.
15 W South Temple #1200,
Salt Lake City, Utah 84101
Attention: Brad Merrill, Esq.
Telephone: (801) 857-1900
Facsimile: (801) 857-1800

or to such other address as such party may indicate by a notice delivered to the other parties hereto.

13.5 **Successors and Assigns.** The rights of any party under this Agreement shall not be assignable by such party hereto prior to the Final Closing Date without the written consent of the other party (except that if the Seller merges with or consolidates into an Affiliate of the Seller, or an Affiliate of the Seller acquires the stock or assets of the Seller, no consent thereto of the Buyer shall be required). Subject to the preceding sentence, this Agreement will apply to, be binding in all respects upon, and inure to the benefit of the successors and permitted assigns of the parties. Nothing expressed or referred to in this Agreement will be construed to give any Person other than the parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement and their permitted successors and assigns. Following the Final Closing Date, either party may assign any of its rights hereunder, but no such assignment shall relieve it of its obligations hereunder.

13.6 **Access to Records after Closing.**

(a) The Buyer agrees that on and after each applicable Closing Date it will permit the Seller and its representatives, during normal business hours and on reasonable prior notice and without unreasonably interfering with the business of the Buyer, to have access to and to examine and take copies of all applicable Files, whether with respect to transactions or events occurring prior to the applicable Closing Date or to transactions or events occurring subsequent to the applicable Closing Date which arise out of transactions or events occurring prior to or after such Closing Date, other than those documents or materials or work product in any of the Files reasonably determined by Buyer to constitute an attorney-client privileged communication. The Seller and the Buyer agree that any such access to the Files shall be granted only in the event that the Seller or an Affiliate of the Seller is named as a party in, or is threatened with, any litigation or similar proceeding in connection with any Purchased Asset or to the extent that the Seller may require such access in connection with any Tax, regulatory, accounting, corporate or similar matter relating to any Purchased Asset or its transfer hereunder.

(b) The Buyer agrees that it shall preserve and keep the Files for a period at least equal to the period required by the Buyer's record retention policy for similar materials. Notwithstanding any of the foregoing, the Buyer may destroy any or all of the Files without notice to the Seller at any time after the seventh (7^{th}) anniversary of the Signing Date.

(c) The Seller agrees that on and after the applicable Closing Date it will permit the Buyer and its representatives, during normal business hours and on reasonable prior notice and without unreasonably interfering with the business of the Seller, to have access to electronically-stored data or other computerized records of the Seller (other than Excluded Materials) that relate exclusively to the applicable Portfolio Accounts. The Seller agrees that it shall preserve and keep such electronically-stored data and computerized records relating exclusively to the Portfolio Accounts (other than Excluded Materials) for a period at least equal to the period required by the Seller's record retention policy for similar materials.

(d) Each party agrees that its access to books and records of the other party pursuant to this Section 13.6 shall be subject to the confidentiality provisions of Section 13.1.

13.7 Entire Agreement; Exhibits and Schedules; Amendments. This Agreement and the Exhibits and Schedules referred to herein and the other Purchase Documents contain the entire understanding and agreement of the parties hereto with regard to the subject matter contained herein or therein, and supersede all prior agreements, inducements, understandings, disclosures, correspondence, offering memoranda or letters of intent between or among any of the parties hereto, whether expressed or implied, oral or written, regarding the same subject matter. Each of the Exhibits and Schedules attached hereto are incorporated into this Agreement and by this reference made a part hereof. This Agreement shall not be amended, modified or supplemented except by a written instrument signed by an authorized representative of each of the parties hereto.

13.8 Interpretation. Article titles and section headings are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. The Schedules and Exhibits referred to herein shall be construed with and as an integral part of this Agreement to the same extent as if they were set forth verbatim herein. Disclosure of any fact or item in any Schedule hereto referenced by a particular section in this Agreement shall be deemed to have been disclosed with respect to every other section in this Agreement.

13.9 Waivers. Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

13.10 Expenses.

(a) Each party hereto will pay all costs and expenses incident to its negotiation and preparation of this Agreement and to its performance and compliance with all agreements and conditions contained herein on its part to be performed or complied with, including the fees, expenses and disbursements of its counsel and accountants.

(b) If the parties submit any matter involving the determination of the Purchase Price to an Accounting Firm, the fees and expenses of the Accounting Firm shall be paid by the parties hereto, with the responsibility of each party for payment of final fees and expenses being reduced by a percentage that is equal to the amount ultimately awarded by the Accounting Firm to that party divided by the total amount in dispute between the parties.

(c) The Buyer will pay for all shipping and transportation costs for the Files to such location as directed by Buyer with respect to each Closing.

13.11 Partial Invalidity. Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective to the extent, but only to the extent, of such invalidity, illegality or unenforceability without invalidating the remainder of such invalid, illegal or unenforceable provision or any other provisions hereof, unless such a construction would be unreasonable.

13.12 Execution in Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement, and shall become binding when one or more counterparts have been signed by each of the parties hereto and delivered to the Seller and the Buyer.

13.13 Further Assurances. The parties agree (a) to furnish upon request to each other such further information, (b) to execute and deliver to each other such other documents and (c) to do such other acts and things, all as the other party may reasonably request for the purpose of carrying out the intent of this Agreement and the documents referred to in this Agreement.

13.14 Dispute Resolution. In the event of any dispute or controversy between the parties hereto, arising out of or in connection with the execution, interpretation and performance of this Agreement (including the validity, scope and enforceability of this Section 13.14, but excluding any dispute as to the calculation of the Purchase Price which shall be subject exclusively to the provisions of Article III) or any documents or instruments relating hereto, the parties shall use their reasonable efforts to settle such dispute or controversy amicably by negotiation for a period of thirty (30) days, commencing upon the receipt of written demand for negotiation setting forth the basis of the dispute. After the expiration of the thirty (30) day negotiation period, either party may commence judicial action to resolve such dispute as set forth below. The provisions of this Section 13.14 shall not apply to the extent that either party hereto reasonably believes that it needs to seek injunctive relief in a judicial proceeding in order to avoid irreparable harm.

13.15 Jurisdiction; Governing Law; Waiver of Jury Trial.

(a) Any controversy or claim between or among the parties, arising out of or relating to this Agreement or any agreements or instruments relating hereto, including any claim based on or arising from an alleged tort (but excluding any dispute as to the calculation of the Purchase Price which shall be subject exclusively to the provisions of Article III), shall be subject to the exclusive jurisdiction of the federal courts sitting in Salt Lake City, Utah or, if such courts do not have jurisdiction, in the state courts of Utah sitting in Salt Lake City, Utah, and each of the parties consents to the jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to venue laid therein. Any such claim or controversy shall be governed by the substantive laws of the state of Utah, conflicts of laws principles notwithstanding.

(b) Each party hereto hereby waives trial by jury in any action, proceeding or counterclaim arising out of or in any way concerned with this Agreement or any of the agreements, instruments or documents contemplated hereby. No party hereto, nor any assignee or successor of any party hereto shall seek a jury trial in any lawsuit, proceeding, counterclaim or any other litigation procedure based upon, or arising out of, this Agreement or any of the agreements, instruments or documents contemplated hereby. No party hereto will seek to consolidate any such action, in which a jury trial has been waived, with any other action in which a jury trial cannot be or has not been waived. The provisions of this Section 13.15 have been fully discussed by the parties hereto, and the provisions shall be subject to no exceptions. No party hereto has in any way agreed with or represented to any other party that the provisions of this Section 13.15 will not be fully enforced in all instances.

13.16 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws (as opposed to the conflicts of laws provisions) of the State of Utah.

13.17 Termination of Rediscount Facility Agreement. The Buyer hereby agrees that, upon its receipt of full repayment of all outstanding amounts owed by Seller to Buyer under the Rediscount Facility Agreement and other Obligations (as defined in Section 1 of the Rediscount Facility Agreement) (other than contingent indemnification obligations for which no claim has been made), on and with effect from such date, without any further action by it or any other person, (a) all obligations of the Seller with respect to the Rediscount Facility Agreement shall be paid and satisfied in full, (b) the Rediscount Facility Agreement (and any agreements, documents or instruments relating thereto, including, without limitation, the Continuing Guaranty and Waivers granted by Anchor Funding Services, Inc. and Anchor Trade Finance, LLC and the Validity Warranties executed by Brad Bernstein and Morry Rubin) shall be terminated and have no further force and effect and (c) any liens or encumbrances granted by the Seller to secure its obligations under the Rediscount Facility Agreement shall be completely terminated and released. The Buyer hereby authorizes the Seller and its counsel, K&L Gates LLP, to prepare and file any and all releases and UCC termination statements as are necessary to terminate all lien filings of record associated with the Rediscount Facility Agreement.

[Signatures contained on following page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

SELLER:

ANCHOR FUNDING SERVICES, LLC, a North Carolina limited liability company

By: /s/ Brad Bernstein
Brad Bernstein, its President/CFO

BUYER:

TRANSPORTATION ALLIANCE BANK INC., a Utah industrial bank

By: /s/ Chris Abel
Chris Abel, its Vice President

EXHIBIT A

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "***Agreement***") is made and entered into effective as of _____, 2014 (the "***Effective Date***") by and between **ANCHOR FUNDING SERVICES, LLC**, a North Carolina limited liability company (the "***Seller***"), and **TRANSPORTATION ALLIANCE BANK INC.,** a Utah industrial bank (the "***Buyer***"). Capitalized terms used herein, but not otherwise defined herein, shall have the meanings set forth in the Asset Sale Agreement (as defined below).

WITNESSETH:

WHEREAS, the Seller and the Buyer have entered into an Asset Purchase and Sale Agreement dated as of _____, 2014 (the "***Asset Sale Agreement***"); and

WHEREAS, subject to the terms of the Asset Sale Agreement, the Seller has agreed to sell, transfer and convey to the Buyer all of the Seller's right, title and interest in the Purchased Assets relating to the Portfolio Accounts being purchased by the Buyer on the date hereof described on Schedule 1 attached hereto (the "***Subject Purchased Assets***"); and

WHEREAS, as a part of the Purchase Price for the Purchased Assets, the Buyer has agreed to assume the Assumed Obligations relating to the Subject Purchased Assets (the "***Subject Assumed Obligations***"); and

WHEREAS, this Agreement is designed to effectuate the assignment by the Seller and the assumption by the Buyer of the aforesaid rights, obligations and liabilities.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and in the Asset Sale Agreement, the receipt and legal sufficiency of such consideration being hereby acknowledged, it is agreed as follows:

1. The Seller hereby sells, transfers, assigns and delivers to the Buyer all of the Seller's right, title and interest in and to the Subject Purchased Assets, and assigns to the Buyer the Seller's rights under the Subject Purchased Assets.

2. The Buyer hereby assumes the Seller's obligations under the Subject Assumed Obligations, namely all purchase, funding and other contractual obligations of the Seller to be performed on or after the date hereof under the Portfolio Documents relating to the Subject Purchased Assets.

3. The Seller neither assigns, nor does the Buyer assume, any liabilities or obligations of the Seller whatsoever, except for those liabilities expressly set forth in Paragraph 2 hereof and in the Asset Sale Agreement.

4. The terms of the Asset Sale Agreement are expressly incorporated herein and made a part hereof by reference.

5. This instrument is executed by and shall be binding on the parties as of the Closing on the date hereof.

6. This Agreement shall be governed by and construed in accordance with the laws of the State of Utah, notwithstanding any otherwise applicable conflicts of law principles.

IN WITNESS WHEREOF, the Seller and the Buyer have caused this Agreement to be executed in their respective names by their duly authorized officers as of the day first above written.

SELLER:

ANCHOR FUNDING SERVICES, LLC

By: _____
[Manager/Managing Member]

BUYER:

TRANSPORTATION ALLIANCE BANK INC.

By: _____
[Senior Vice] President

EXHIBIT A-1

ASSIGNMENT OF INTELLECTUAL PROPERTY ASSETS

THIS ASSIGNMENT OF INTELLECTUAL PROPERTY ASSETS (the "**Assignment**") is made, executed and delivered as of _____, 2014, between **ANCHOR FUNDING SERVICES, LLC**, a North Carolina limited liability company (the "**Assignor**"), and **TRANSPORTATION ALLIANCE BANK INC.**, dba TAB Bank, a Utah industrial bank (the "**Assignee**").

RECITALS

WHEREAS, this Assignment is being executed and delivered pursuant to that certain Asset Purchase and Sale Agreement by and among Assignor and Assignee and dated as of _____, 2014 ("**Purchase Agreement**"); and

WHEREAS, all initially capitalized terms used but not otherwise defined in this Assignment shall have the meanings assigned to such terms in the Purchase Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises contained in this Assignment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Assignor hereby assigns to Assignee all of its right, title and interest in, to and under the Intellectual Property Assets, including all goodwill associated therewith, and including, without limitation, that certain Intellectual Property described in Exhibit A attached hereto, free and clear of all Encumbrances, with such assignment to further include all of the Assignor's rights to (a) sue for infringement with respect to the Intellectual Property Assets, whether arising prior to or subsequent to the date of this Assignment, and (b) any and all renewals and extensions thereof that may hereafter be secured under the laws now or hereafter in effect in the United States or in any other jurisdiction, the same to be held and enjoyed by the Assignee, its successors and assigns from and after the date hereof as fully and entirely as the same would have been held and enjoyed by the Assignor had this Assignment not been made.

2. The Assignor agrees that at any time and from time to time, upon the written request of the Assignee, and without further remuneration, the Assignor shall promptly and duly execute and deliver any and all such further instruments and documents and take such further actions as the Assignee may reasonably request in order to obtain the full benefit of this Assignment and of the rights and powers granted hereby.

3. This Assignment may be executed in one or more counterparts, and each signatory hereto may sign on a separate counterpart, each of which shall be deemed an original and all of which, when taken together, shall constitute one instrument. Signature pages may be detached from the counterparts and attached to a single copy of this Assignment to physically form one document. Facsimile signature pages will be acceptable and shall be conclusive evidence of execution.

4. This Assignment is expressly made subject to the Purchase Agreement, and any conflict between the terms of this Assignment and the terms of the Purchase Agreement shall be construed in favor of the Purchase Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

ASSIGNOR:

ANCHOR FUNDING SERVICES, LLC, a North Carolina limited liability company

By:
_____, [Manager/Managing Member]

ASSIGNEE:

TRANSPORTATION ALLIANCE BANK INC.

By:
_____, [Senior Vice] President

EXHIBIT A
DESCRIPTION OF INTELLECTUAL PROPERTY ASSETS

[TO BE ATTACHED]

EXHIBIT B

BUYER'S OFFICER'S CERTIFICATE

This Certificate is prepared and delivered as required by Section 4.3(c) of the Asset Purchase and Sale Agreement, dated as of _____, 2014 (the "***Agreement***"), by and between **ANCHOR FUNDING SERVICES, LLC**, a North Carolina limited liability company (the "***Seller***"), and **TRANSPORTATION ALLIANCE BANK INC.,** a Utah industrial bank (the "***Buyer***"). All capitalized terms used herein, but not otherwise defined herein, shall have the meanings set forth in the Agreement.

The undersigned, _____ , in his capacity as an officer of the Buyer and not in his individual capacity, does hereby certify to the Seller that (1) he is the duly elected, qualified and acting [Senior Vice] President of the Buyer, (2) all of the representations and warranties of the Buyer found in Article VI of the Agreement are true and correct as of the date of this certificate with the same effect as though such representations and warranties were made at and as of such time and (3) all conditions and covenants required to be performed by the Buyer have been performed prior to the Closing on the date hereof.

Date: _____, 2014.

TRANSPORTATION ALLIANCE BANK INC.

By:
_____, [Senior Vice] President

EXHIBIT C

SELLER'S OFFICER'S CERTIFICATE

This certificate is prepared and delivered as required by Section 4.4(c) of the Asset Purchase and Sale Agreement, dated as of _____, 2014 (the "***Agreement***"), by and between **ANCHOR FUNDING SERVICES, LLC**, a North Carolina limited liability company (the "***Seller***"), and **TRANSPORTATION ALLIANCE BANK INC.,** a Utah industrial bank (the "***Buyer***"**)**. All capitalized terms used herein, but not otherwise defined herein, shall have the meanings set forth in the Agreement.

The undersigned, _____, in his capacity as an officer of the Seller and not in his individual capacity, does hereby certify to the Buyer that (1) he is the duly elected, qualified and acting [Manager/Managing Member] of the Seller, (2) all of the representations and warranties of the Seller found in Article V of the Agreement are true and correct as of the date of this certificate with the same effect as though such representations and warranties were made at and as of such time and (3) all conditions and covenants required to be performed by the Seller have been performed prior to the Closing on the date hereof.

Date: _____, 2014

ANCHOR FUNDING SERVICES, LLC, a North Carolina limited liability company

By:
_____, [Manager/Managing Member]

EXHIBIT D

POWER OF ATTORNEY

THIS POWER OF ATTORNEY (this "***Power of Attorney***") is dated as of _____, 2014 by **ANCHOR FUNDING SERVICES, LLC**, a North Carolina limited liability company (the "***Seller***"), to be effective as of 11:59 p.m. on such date. Capitalized terms used herein, but not otherwise defined herein, shall have the meanings set forth in the Agreement (as defined below).

WITNESSETH:

WHEREAS, the Seller and **TRANSPORTATION ALLIANCE BANK INC.,** a Utah industrial bank (the "***Buyer***") have entered into an Asset Purchase and Sale Agreement dated as of _____, 2014 (the "***Agreement***"), which provides for the sale by the Seller to the Buyer of certain personal property described therein; and

WHEREAS, in the Agreement, the Seller has agreed, from time to time, at the request of the Buyer, to execute, acknowledge and deliver to the Buyer assignments, transfer documents, instruments of further assurance, approvals and consents that may be reasonably required to (i) transfer to the Buyer certain Purchased Assets (as defined in the Agreement) being acquired by the Buyer pursuant to the Agreement, including Portfolio Accounts and Portfolio Collateral therefor to the extent of the Seller's interest in such collateral, and Files (other than Excluded Materials) and records relating to such Portfolio Accounts, (ii) enable the Buyer to bill, collect, service and administer the Portfolio Accounts and other Purchased Assets transferred thereby, and (iii) give full force and effect to the intent and purpose of the Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Seller hereby irrevocably appoints and authorizes the President, any Vice President or the Secretary of the Buyer as its attorney-in-fact to execute, endorse, file and record any and all documents necessary to effect the proper transfer of title to the Purchased Assets relating to the Portfolio Accounts being purchased by the Buyer on the date hereof (the "***Subject Purchased Assets***") and to enable the Buyer to bill, collect, service and administer the Subject Purchased Assets, including, but not limited to, the endorsement of checks and the endorsement, transfer and recording pursuant to the Agreement, of all financing statements and other UCC filings, mortgages, deeds of trust, security agreements, pledges, certificates of title, and other collateral instruments and similar documents relating to the Subject Purchased Assets. This Power of Attorney is not intended to and does not convey to the Buyer any right to endorse or record any documents of title relating to collateral or other assets other than the Subject Purchased Assets and does not authorize the Buyer to execute or endorse any document with recourse to the Seller or with any representations and warranties on the part of the Seller, except as expressly provided in the Agreement.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be duly executed by a duly authorized officer as of the date first written above.

ANCHOR FUNDING SERVICES, LLC, a North Carolina limited liability company

By:**_____,** [Manager/Managing Member]

STATE OF _____)
) ss.
COUNTY OF _____)

On _____, 2014, before me appeared _____, to me personally known, who being by me duly sworn, did say that he is a [Manager/Managing Member] of **ANCHOR FUNDING SERVICES, LLC**, a North Carolina limited liability company, and said person acknowledged execution of the foregoing instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

_____
Notary Public

_____
My Commission Expires:

EXHIBIT E

NOTICE OF ASSIGNMENT LETTER

[SEE ATTACHED]

ANCHOR FUNDING SERVICES, LLC

April 22, 2014

Dear Anchor Client:

For over two years, Transportation Alliance Bank (TAB) has been our lender, enabling us to serve your daily funding needs consistently and timely. We have had a great partnership with TAB, and I am pleased to announce that Anchor is selling its factoring portfolio to TAB. TAB is an FDIC insured bank that specializes in serving small and medium sizes businesses through factoring and asset based lending. Additionally, TAB offers equipment loans and a full range treasury services that you will now have access to.

As our lender, TAB already has familiarity with your account, so you will continue to receive nothing less than the same great, responsive service. I believe having a bank such as TAB as your direct funding source is a positive step for your company.

In the next few days, we will be calling you, together with your new TAB Relationship Manager to transition your account. In the meantime, I would encourage you to visit TAB's website at www.tabbank.com to learn more about the services now available to you.

Thank you for letting Anchor serve you, and we wish you continued success!

Brad Bernstein
President

HQ & Operations: **10801 Johnston Road, Charlotte, NC 28226** **T: (866) 789-3863 F: (704) 542-4724**
www.AnchorFundingServices.com

EXHIBIT F

ASSIGNMENT OF PORTFOLIO ACCOUNT

FOR VALUE RECEIVED, the undersigned **ANCHOR FUNDING SERVICES, LLC**, a North Carolina limited liability company (the "***Seller***"), hereby sells, transfers, assigns, and sets over to **TRANSPORTATION ALLIANCE BANK INC.,** a Utah industrial bank (the "***Buyer***"), without recourse or warranty, express or implied, except only as specifically provided in that certain Asset Purchase and Sale Agreement dated as of _____, 2014 (the "***Asset Purchase and Sale Agreement***"), between the Seller and the Buyer, all of its right, title, and interest in and to the Portfolio Account evidenced by that certain ***[Factoring Agreement]*** dated _____, between _____and the Seller, and any amendments thereto, together with all agreements, instruments, documents and other writings executed in connection therewith or relating thereto, and all of the Seller's rights and obligations thereunder, including, without limitation, all collateral and guaranties thereunder. Capitalized terms not defined herein shall have the meanings ascribed them in the Asset Purchase and Sale Agreement.

All rights, obligations, liabilities, and responsibilities with respect to the Portfolio Account and the servicing thereof are hereby transferred, assigned, and conveyed to the Buyer, who hereby assumes and agrees to perform all obligations thereunder, and the Seller is hereby discharged from all liability therefor.

EXCEPT AS EXPRESSLY SET FORTH IN THE ASSET PURCHASE AND SALE AGREEMENT, THE SELLER MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, OF ANY TYPE, KIND, CHARACTER, OR NATURE WITH RESPECT TO THE PORTFOLIO ACCOUNT OR ANYTHING RELATING THERETO.

IN WITNESS WHEREOF, this Assignment of Portfolio Account is executed as of _____, 2014.

SELLER:

ANCHOR FUNDING SERVICES, LLC, a North Carolina limited liability company

By:
_____, [Manager/Managing Member]

Schedule 1.1A
Closing Schedule

Name	**Funding day**
Younghwe USA, Inc.	4/30/14
Direct Source, Inc.	4/30/14
A1 Medical Gas, Inc.	4/30/14
Safeway Transportation, Inc.	4/30/14
Kenney & Company Staffing, Inc.	4/30/14
Hernandez Trucking LLC	4/30/14
Marketing Solutions, Inc.	4/30/14
Kube, LLC	4/30/14
Healthcare Facility Solutions, LLC	4/30/14
Pacifica Systems Integration Group	4/30/14
Major Staffing Agency LLC	4/30/14
Martin Hauling LLC	4/30/14
Apollo Enterprises	5/2/14
Frick Transfer Inc*	5/2/14
Executive Plastics, Inc.	5/2/14
Elan Foods, Inc.	5/2/14
Barr Scientific, LLC	5/2/14
Unified Pallets Incorporated	5/2/14
T D Transport Inc*	5/2/14
Valley Pump & Supply, KS, Inc.	5/2/14
GetGreen, LTD.	5/2/14
Onsight Solutions of Dallas - Fort Worth TX, LLC	5/2/14
Inventas Group Inc	5/2/14
Cochhbha Enterprises, Inc.	5/2/14
JMJ Plumbing, LTD.	5/2/14
Hillsboro Taxi Inc	5/6/14
Bulwarkdata, LLC	5/6/14
Calvex, LLC	5/6/14
Arnold International, Inc.	5/6/14
G I M & C, LLC	5/6/14
AMS Technologies, LLC	5/6/14
Lock Systems Inc	5/6/14
West Way Logistics LLC.	5/6/14
Trinus Energy Service, LLC	5/6/14
Harbor Consulting Group, LLC	5/6/14
R W R Trucking Inc*	5/6/14
LTL Express Lines, Inc.	5/6/14
Timberland Pinestraw Specialists LLC	5/6/14
Shico Holdings LLC	5/8/14
ABS Fire Protection, LLC	5/8/14
Get It Right Tape Company, Inc.	5/8/14
Nikster Transport LLC*	5/8/14
Paul J Leger d/b/a PJL Auto Transportation	5/8/14
New Point Media, Inc.	5/8/14
CRWI, LLC	5/8/14
CSG Scientific, Inc.	5/8/14
E&S Medical Staffing, Inc.	5/8/14
Tec-Team Industries, Inc.	5/8/14
Solutions In Warehousing, Inc.	5/8/14
Onsight Solutions of Greater Atlanta Georgia LLC	5/8/14
Mudis USA, Inc.	5/13/14
Mission Support Specialists, Inc.	5/13/14
A L Baker Trucking LLC	5/13/14
American Marketing & Cable Services, Inc.	5/13/14
Fab Network Marketing Service LLC*	5/13/14
MMI Enterprises Inc	5/13/14
Robert Baux d/b/a Baux Transport*	5/13/14
E-Work.Com, Inc.	5/13/14
M R K Logistics LLC	5/13/14
Intelligent Security Protection LLC	5/13/14
Lillieroose Corp d/b/a Hi-Gear Express*	5/13/14
Ronnie A Deason d/b/a Deason Trucking*	5/13/14
RC Markeing & Promotions Inc.	5/13/14
Ron's Texstyles LLC	5/13/14

Central Sea Coast Appraisals Inc	5/13/14
Onsight Solutions of Raleigh LLC	5/13/14
The Burris Enterprise, Inc.	5/13/14
Carter Transport Services	5/13/14
Apex Tarps & Systems, Incorporated	5/13/14
Acousta-Kleen of Central Florida Inc	5/13/14
Hobby Won Trucking Inc*	5/13/14
Extreme Expedite Inc	5/15/14
Applied Perceptions LLC	5/15/14
Underground Works Inc.	5/15/14
Paul L Brownridge d/b/a Brownridge Transportation*	5/15/14
D & D Enterprises of Deep Gap Inc*	5/15/14
Superior Automatic Fire Equipment, Inc.	5/15/14
Giddens Consulting, Inc.	5/15/14
Designer Frames Dental Laboratory LLC	5/15/14
Kenneth L Schweitzer d/b/a Ken Schweitzer Trucking*	5/15/14
88 Logistics Services Corp	5/15/14
Aardbark, Inc.	5/15/14
Best Services, Inc.	5/15/14
Brand Builders, LLC	5/15/14
Engineering & Cycle Co Inc	5/15/14
Five Star Services, Inc.	5/15/14
Masterpiece Arms Holding Company	5/15/14
P K Tech Inc	5/15/14
Porter House Inc	5/15/14
Professional Technical Inspections, Inc.	5/15/14
Resumeware Services Inc	5/15/14
Superior Energy & Control LLC	5/15/14

Schedule 1.1B
Retained Accounts

Name	Address	State	City	Zip Code
Premier Transfer and Storage, Inc.	3101 Commerce Street	VA	Blacksburg	24060
Sparklean Unlimited, LLC	17 Arthur Drive West	MD	Fort Washington	20744
Micro Printing Inc	3230 W. Prospect Rd, Suite 140	FL	Ft. Lauderdale	33309
E S I International Inc	11440 West Bernardo Court	CA	San Diego	92127
E.P. Engineering, L.L.C.	15 Maiden Lane	NY	New York	10038
Conservco Water Conservation Products, LLC.	650 West Plumb Lane	NV	Reno	89509
FrontEnd Holdings LLC	4193 Industrial Parkway Drive	CA	Lebec	93243
Marvin Van Voorst d/b/a V-Bar-V*	701 Main St	IA	Ireton	51027
Falcon Dyeing & Finishing LLC	P O Box 1383	NC	Windsor	27983
Distinct Deposition Services, Inc.	2593 Siesta Drive	PA	Pittsburgh	15241
Apex Carpet Cleaning	13704 Pitkin Court	VA	Chantilly	20151
Cutler Enterprises, LLC	209 Regency Drive	PA	North Wales	19454
Sorensen Pest Management, Inc.	988 West 41st Street	CO	Loveland	80538
Diversified Vehicle Repair Center, Inc.	3033 Waltham Way	NV	McCarran	89434
Libration Systems Management, Inc.	2700 Yale Blvd	NM	Albuquerque	87106
LC Trucking	2775 Wards Road N	VA	Altavista	24517
Rocket X-Press LLC				
Delstat Inc.				
Crespo Services Inc				
Iron Man Anchor Service LLC				
Matrix Installations, LLC				
Wye River Foods Products, LLC				
Quick-Turn Appraisals LLC				
EC Sourcing				
TB Trucking				
Valley Trucking				
Transpak Logistics				
DJ Vampire Life				
Prospective Payment				
Ox Engineer				

Schedule 2.1(b)(i)
Trademarks and Trade Names

TruckerFunds

Schedule 2.1(b)(ii)
Domain Names and Telephone Numbers

Domain Names:
anchorfundingservices.com
truckerfunds.com
anchorfreightfunding.com
anchorfreightfunds.com
anchorsupportservices.com
afs-cash.com
afs-cash.netbankersfactor.com
truckerauthority.com
truckerfunds.net
truckerfunds.org
truckerdinero.com

Telephone Numbers:
1-866-950-6669
1-877-70-Anchor (26246)
1-866-789-3863
1-855-875-Fund (3863)

Facsimile:
1-704-542-4724

Schedule 2.1(b)(iii)
Social Media Profiles/Accounts

NONE ACTIVE

Schedule 3.1(A)
Portfolio Accounts

Name	Net Funds Employed
Younghwe USA, Inc.	As provided in the respective preliminary computation schedules
Direct Source, Inc.	
A1 Medical Gas, Inc.	
Safeway Transportation, Inc.	
Kenney & Company Staffing, Inc.	
Hernandez Trucking LLC	
Marketing Solutions, Inc.	
Kube, LLC	
Healthcare Facility Solutions, LLC	
Pacifica Systems Integration Group	
Major Staffing Agency LLC	
Martin Hauling LLC	
Apollo Enterprises	
Frick Transfer Inc*	
Executive Plastics, Inc.	
Elan Foods, Inc.	
Barr Scientific, LLC	
Unified Pallets Incorporated	
T D Transport Inc*	
Valley Pump & Supply, KS, Inc.	
GetGreen, LTD.	
Onsight Solutions of Dallas - Fort Worth TX, LLC	
Inventas Group Inc	
Cochhbha Enterprises, Inc.	
JMJ Plumbing, LTD.	
Hillsboro Taxi Inc	
Bulwarkdata, LLC	
Calvex, LLC	
Arnold International, Inc.	
G I M & C, LLC	
AMS Technologies, LLC	
Lock Systems Inc	
West Way Logistics LLC.	
Trinus Energy Service, LLC	
Harbor Consulting Group, LLC	
R W R Trucking Inc*	As provided in the respective preliminary computation schedules
LTL Express Lines, Inc.	
Timberland Pinestraw Specialists LLC	
Shico Holdings LLC	
ABS Fire Protection, LLC	
Get It Right Tape Company, Inc.	
Nikster Transport LLC*	
Paul J Leger d/b/a PJL Auto Transportation	
New Point Media, Inc.	
CRWI, LLC	
CSG Scientific, Inc.	
E&S Medical Staffing, Inc.	
Tec-Team Industries, Inc.	
Solutions In Warehousing, Inc.	
Onsight Solutions of Greater Atlanta Georgia LLC	
Mudis USA, Inc.	
Mission Support Specialists, Inc.	
A L Baker Trucking LLC	
American Marketing & Cable Services, Inc.	
Fab Network Marketing Service LLC*	
MMI Enterprises Inc	
Robert Baux d/b/a Baux Transport*	
E-Work.Com, Inc.	
M R K Logistics LLC	
Intelligent Security Protection LLC	
Lillieroose Corp d/b/a Hi-Gear Express*	
Ronnie A Deason d/b/a Deason Trucking*	
RC Markeing & Promotions Inc.	

Ron's Texstyles LLC	As provided in the respective preliminary computation schedules
Central Sea Coast Appraisals Inc	
Onsight Solutions of Raleigh LLC	
The Burris Enterprise, Inc.	
Carter Transport Services	
Apex Tarps & Systems, Incorporated	
Acousta-Kleen of Central Florida Inc	
Hobby Won Trucking Inc*	
Extreme Expedite Inc	
Applied Perceptions LLC	
Underground Works Inc.	
Paul L Brownridge d/b/a Brownridge Transportation*	
D & D Enterprises of Deep Gap Inc*	
Superior Automatic Fire Equipment, Inc.	
Giddens Consulting, Inc.	
Designer Frames Dental Laboratory LLC	
Kenneth L Schweitzer d/b/a Ken Schweitzer Trucking*	
88 Logistics Services Corp	
Aardbark, Inc.	
Best Services, Inc.	
Brand Builders, LLC	
Engineering & Cycle Co Inc	
Five Star Services, Inc.	
Masterpiece Arms Holding Company	
P K Tech Inc	
Porter House Inc	
Professional Technical Inspections, Inc.	
Resumeware Services Inc	
Superior Energy & Control LLC	

Schedule 5.5(H)
Portfolio Account Changes Since December 31, 2013

None.

Exhibit 10.34

FIRST AMENDMENT TO LEASE AGREEMENT

The parties to this First Amendment to Lease Agreement (the "**Amendment**") are FOUNTAIN SQUARE ACQUISITION COMPANY LLC, a Delaware limited liability company (the "**Landlord**"), and FLEXSHOPPER, LLC, a North Carolina limited liability company authorized to transact business in Florida (the "**Tenant**"), who, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, agree as follows:

1. **Background**.

1.1 Landlord and Tenant entered into that certain Office Lease dated August 7, 2013 (the "**Lease**") for Suite 230, Fountain Square, 2600 North Military Trail, Boca Raton, Florida.

1.2 The parties have now agreed to relocate the Premises and extend the Lease Term.

1.3 Landlord and Tenant now wish to amend the Lease on the terms and conditions contained in this Amendment.

2. **Definitions**. Capitalized terms used but not defined in this Amendment shall have the same definitions given to them in the Lease, unless the context clearly indicates a contrary intent. If there is any conflict between the terms of this Amendment and the Lease, the terms of this Amendment shall control. For purposes of this Amendment, the term "**Date of this Amendment**" shall mean the date on which this Amendment is executed by the last one of the parties to do so.

3. **Lease Term**. The Lease Term is extended so that it shall now expire 63 full calendar months following the Relocation Date (as defined below) (plus any partial calendar month in which the Relocation Date falls), as extended or sooner terminated under the terms of the Lease.

4. **Relocation of Premises**. Tenant presently occupies Suite 230 in the Building. Upon the Relocation Date, the definition of Premises for purposes of the Lease shall be amended to delete Suite 230 (the "**Prior Premises**") and to include Suite 200, 2700 North Military Trail, in the Project (the "**Relocation Space**"), which is depicted in the sketch attached to this Amendment as **EXHIBIT "A"** and made a part of this Amendment. On or before the Relocation Date, Tenant shall surrender broom-clean possession of the Prior Premises. The Rentable Floor Area of the Relocation Space is conclusively deemed for all purposes under this Amendment and the Lease to be 6,803 square feet. All other terms of the Lease based on the Rentable Floor Area of the Premises shall be adjusted accordingly. This square footage figure includes an add-on factor for common areas in the Building and has been agreed upon by the parties as final and correct and is not subject to challenge or dispute by either party. From and after the Relocation Date, whenever the term Premises is used in the Lease or this Amendment it shall include only the Relocation Space.

4.1 **Continuing Liability**. Tenant shall remain liable for all rent and other amounts owed under the Lease for the Prior Premises through the Relocation Date and shall pay such amounts as they come due. Without limiting the generality of the foregoing, Tenant shall be responsible for any and all charges due under the Lease which accrue or are billed after the Relocation Date for the Prior Premises and relate to the period prior to and including the Relocation Date, such as additional rent for Operating Costs for the year in which the Relocation Date occurs in excess of the amounts previously paid by Tenant on account of Operating Costs for that year, which additional Operating Costs shall be billed after the actual Operating Costs for the year in which the Relocation Date occurs are finally determined.

4.2 **Relocation Date**. The "**Relocation Date**" shall mean the earlier to occur of the date Tenant occupies any portion of the Relocation Space for the conduct of its business or the date Landlord delivers the Relocation Space to Tenant with the Tenant Improvements substantially completed. Substantial completion shall be deemed to have occurred on the date on which the Tenant Improvements have been substantially completed so that Tenant may use the Relocation Space for its intended purpose, notwithstanding that minor punch list items or insubstantial details concerning construction, decoration, or mechanical adjustment remain to be performed.

5. **Base Rent**. The Base Rent effective as of the Relocation Date shall be:

Period	Rate P/S/F Per Annum	Monthly Base Rent	Period Base Rent
Months 1 – 12	$17.00	$9,637.58	$115,651.00*
Months 13 – 24	$17.51	$9,926.71	$119,120.53
Months 25 – 36	$18.04	$10,227.18	$122,726.12
Months 37 – 48	$18.58	$10,553.31	$126,399.74
Months 49 – 60	$19.14	$10,850.79	$130,209.42
Months 61 – 63	$19.71	$11,173.93	$ 33,521.79

*Provided that Tenant is not in default of the Lease beyond any applicable grace period at any time during the abatement period, Tenant shall have a Rent credit in the amount of the Base Rent owed for the first three full calendar months following the Relocation Date, which credit shall be applied to the installments of Base Rent due for those months. Accordingly, if the Relocation Date occurs on a day other than the first day of the month, the prorated Rent for the first partial month of the Lease Term shall be due on the Relocation Date and the rent abatement period shall commence on the first day of the first full calendar month of the Lease Term following the Relocation Date and shall expire on the last day of the third full calendar month of the Lease Term following the Relocation Date. Tenant shall remain liable for all additional rent owed under the Lease during the rent abatement period, such as, but not limited to, Tenant's Allocated Share of Operating Costs. The abatement of Base Rent provided for herein ("**Free Rent**") is conditioned upon Tenant's full and timely performance of all of its obligations under the Lease. At any time during the Lease Term, if Tenant is in default under the Lease beyond any applicable grace period provided therefor, then the abatement of Base Rent provided for herein shall immediately become void, and Tenant shall promptly pay to Landlord, in addition to all other amounts due to Landlord under the Lease, the full amount of all Base Rent herein abated.

Base Rent amounts do not include applicable sales tax.

6. **Allocated Share**. As of the Relocation Date, Tenant's Allocated Share shall be increased to 2.81%.

7. **Prepaid Rent**. Upon execution of this Amendment by Tenant, Tenant shall deliver to Landlord the sum of $17,235.90 (Base Rent, Operating Costs and sales tax for the Relocation Space for the first month of the Lease Term following the Relocation Date for which rent is due and not abated, and rent and sales tax for the first month for the Temporary Space).

8. **Parking**. Effective as of the Relocation Date, Tenant shall be entitled to 24 Unreserved Parking Spaces.

9. **Security Deposit**. Upon execution of this Amendment by Tenant, Tenant shall deliver to Landlord the sum of $47,768.68 as an additional Security Deposit to be held by Landlord in accordance with the provisions of Article 22 of the Lease, for a total of $55,003.29 (last month's gross rent of $17,296.63, plus applicable sales tax in the amount of $1,037.80, multiplied by 3 = $55,003.29, less current Security Deposit of $7,234.61 = $47,768.68). If Tenant fully and faithfully complies with all of the terms, covenants, and conditions of the Lease during the 15-month period following the Relocation Date, and if Tenant's financial condition is equal to or better than its financial condition on the Date of this Amendment, then upon Tenant's written request, one-third of the Security Deposit shall be returned to Tenant by Landlord; provided that, in no event shall the remaining Security Deposit amount be less than $36,668.86 at the time of the reduction.

10. **Construction of Relocation Space/Tenant Improvements**.

10.1 **Definitions**. "**Tenant Improvements**" shall mean the work described on the attached **EXHIBIT "B"** and the approved space plan (the "**Space Plan**") dated October 6, 2013 and detailed in the construction plans prepared by Landlord's architect, if any (the "**Plans**"). All changes or additions to the Tenant Improvements listed on **Schedule 1** shall be considered a "change" under the Changes paragraph below.

10.2 "**Plans**" shall mean the construction plans and specifications for the improvements to the Premises based on the approved space plan. Tenant will cooperate fully with Landlord and Landlord's architect and engineer to facilitate the preparation of the construction Plans. Tenant will respond promptly to any requests for information submitted by Landlord and Landlord's architect and engineer. Upon request by Landlord, Tenant will meet promptly with Landlord's architect and engineer to review and discuss the construction Plans. Promptly following the completion of the Plans, Landlord shall cause the Plans to be delivered to Tenant for Tenant's written approval. Tenant's approval of the Plans shall not be unreasonably withheld. Tenant must notify Landlord of its approval or disapproval of the Plans within five business days of Landlord's delivery thereof to Tenant. Tenant's failure to respond to Landlord's submission of the Plans within the five business-day period shall constitute a Delay as defined below.

10.3 **Contractor**. Landlord shall, in its sole discretion, select a general contractor to perform the Tenant Improvements, at Landlord's sole cost and expense. Other than as set forth in the preceding sentence, Landlord has made no representation or promise as to the condition of the Relocation Space. Tenant has inspected the Relocation Space and is fully familiar with the physical condition of the Relocation Space, and shall, on completion of the Tenant Improvements, accept the Relocation Space in its then existing "as-is," "where-is" condition. Landlord warrants that the Tenant Improvements shall be free from defects in materials and workmanship for a period of one year from the Relocation Date. Landlord shall correct any defects reported to it within the one year warranty period. Landlord has made no other warranty, express or implied, or representation as to fitness or suitability. Except under the express warranty provided in this paragraph, Landlord shall not be liable for any latent or patent defect in the Relocation Space. Subject to the provisions of Section 7.3 in the Lease, Landlord shall be responsible to repair all damage caused to the Premises (but not to Tenant's personal property located therein) arising from defective conditions within the Building, roof, and electrical, plumbing and HVAC systems.

10.4 **Building Standard/Conflicts**. All of the Tenant Improvements to be performed by Landlord shall incorporate Building standard materials, provided that, Landlord shall have the right to make reasonable substitutions. No allowance or credit shall be granted for any unused materials or any portion of the Tenant Improvements which is waived by Tenant. In the case of any conflict between the Tenant Improvements described in this Amendment and those shown in the Plans, the Plans shall control. Tenant acknowledges and agrees that Landlord shall have no obligation to perform any Tenant Improvements in the Relocation Space except for the Tenant Improvements expressly set forth in this Amendment and in the Plans.

10.5 **Changes**. Tenant shall have the right to make changes in the Tenant Improvements by submitting to Landlord written requests for changes and shall pay to Landlord the Work Cost for any such changes upon receipt of notice from Landlord as to the amount. Such payments by Tenant to Landlord shall not be considered additional rent. For purposes of changes, the terms "**Work Cost**" shall mean the aggregate of (i) engineering and architectural fees for the changes, plus (ii) filing fees, permit costs, governmental testing, and requirements of applicable law and governmental authorities incurred for or necessitated by the changes, including costs of compliance with the ADA resulting from the changes, plus (iii) the actual cost of the changes charged by the general contractor, plus (v) 5% of the total actual costs of the applicable Tenant Improvements representing Landlord's fee for overhead and supervision.

10.6 **Tenant Delays**. If Landlord or the general contractor is delayed in substantially completing the Tenant Improvements as a result of the occurrence of any Tenant Delay (as hereafter defined), then, for purposes of determining the Relocation Date, the date of substantial completion shall be deemed to be the day that the Tenant Improvements would have been substantially completed absent any Tenant Delay(s). For purposes of this provision each of the following shall constitute a "**Tenant Delay**":

10.6.1 the time in excess of four months that the Contractor estimates it will take to construct the Tenant Improvements in accordance with the Plans if the delay is caused directly or indirectly by Tenant; or

10.6.2 performance by Tenant or a person or entity employed by Tenant in the completion of any work not included in the Tenant Improvements; or

10.6.3 any delay resulting from Tenant's having taken possession of the Relocation Space for any reason before substantial completion of the Tenant Improvements; or

10.6.4 Tenant's request for additional bidding or rebidding of the cost of all or a portion of the Tenant Improvements; or

10.6.5 any error in the Plans or other documents caused by Tenant, or its employees, agents, independent contractors, or consultants; or

10.6.6 any other delay chargeable to Tenant, or its employees, agents, independent contractors, or consultants.

10.7 **Additional Work**. Landlord shall, at Tenant's expense, re-paint the walls of the Premises selected by Tenant and marked with an "x" on Schedule 1.1 attached hereto with dry erase whiteboard paint. The walls will be painted above the chair rail, or in the case of no chair rail, above chair rail height. Tenant shall pay to Landlord upon execution of this Amendment the sum of $8,500.00 in full payment to Landlord for all costs of such painting. Such payment by Tenant shall not be considered additional rent.

10.8 **Additional Space and Work Not Covered**. This Section shall not apply to any additional space added to the original Relocation Space at any time after the Date of this Amendment, whether under any options under the Lease or otherwise, or to any portion of the original Relocation Space or any additions to the original Relocation Space in the event of a renewal or extension of the initial Lease Term, whether under any options under the Lease or otherwise, unless expressly so provided in the Lease or an amendment to the Lease. Tenant shall perform all work not shown on Schedule I and the Plans at its sole expense.

10.9 **Ongoing Work**. Tenant acknowledges that Landlord will be performing the Tenant Improvements while Tenant is in possession of the Relocation Space. Accordingly, Tenant agrees to the following: (a) Landlord shall not be liable for, and Tenant shall have no claims against Landlord as to, any damages, costs, or expenses whatsoever relating in any way to the prosecution of the work while the Tenant is in occupancy of the Relocation Space, including, but not limited to, any alleged consequential, special, or punitive damages, or loss of use or business interruption damages of any kind, and no entry or activity by Landlord or performance of any work shall be deemed to be a constructive or actual eviction, and (b) Tenant will not delay, hamper, or impede in any manner the performance of the work, and at all times, Tenant shall grant access to the Relocation Space to Landlord, its employees, agents, and contractors relating to Landlord's performance of the Tenant Improvements in the Relocation Space, and (c) no delay in completion of any Tenant Improvements described above shall affect or delay Tenant's obligations to pay rent as and when set forth in this Amendment. Without limiting Tenant's obligations, Tenant will relocate personnel from portions of the Relocations Space where work is being performed and will otherwise accommodate all requests of Landlord and its employees, agents, and contractors relating to prosecution of the work.

11. **Temporary Space**. From and after the Date of this Amendment, as an accommodation to Tenant, Tenant may occupy, on a temporary basis, Suite 210, 2650 North Military Trail, in the Project, containing approximately 1,351 rentable square feet of space as depicted on **EXHIBIT "C"** (the "**Temporary Space**") through the Relocation Date. Landlord has made no representation or promise as to the condition of the Temporary Space. Landlord shall not perform any alterations, additions, or improvements in order to make the Temporary Space suitable for Tenant. Tenant shall accept the Temporary Space "as-is, where-is," and "with all faults," without any warranty, express or implied, or representation as to fitness or suitability. Landlord shall not be liable for any latent or patent defect in the Temporary Space. Tenant shall pay rent in the amount of $500.00 per month for the Temporary Space. Except as otherwise provided in this article, Tenant's occupancy and use of the Temporary Space shall be under all of the applicable provisions of the Lease. Tenant shall surrender broom clean possession of the Temporary Space to Landlord on or before the Relocation Date. If Tenant shall fail timely to vacate and surrender the Temporary Space, then, in addition to Landlord's right to regain possession of the Temporary Space as provided in the Default article of the Lease, Tenant shall pay to Landlord, as liquidated damages, for each month or portion thereof during which Tenant continues to occupy the Temporary Space after the Commencement Date, a sum equal to $4,090.15 ($36.33 per rentable square foot per annum), plus applicable sales tax, it being agreed that the damage to Landlord resulting from the failure by Tenant to timely vacate and surrender the Temporary Space will be substantial and will be impossible of accurate measurement. Landlord may exhibit the Temporary Space to prospective tenants during Normal Business Hours. Tenant may not assign any of its rights as to, or sublet, the Temporary Space.

12. **No Further Extension or Cancellation.** Tenant acknowledges that the Lease contains no further rights to extend or renew the Lease Term, or to terminate the Lease early (any of which rights are hereby expressly deleted), and that Tenant possesses no other rights to occupy the Premises beyond the date through which the Lease Term has been extended in this Amendment, and any such rights are hereby waived, void and of no further force or effect.

13. **Ratification**. Except as modified by this Amendment, the Lease shall remain otherwise unmodified and in full force and effect and the parties ratify and confirm the terms of the Lease as modified by this Amendment. The Lease, as amended, contains the entire agreement between Landlord and Tenant as to the Premises, and there are no other agreements, oral or written, between Landlord and Tenant relating to the Premises. Tenant certifies: (a) that it has no offsets, defenses, or claims as to its obligations under the Lease; (b) that there are no defaults existing under the Lease on the part of either Landlord or Tenant; and (c) there is no existing basis for Tenant to terminate the Lease. All future references to the Lease shall mean the Lease as modified by any and all prior amendments and by this Amendment.

14. **Broker**. Tenant represents and warrants that it neither consulted nor negotiated with any broker or finder regarding the Premises, except Merin Hunter Codman, Inc. ("**Landlord's Broker**"), who shall be paid by Landlord pursuant to a separate written agreement, provided that neither the foregoing nor anything else in the Lease is intended, or shall be construed, grant such Brokers any rights under the Lease or make them third party beneficiaries hereof. Tenant shall indemnify, defend, and hold Landlord harmless from and against any claims for commissions from any real estate broker other than the Landlord's Broker with whom it has dealt in connection with this Amendment. The terms of this Article shall survive the expiration or earlier termination of the Lease.

15. **Miscellaneous Provisions**. Submission of this Amendment by Landlord is not an offer to enter into this Amendment but rather a solicitation for such an offer by Tenant. Landlord shall not be bound by this Amendment until Landlord has executed it and delivered it to Tenant. This Amendment constitutes the final agreement between the parties. It is the complete and exclusive expression of the parties' agreement on the matters contained in this Amendment. All prior and contemporaneous negotiations and agreements between the parties on the matters contained in this Amendment are expressly merged into and superseded by this Amendment. The provisions of this Amendment may not be explained, supplemented, or qualified through evidence of trade usage or a prior course of dealings. In entering into this Amendment, neither party has relied upon any statement, representation, warranty, or agreement of the other party except for those expressly contained in this Amendment. The parties waive and release all claims and causes of action for fraud in the inducement or procurement of this Amendment it being their intent that this Amendment is incontestable on account of any claim of fraud, or for any other reason. The parties may amend this Amendment only by a written agreement of the parties that identifies itself as an amendment to this Amendment or the Lease. The parties may execute this Amendment in multiple counterparts, each of which constitutes an original, and all of which, collectively, constitute only one agreement. The signatures of all of the parties need not appear on the same counterpart, and delivery of an executed counterpart signature page by facsimile or in PDF format is as effective as executing and delivering this Amendment in the presence of the other parties to this Amendment. This Amendment is effective upon delivery of one executed counterpart from each party to the other parties. In proving this Amendment, a party must produce or account only for the executed counterpart of the party to be charged. Whenever placed before one or more items, the words "include," "includes," and "including" shall mean considered as part of a larger group, and not limited to the item(s) recited. Each party has reviewed this Amendment and all of its terms with legal counsel, or had an opportunity to review this Amendment with legal counsel, and is not relying on any representations made to him by any other person concerning the effect of this Amendment. This Amendment shall be interpreted without regard to any presumption or rule requiring construction against the party causing this Amendment to be drafted. No inference shall be drawn from the modification or deletion of versions of the provisions of this Amendment contained in any drafts exchanged between the parties before execution of the final version of this Amendment that would be inconsistent in any way with the construction or interpretation that would be appropriate if the prior drafts had never existed.

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Amendment as of the Date of this Amendment.

WITNESSES:

_____
Signature of Witness 1

_____
Print name of Witness 1

_____
Signature of Witness 2

_____
Print name of Witness 2

LANDLORD:

FOUNTAIN SQUARE ACQUISITION COMPANY LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

Date Executed: _____

TENANT:

FLEXSHOPPER, LLC, a North Carolina limited liability company

_____
Signature of Witness 1

_____
Print name of Witness 1

_____
Signature of Witness 2

_____
Print name of Witness 2

By: _____
Name: _____
Title: _____

Date Executed: _____

EXHIBIT "A"

RELOCATION SPACE

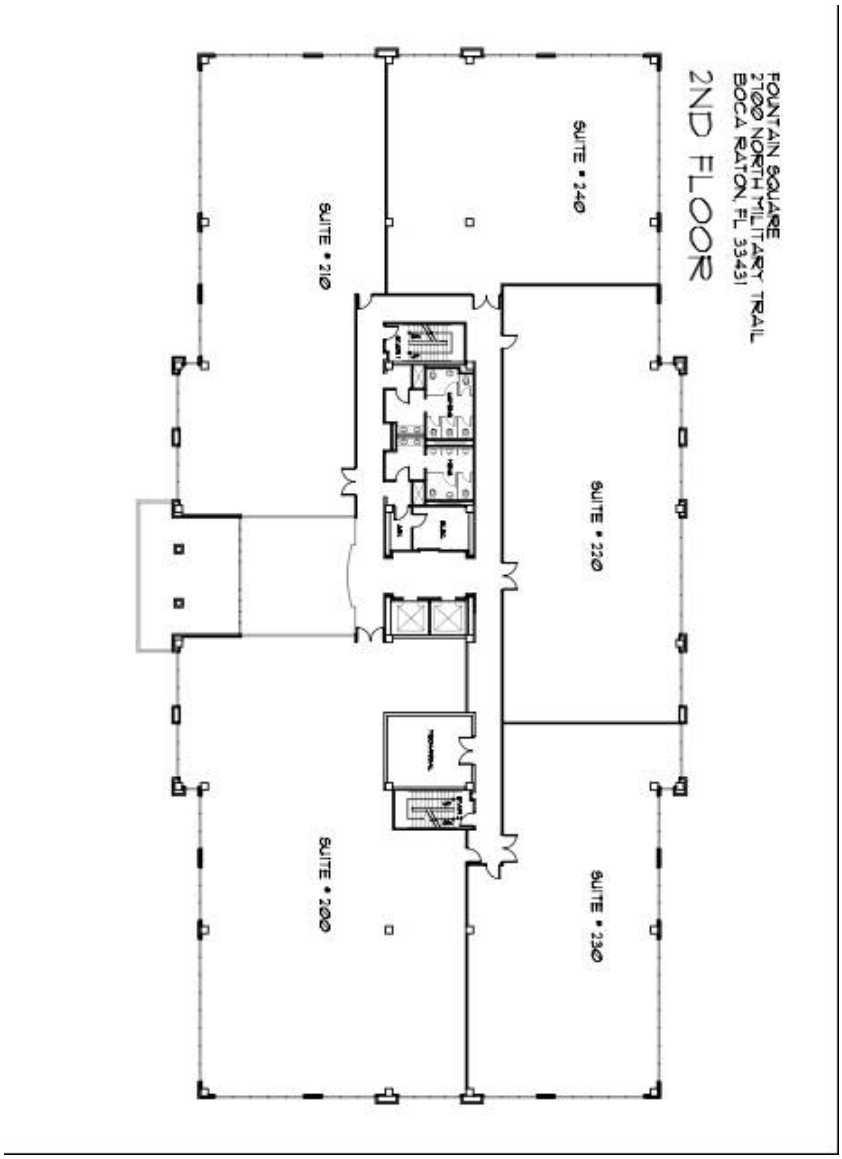
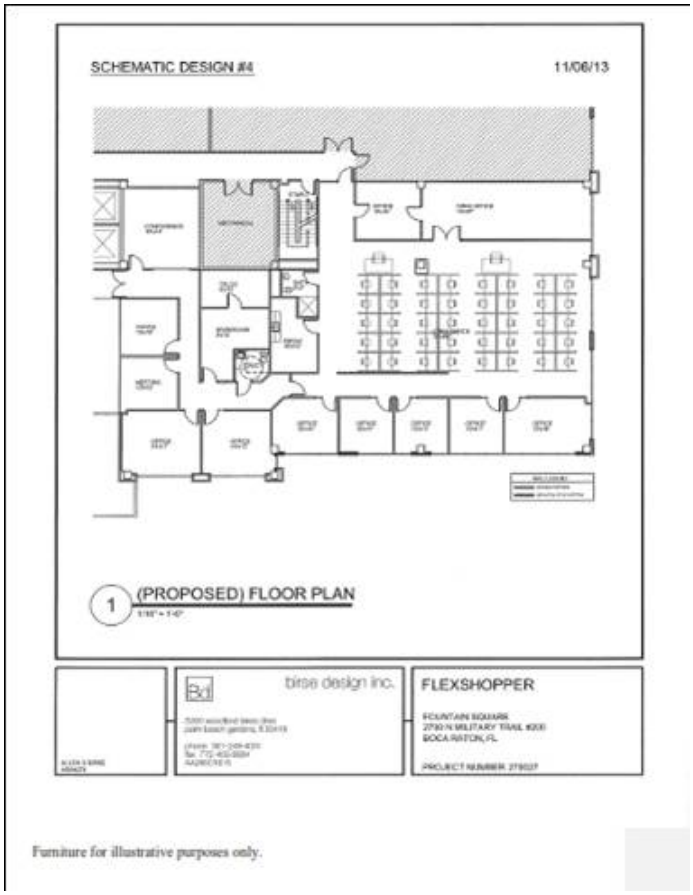


EXHIBIT "B"

SPACE PLAN



Furniture for illustrative purposes only.

SCHEDULE 1

TENANT IMPROVEMENTS

Landlord shall build out the Premises using Building standard materials in accordance with the Space Plan, including: new bathroom per plan, renovation of the existing bathroom, new upper/lower cabinets in the existing break room, new carpet/vinyl throughout the Premises, construction of walls per Space Plan and paint all walls within the Premises.

SCHEDULE 1.1

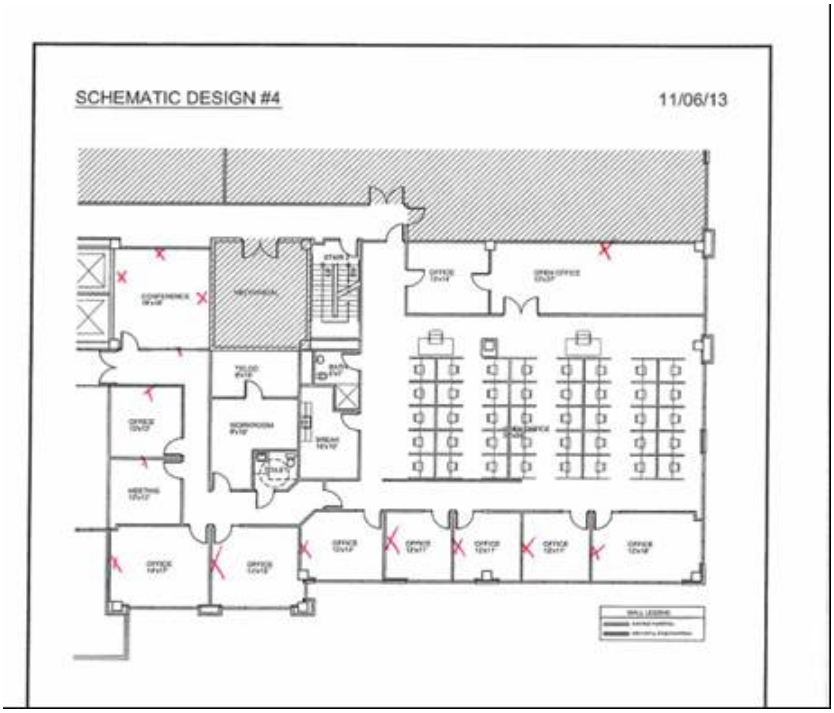
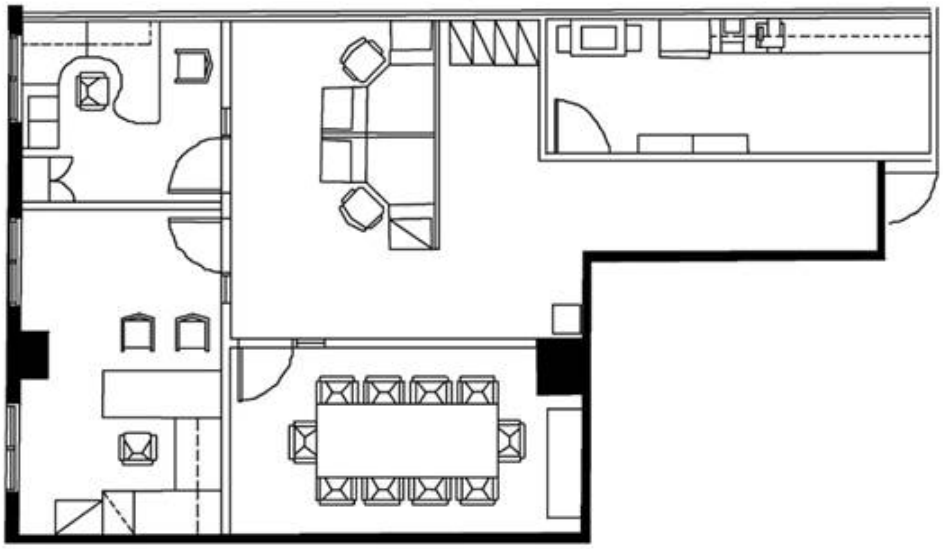


EXHIBIT "C"
TEMPORARY SPACE

Fountain Square II
2650 N Military Trail
Boca Raton, Florida

Suite 210
1,351 SF

*Not to scale. Subject to error.



REAFFIRMATION AND MODIFICATION OF GUARANTY

The undersigned Guarantor joins in the execution of the First Amendment to Lease Agreement to which this agreement is attached and specifically agrees as follows:

The undersigned Guarantor acknowledges that he has read and agrees to be bound by all of the terms of the First Amendment to Lease Agreement.

The undersigned Guarantor represents and warrants that he has no claims, offsets, or defenses whatsoever as to any of his obligations under the Guaranty executed by him in connection with the Lease.

The undersigned Guarantor restates, reaffirms, and confirms all of the terms and provisions of the Guaranty, including, but not limited to, all of the representations and warranties set forth in the Guaranty, all of which shall remain unmodified and in full force and effect, except that the Guaranty shall now include all amounts which may become due Landlord under the Lease, as modified by the First Amendment to Lease Agreement. The undersigned Guarantor guaranties payment of all such amounts in the manner and under the terms of the Guaranty.

LANDLORD AND GUARANTOR KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM INVOLVING ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE GUARANTY AND THE LEASE

WITNESSES:

_____
Signature of Witness 1

_____
Print name of Witness 1

_____
Signature of Witness 2

_____
Print name of Witness 2

FLEXSHOPPER, INC., a Delaware corporation, f/k/a ANCHOR FUNDING SERVICES, INC.

By:_____
Name:_____
Title:_____

[CORPORATE SEAL]

Guarantor's Address:
_____
_____

Date:_____

LIMITED LIABILITY COMPANY RESOLUTIONS

The undersigned Manager of FLEXSHOPPER, LLC, a North Carolina limited liability company (the "**Company**") , hereby certifies that the following is a true and correct copy of Resolutions adopted at a duly called meeting of the Members and Managers of the Company held on _____, 2013, at which a quorum of Members and Managers were present and voting throughout:

"BE IT RESOLVED that this Company enter into a First Amendment to Lease Agreement with FOUNTAIN SQUARE ACQUISITION COMPANY LLC, a Delaware limited liability company ('**Landlord'**) for space in Fountain Square, 2600 North Military Trail, Boca Raton, Florida 33410.

"BE IT FURTHER RESOLVED that the Manager or Managing Member or any other member of this Company, acting singly or together, be and hereby is and are authorized and directed to negotiate the specific terms and conditions of the Amendment and the Rent and charges in connection therewith and to execute and deliver on behalf of this Company the Amendment, security agreements, financing statements, certificates, estoppels, subordination, attornment, and non-disturbance agreements, and such other documents as may be necessary or required by Landlord with respect to the Amendment.

"BE IT FURTHER RESOLVED, that the foregoing Resolutions are in conformity with the Articles of Organization and the Regulations of the Company, and are within its powers. The authority given under these Resolutions shall be deemed retroactive to the extent necessary or convenient for the full effectuation of these Resolutions. In such event, all acts performed prior to the adoption of these Resolutions, but which are necessary or convenient for the full effectuation of these Resolutions, are hereby ratified, adopted, and affirmed. The authority conferred by these Resolutions shall continue in full force and effect until actual written notice of revocation of these Resolutions shall have been received by the Landlord."

I FURTHER CERTIFY (i) that the above Resolutions were duly and regularly enacted at a meeting of the Members and Managers called for that purpose and held in accordance with the Articles of Organization and Regulations of the Company and the statutes of the State of North Carolina; (ii) that the Members and Managers of the Company have full power and authority to bind the Company pursuant thereto; and (iii) that the Resolutions are in full force and effect and have not been altered, modified, or rescinded in any way.

IN WITNESS WHEREOF, I have affixed my name as _____ of the Company, and have affixed the seal of the Company this ____ day of _____, 2013.

_____

Exhibit 14.1

FlexShopper, Inc.

CODE OF ETHICS
FOR SENIOR FINANCIAL OFFICERS

Introduction

The honesty, integrity and sound judgment of the Senior Financial Officers of FlexShopper, Inc. (the "Company") are essential to maintaining the success and reputation of the Company and to balancing and protecting the interests of the Company's stakeholders. Accordingly, this Code of Ethics for Senior Financial Officers provides general guidelines for conducting the business of the Company in accordance with high standards of business conduct. It is designed to deter wrongdoing and to promote honest and ethical conduct, proper disclosure of financial information and compliance with applicable laws, rules and regulations.

This Code of Ethics applies to the Company's executive officers (collectively, the "Senior Financial Officers") and is intended to qualify as a "code of ethics" within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder.

Standards of Conduct

The Senior Financial Officers of the Company are subject to the following standards of conduct. Each Senior Financial Officer will:

1. Engage in and promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest in personal and professional relationships;

2. Avoid conflicts of interest and report any material transaction or relationship that reasonably could be expected to give rise to such a conflict;

3. Provide full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the Securities and Exchange Commission and in other public communications made by the Company;

4. Comply with applicable governmental laws, rules and regulations as well as the rules and regulations of any self-regulatory organizations of which the Company is a member;

5. Act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts or allowing one's independent judgment to be subordinated; and

6. Take reasonable measures to protect the confidentiality of non-public information about the Company and to prevent the unauthorized disclosure of such information unless such disclosure is required by applicable law or regulation or other legal or regulatory process.

Reporting Violations

Senior Financial Officers must promptly report any possible violation of this Code of Ethics, including transactions or relationships that reasonably could be expected to give rise to a violation, to the Board of Directors. The Company strictly prohibits any retaliation against a Senior Financial Officer who, in good faith, reports known or suspected violations. Senior Financial Officers may choose to remain anonymous in reporting any violations of this Code of Ethics.

Accountability and Adherence

The Board of Directors or a committee thereof will investigate any reported violations of this Code of Ethics and will determine appropriate disciplinary actions, up to and including termination of employment. Such disciplinary actions will be based on the facts and circumstances of each particular case and reasonably designed to deter wrongdoing and to promote accountability for adherence to the Code. Violations of this Code of Ethics may also constitute violations of law which may result in criminal or civil penalties.

Waivers or Amendments

Waivers of or amendments to this Code of Ethics must be approved by the Board of Directors or a committee thereof. Waivers will be granted on a case-by-case basis in the sole discretion of the Board of Directors or a committee thereof, and any such waiver or amendment shall be publicly disclosed as required by the Securities and Exchange Commission.

Conclusion

This Code of Ethics for Senior Financial Officers contains general guidelines for conducting the business of the Company in accordance with high standards of business conduct. Please contact Frank Matasavage with any questions about compliance with this Code. This Code of Ethics and the matters contained herein are neither a contract of employment nor a guarantee of continuing Company policy. The Company reserves the right to amend, supplement or discontinue this Code of Ethics and the matters addressed herein, without prior notice, at any time.

Adopted March 26, 2105

Exhibit 21.0

Subsidiaries of Registrant

FlexShopper, LLC incorporated as a limited liability company in Delaware in June 2013.

Anchor Funding Services, LLC is a limited liability company formed originally in South Carolina in January 2003 and later reincorporated in North Carolina in August 2005. The operations of Anchor are shown as discontinued operations.

FlexShopper 1, LLC and FlexShopper 2, LLC are wholly-owned subsidiaries formed under the laws of the State of Delaware in the first quarter of 2015.

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Brad Bernstein certifies that:

1. I have reviewed this annual report on Form 10-K of FlexShopper, Inc.;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2015

/s/ Brad Bernstein

Brad Bernstein
Principal Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Frank Matasavage certifies that:

1. I have reviewed this annual report on Form 10-K of FlexShopper, Inc.;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2015

/s/ Frank Matasavage

Frank Matasavage
Principal Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Annual Report of FlexShopper Inc. (the "registrant") on Form 10-K for the year ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "report"), I, Brad Bernstein, Chief Executive Officer of the registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

March 31, 2015

/s/ Brad Bernstein

Brad Bernstein
Principal Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Annual Report of FlexShopper, Inc. (the "registrant") on Form 10-K for the year ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "report"), I, Frank Matasavage, Chief Financial Officer of the registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

March 31, 2015

/s/ Frank Matasavage

Frank Matasavage
Principal Financial Officer

Exhibit 99.4

FLEXSHOPPER, INC.
(FORMERLY ANCHOR FUNDING SERVICES, INC.)
REPORTS FULL YEAR 2014 FINANCIAL RESULTS, INCREASE IN FOURTH QUARTER LEASE ORIGINATIONS AND GROWING ECOMMERCE BUSINESS

Boca Raton, FL (March 31, 2014) - FlexShopper, Inc. (OTCQB Symbol: FPAY, "FlexShopper") announced today its results of operations for the year ended December 31, 2014. For the twelve months ended December 31, 2014, total revenues were $5,014,620. FlexShopper began originating lease-to-own transactions of durable goods in late December 2013 and, therefore, had no meaningful revenues for the comparable period of 2013. FlexShopper originated 765 leases in the first quarter of 2014, 2,136 leases in the second quarter, 3,924 leases in the third quarter and 6,239 leases in the fourth quarter, resulting in 13,064 lease originations in the year ended December 31, 2014.

FlexShopper had costs of lease revenue and merchandise sold of $3,330,786, provision for doubtful accounts of $1,380,902 and operating expenses of $5,178,383, resulting in total costs and expenses of $9,890,071. FlexShopper had a net loss from continuing operations before an income tax benefit of $4,875,451 for the year ended December 31, 2014. Along with incurring expenses to launch its online channels in 2014, FlexShopper's operating expenses include costs to build and expand the company's infrastructure including its customer service and collections departments to support its growth in lease originations. In addition, as 2014 was the Company's first year of meaningful operations, the Company's underwriting was continuously modified for improvement throughout the year.

In the second quarter of 2014, FlexShopper successfully sold its Anchor Funding Services business. The sale of the Anchor assets was completed on June 16, 2014 and resulted in income from discontinued operations of $1,145,118 before income taxes for the year ended December 31, 2014. This income combined with the net loss from continuing operations resulted in a net loss of $3,730,333 for the year ended December 31, 2014.

Brad Bernstein, CEO, stated, "We are pleased with the quarterly growth in lease originations that we experienced in 2014. We are also pleased that our lease-to-own ecommerce marketplace now features over 80,000 items and increasing, including brand name electronics, computers and appliances. Online orders are also growing, representing approximately 86% of our lease originations in December. While fulfilling our vision of enabling lease to own consumers to shop online for what they want, where they want, we are also positioning ourselves as the only platform that can provide retailers and etailers with three ways of increasing their sales: in the store, online and on our marketplace. In 2014, we successfully launched all of our digital channels and now with the closing of our recent debt financing of up to $100 million (75% of which is uncommitted) and equity financing of $9.35 million, we are well positioned to execute on all of our channels."

About FlexShopper
FlexShopper, LLC, a wholly owned subsidiary of FlexShopper, Inc. (FPAY) is a financial and technology company that provides brand name durable goods to consumers on a lease-to-own (LTO) basis through its ecommerce marketplace (www.FlexShopper.com) and patent pending LTO payment method. FlexShopper also provides LTO technology platforms to retailers and e-tailers to enter into transactions with consumers that want to obtain durable goods, but do not have sufficient cash or credit. FlexShopper also funds the LTO transactions by paying merchants for the goods and collecting from consumers under an LTO contract.

Forward-Looking Statements

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995.

Certain statements in this press release constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve inherent risks and uncertainties which could cause actual results to differ materially from those in the forward-looking statements, as a result of various factors including those risks and uncertainties described in the Risk Factors and in Management's Discussion and Analysis of Financial Condition and Results of Operations sections of our most recently filed Annual Report on Form 10-K and our subsequently filed Quarterly Reports of Form 10-Q. We urge you to consider those risks and uncertainties in evaluating our forward-looking statements. We caution readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. Except as otherwise required by the federal securities laws, we disclaim any obligation or undertaking to publicly release any updates or revisions to any forward-looking statement contained herein (or elsewhere) to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Contact:
FlexShopper, Inc.
Brad Bernstein, CPA
CEO & President
561-367-1504
Brad.Bernstein@FlexShopper.com