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, 2015

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: 000-52589

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:

Large Accelerated Filer:	☐	Accelerated Filer:	☐
Non-accelerated Filer:	☐	Smaller Reporting Company:	☒
(Do not check if a 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 ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, as of the last business day of the Registrant's most recently completed second fiscal quarter was approximately $21,280,000 (based on the closing price of the Registrant's Common Stock on June 30, 2015 of $0.70 per share)

The number of shares outstanding of the Registrant's Common Stock, as of March 18, 2016, was 52,104,081.

Documents incorporated by reference: None.

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are intended to be covered by the "safe harbor" created by those sections. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, can generally be identified by the use of forward-looking terms such as "believe," "expect," "may," "will," "should," "could," "seek," "intend," "plan," "estimate," "anticipate" or other comparable terms. All statements other than statements of historical facts included in this Annual Report on Form 10-K regarding our strategies, prospects, financial condition, operations, costs, plans and objectives are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties which are difficult to predict and 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 this 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.

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,” “FlexShopper” or the “Company”) is a corporation organized under the laws of the State of Delaware. We were organized on August 16, 2006 under the laws of the State of Delaware as BTHC XI, Inc. On April 4, 2007, we changed our corporate name to Anchor Funding Services, Inc. On October 16, 2013, we changed our corporate name to FlexShopper, Inc. 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, 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.

Overview

Since June 2013, FlexShopper, through its wholly-owned subsidiary, FlexShopper, LLC, has been engaged in the business of providing certain types of durable goods to consumers on a lease-to-own basis and providing lease-to-own (“LTO”) 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 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, FlexShopper’s model provides e-tailers and retailers an opportunity to 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 can 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 generally within a few minutes. The LTO engine is the basis for FlexShopper’s primary sales channels which provide consumers four distinct ways of obtaining brand name durable goods on an LTO basis: (1) at FlexShopper’s LTO e-commerce marketplace, www.flexshopper.com, where 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, where consumers can activate FlexShopper’s payment button at checkout; (3) at FlexShopper’s automated kiosks located in certain retail locations and (4) with the FlexShopper Wallet, a mobile application enabling consumers to get durable goods from major retailers with their smartphones.

FlexShopper launched its online LTO marketplace in March 2014 and FlexShopper launched its patent-pending LTO payment method in December 2014. Retailers and e-tailers that sell furniture, electronics, computers, appliances and other durable goods and partner with FlexShopper have three channels which provide an opportunity to increase their sales: (i) in the store, (ii) online and (iii) on our marketplace. FlexShopper aims to 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% of the retail price. An excerpt of our marketing literature presented below depicts our offerings to retail merchants:

COMPETITIVE STRENGTHS

We believe the following competitive strengths differentiate us:

- We currently address the LTO 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 LTO 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.

KEY BENEFITS FOR OUR CUSTOMERS

Broad Selection and Choice: We offer consumers through our online marketplace a vast selection of over 80,000 durable goods, including electronics and furniture that they may acquire on an LTO basis. We believe our broad selection, often fulfilled by name brand retailers, is more appealing than in-store LTO options.

Easy, Online Access to LTO Programs: We believe that LTO consumers want to shop online like other consumers and our marketplace and LTO payment method provide such access, simply and quickly.

KEY BENEFITS FOR OUR RETAIL PARTNERS

Incremental Sales from Our LTO Marketplace: Our retailer partners that provide products for our marketplace receive incremental sales with no risk and no acquisition cost.

"Saving the Sale" in-Store and at Checkout on their E-Commerce Site: Our financial and technology platform enables retailers to "save the sale" when consumers are declined for credit in-store and at checkout on their websites.

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 traditional 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 on LTO products and entering into leases for durable goods generally within a few minutes. Included in this determination of a consumer's spending limit are factors such as income, frequency that such consumer overdraws his or her 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 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 are continuously developing and implementing improvements to reduce losses related to fraudulent activity. In 2016, the Company enhanced its risk department by hiring a Chief Risk Officer. See Key Employees in Part III.

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 access to reasonable 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 existing 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 the following:

Online LTO Marketplace	Patent Pending LTO Payment Method	In-store LTO Technology Platform
Search engine optimization; pay-per click	Direct to retailers/e-tailers	Direct to retailers/e-tailers
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 generally 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, among other items, 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 and regulations 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 the section captioned “Risk Factors” below for more information with respect to governmental laws and regulations and their effect on our business.

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 with the U.S. Patent and Trademark Office ("USPTO") 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 USPTO. 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 also 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 the section captioned "Risk Factors" Below for more information on and risk associated with respect to our intellectual property.

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, a Vice President of e-commerce and a Chief Risk Officer. In addition, FlexShopper has a customer service and collections call center. As of December 31, 2015, FlexShopper had 90 employees, all of whom were full time.

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 of 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 Transportation Alliance Bank Inc. (the "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 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. 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 Rediscount Facility Agreement was terminated and has 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 LTO 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.

We expect to require additional financing to achieve our business plans. We believe with our proprietary technology there is a significant market opportunity to expand the LTO market. However, the LTO market is subject to intense and increasing competition and rapidly evolving technologies. Accordingly, for our business plans to succeed we believe it will be important for us to move quickly to introduce our technology and capture market share. As a small company, we may be unable to successfully implement our ambitions of targeting very large markets in an intensely competitive industry segment without significantly increasing our resources. We do not currently have sufficient funds to fully implement our business plan. We expect that we will need to raise capital through new financings. Such financings could include equity financing, which may be dilutive to stockholders, or debt financing, which would likely restrict our ability to borrow from other sources. In addition, such securities may contain rights, preferences or privileges senior to those of the rights of our current stockholders. There can be no assurance that additional funds will be available on terms attractive to us, or at all. If adequate funds are not available, we may be required to curtail or reduce our operations. We could be forced to sell or dispose of our rights or assets. Any inability to raise adequate funds on commercially reasonable terms could have a material adverse effect on our business, results of operation and financial condition, including the possibility that a lack of funds could cause our business to fail and liquidate with little or no return to investors.

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 FlexShopper 2, LLC, a wholly-owned subsidiary of the Company (the "Borrower"), entered into a credit agreement (the "Credit Agreement") among FlexShopper 2, LLC, Wells Fargo Bank, National Association, various Lenders from time to time party thereto and WE2014-1, LLC (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; however, as of December 31, 2015, there was only approximately $15,380,000 in additional availability under the Credit Agreement. 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.

On March 29, 2016, the Borrower entered into a fourth amendment and waiver (the "Fourth Amendment") to the Credit Agreement which, among other things, included a waiver of (i) breaches resulting from the Borrower's non-compliance with certain financial covenants under the Credit Agreement that occurred prior to the effectiveness of the Fourth Amendment and (ii) compliance with certain financial covenants under the Credit Agreement for the period from the date of the Fourth Amendment through the earlier of April 1, 2017 or the completion of a successful equity raise by the Company of at least $10,000,000 . If the Borrower is unable to regain compliance or another 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.

The success of our business is dependent on factors affecting consumer spending that are not under our control. Consumer spending is affected by general economic conditions and other factors including levels of employment, disposable consumer income, prevailing interest rates, consumer debt and availability of credit, costs of fuel, inflation, recession and fears of recession, tax rates and rate increases, timing of receipt of tax refunds, consumer confidence in future economic conditions and political conditions, and consumer perceptions of personal well-being and security. Unfavorable changes in factors affecting discretionary spending could reduce demand for our products and services resulting in lower revenue and negatively impacting the business and its financial results.

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 $205,000 carrying value of leased merchandise during the twelve months ended December 31, 2015.

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 do 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.

FlexShopper’s lease-to-own business differs in some potentially significant respects from the risks of traditional store-based lease-to-own businesses. The risks could have a material negative effect on FlexShopper. FlexShopper offers its lease-to-own products direct to consumers through its e-commerce marketplace and through the stores and e-commerce sites of third party retailers. Potential risks include, among others:

- FlexShopper’s reliance on third party retailers over whom FlexShopper cannot exercise control and oversight of certain business functions, from advertising through assistance with lease transaction applications;
- possibly different regulatory risks due to the non-traditional, online nature of FlexShopper’s business that regulators may target and/or new regulations or legislation could be adopted (or existing laws and regulations may be interpreted) that negatively impact FlexShopper’s business; and
- reliance on automatic bank account drafts for lease payments, which may become disfavored as a payment method for these transactions by regulators.

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 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 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.

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 or threaten our relationships with our third-party retail customers, all of 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.

Control of FlexShopper. Our secured lender described under this Item 1 and Item 7 and Item 13 below 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 25.5% 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.

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.

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.

On February 8, 2016 our Board of Directors approved a reverse stock split within a range of no less than one-for-5 and no more than one-for-10 (the "reverse stock split range"), which was subsequently approved by our stockholders on March 17, 2016. If we effect a reverse stock split within the reverse stock split range, the reverse stock split may not result in a proportionate increase in the price of our common stock. Our Board of Directors approved a reverse stock split within a range of no less than one-for-5 and no more than one-for-10, or the "reverse stock split range", which was subsequently approved by our stockholders on March 17, 2016. Our Board of Directors may effect a reverse stock split within the reverse stock split range in the event our Board of Directors determines that such reverse stock split is in the best interest of our stockholders and us. While our Board of Directors has not determined to effect a reverse stock split, it may determine that effecting a reverse stock split is necessary in connection with our ability to satisfy the initial listing requirements to support our application to be listed on an exchange. However, the effect of a reverse stock split upon the market price of our common stock cannot be predicted with certainty, and the results of reverse stock splits by companies in similar circumstances have been varied. If the Board of Directors does effect a reverse stock split there can be no assurance that:

- Our shares of common stock will trade at a price in proportion to the reduction in the number of outstanding shares resulting from the reverse shares split,
- The reverse stock split will result in a per share price high enough to attract and retain employees and strategic partners,
- The bid price of our shares of common stock after a reverse stock split can be maintained at or above the minimum bid price requirement of an exchange,
- The liquidity of our shares of common stock will not be adversely affected by the reduced number of shares that would be outstanding after the reverse stock split,
- Engaging in a reverse stock split will not be perceived in a negative manner by investors, analysts or other stock market participants, or
- The reverse stock split will not result in some stockholders owning "odd-lots" of less than 100 shares of common stock, potentially resulting in higher brokerage commissions and other transaction costs than the commissions and costs of transactions in "round-lots" of even multiples of 100 shares.

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, 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, to certain affiliates of the Lender and other accredited investors for a purchase 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.

Item 1B. Unresolved Staff Comments

None

Item 2. Properties

On August 1, 2013, FlexShopper entered into a 39 month lease for 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 was approximately $9,600 with annual three percent increases throughout the lease term.

On September 1, 2015, FlexShopper entered into a 48 month lease for additional office space in Fort Lauderdale, Florida to accommodate our call and customer service center. The monthly base rent including operating expenses is approximately $5,200 with annual three percent increases throughout the lease term.

Item 3. Legal Proceedings

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

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 each full quarterly period within the two most recent fiscal years.

	High	Low
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
2015 - Quarter Ended		
December 31	$ 0.60	$ 0.55
September 30	0.47	0.47
June 30	0.70	0.70
March 31	0.96	0.90

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, 2015, there were 609 holders of record of shares of Common Stock and 64 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.

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

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended that are intended to be covered by the "safe harbor" created by those sections. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, can generally be identified by the use of forward-looking terms such as "believe," "expect," "may," "will," "should," "could," "seek," "intend," "plan," "estimate," "anticipate" or other comparable terms. All statements other than statements of historical facts included in this Annual Report on Form 10-K regarding our strategies, prospects, financial condition, operations, costs, plans and objectives are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties which are difficult to predict and 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 this Annual Report on Form 10-K and our subsequently filed Quarterly Reports on 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.

Executive Overview

The results of operations from continuing operations below principally reflect the operations of FlexShopper, LLC, a wholly owned subsidiary of the Company, 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 e-tailers; 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, 2015, approximately 61% of the Company's leases were current and did not have a past due balance and an additional 12% 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, 2015 and 2014.

	December 31, 2015	December 31, 2014
Accounts receivable	$ 5,479,437	$ 1,509,736
Allowance for doubtful accounts	4,727,278	1,380,902
Accounts receivable, net	$ 752,159	$ 128,834

The Company's reserve is 86.3% of the accounts receivable balance as of December 31, 2015. The reserve is a significant percentage of the balance because the Company does not charge off any customer accounts until it has exhausted all collection efforts including attempts to repossess items; while collection efforts are pursued delinquent customers accrue weekly charges resulting in a significant balance requiring a reserve. The Company charges off accounts once it has exhausted collection efforts and estimates that there is no chance of recovery.

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. Upon transfer of ownership of merchandise to customers resulting from satisfaction of their lease obligations, the related cost and accumulated depreciation are eliminated from lease merchandise. 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 net of any estimated salvage value with a corresponding charge to cost of lease revenue. The cost, accumulated depreciation and impairment reserve related to such merchandise are written off upon determination that no salvage value is obtainable. The impairment charge amounted to approximately $1,500,000 and $527,000 for the years ended December 31, 2015 and 2014, respectively.

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, 2015 and 2014.

	2015	2014	$ Change	% Change
Total revenues	$ 20,680,062	$ 5,014,620	$ 15,665,442	$ 312.4
Cost of lease revenue and merchandise sold	11,067,484	3,330,786	7,736,698	232.3
Provision for doubtful accounts	5,647,084	1,380,902	4,266,182	308.9
Operating expenses	12,456,369	5,171,300	7,285,069	140.9
Operating loss	(8,490,875)	(4,868,368)	(3,622,507)	(74.4)
Interest expense	506,406	7,083	499,323	70.5
Income tax benefit	78,388	458,047	(379,659)	(82.8)
Loss from continuing operations	$ (8,918,893)	$ (4,417,404)	$ 4,501,489)	$ (101.9)

Lease revenues for the twelve months ended December 31, 2015 were $20,680,062 compared to $5,014,620 for the year ended December 31, 2014, representing an increase of 312.4%. FlexShopper originated 38,731 leases in the year ended December 31, 2015 compared to 13,064 leases in year ended December 31, 2014, its first year of meaningful operations. The Company spent approximately $3,513,000 more on marketing in the year ended December 31, 2015 compared to the prior year and this increased marketing expense is primarily responsible for the increase in revenues and leases.

Cost of lease revenue and merchandise sold for the year ended December 31, 2015 was $11,067,484 compared to $3,330,786 for the year ended December 31, 2014 representing an increase of $7,736,698 or 232.3%. Cost of lease revenue and merchandise sold for the year ended December 31, 2015 is principally comprised of depreciation expense on lease merchandise of $10,452,587, the net book value of merchandise sold of $314,751 and a charge for inventory impairment of $300,146. 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 charge for inventory impairment of $527,000. As the Company's lease revenues increase, the direct costs associated with them also increase.

Provision for bad debts was $5,647,084 and $1,380,902 for the years ended December 31, 2015 and 2014, respectively. A factor that causes the provision to increase is that the Company does not charge off any customer accounts until it has exhausted all collection efforts including attempts to repossess items. While collection efforts are pursued, delinquent customers continue to accrue weekly charges resulting in a significant balance requiring a reserve. The Company anticipates continued improvement as it continues to refine its underwriting model, enhances its risk department and accumulates additional lease data. The Company has charged off $2,301,000 of customer accounts to the allowance for doubtful accounts in the year ended December 31, 2015, after it exhausted all collection efforts with respect to such accounts.

Operating expenses for the years ended December 31, 2015 and 2014 were $12,456,369 and $5,171,300 respectively. Key operating expenses for the years ended December 31, 2015 and 2014 included the following:

	Twelve months ended December 31, 2015	Twelve months ended December 31, 2014
Payroll, benefits and contract labor	$ 3,642,302	$ 2,027,976
Legal and professional fees	372,016	379,492
Stock compensation expense	78,600	439,320
Computer, internet and office expenses	538,812	221,216
Marketing	4,394,809	885,012
Total	$ 9,026,539	$ 3,953,016

The increased revenues were offset by the increase in expenses to scale the Company's lease-to-own channels and support its growth resulting in a loss from continuing operations after income tax benefit of $8,918,893 and $4,417,404 for the years ended December 31, 2015 and 2014 respectively. These losses were incurred in part by the increase in expenses required to scale the Company's lease-to-own channels and support its continued growth.

Sale of Anchor

On April 30, 2014, Anchor entered into an Asset Purchase and Sale Agreement (the "Purchase Agreement") with Transportation Alliance Bank Inc. (the "Bank"), pursuant to which Anchor agreed to sell to the Bank substantially all of its assets consisting primarily of its factoring portfolio. The sales of the assets pursuant to the Purchase Agreement were made in a series of closings through June 16, 2014.

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 of our sales channels, FlexShopper has a marketing strategy that includes the following:

Online LTO Marketplace	Patent pending LTO Payment Method	In-store LTO technology platform
Search engine optimization; pay-per click	Direct to retailers/e-tailers	Direct to retailers/e-tailers
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 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 the section captioned "Liquidity and Capital Resources" below.

Liquidity and Capital Resources

As of December 31, 2015, the Company had cash of $3,396,206 compared to $2,883,349 on the same date in 2014.

The Company had accounts receivables of $5,479,437 net of an allowance of $4,727,278 totaling $752,159. 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 76% of the Company's open accounts in the portfolio are not currently subject to reserve.

Recent Financings

Since January 1, 2014, FlexShopper has completed the following transactions, each of which has provided or is expected to provide immediate liquidity and cash resources to FlexShopper.

1. In May 2014, the receipt of $1 million in financing from George Rubin and Morry F. Rubin through the execution of promissory notes in like principal amount and the conversion of these notes into shares of FlexShopper's Common Stock at $.55 per share on May 8, 2014.
2. In June, 2014, the sale of certain assets of Anchor Funding Services through an Asset Purchase and Sale Agreement with Transportation Alliance Bank Inc. This transaction was completed in a series of closings through June 16, 2014 and resulted in a gain of $788,015.
3. In October 2014, a private placement offering of shares of the Company's Common Stock 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.
4. In December 2014, 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.
5. On March 6, 2015, FlexShopper entered into a credit agreement (the "Credit Agreement") among FlexShopper 2, LLC, Wells Fargo Bank, National Association, various Lenders from time to time party thereto and WE2014-1, LLC (the "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; however, as of the date hereof, there was only approximately $15,380,000 in additional availability under the Credit Agreement. 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 to certain affiliates of the Lender and other accredited investors for a purchase price of $0.55 per share.
6. In February 11, 2016, entering into a secured promissory note with a principal stockholder for $1,000,000 at an interest rate of 15% per annum, payable upon demand, secured by substantially all of the Company's assets.

On March 29, 2016, we entered into a fourth amendment and waiver (the "Fourth Amendment") to the Credit Agreement. The Fourth Amendment amends the Credit Agreement to, among other things, increase the amount of the Borrowing Base (as defined in the Credit Agreement) until the earlier of (i) April 1, 2017 and (ii) the successful raising by the Company of at least $10,000,000 in equity funding (the "Equity Raise"). The Fourth Amendment also includes a waiver of (i) breaches resulting from the Borrower's non-compliance with certain financial covenants under the Credit Agreement that occurred prior to the effectiveness of the Fourth Amendment and (ii) compliance with certain financial covenants under the Credit Agreement for the period from the date of the Fourth Amendment through the earlier of April 1, 2017 or the completion of the Equity Raise. If we are not in compliance with the financial covenants under the Credit Agreement by the earlier of April 1, 2017 or the completion of the Equity Raise or we fail to maintain compliance with the covenants thereafter, the Lender would be able to accelerate the required repayment of amounts due under the Credit Agreement and, if they are not repaid, could foreclose upon our assets securing our obligations under the credit facility.

Cash Flow Summary

Cash Flows from Operating Activities

Net cash used by continuing activities was $14,361,335 for the year ended December 31, 2015 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 $205,049, resulting in net cash used by operations of $14,156,286.

Net cash used by continuing operations was $7,660,999 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 $1,633,907, resulting in net cash used by operations of $6,027,092.

Cash Flows from Investing Activities

For the year ended December 31, 2015, net cash used in investing activities was $1,328,113 comprised of the purchase of property and equipment of $185,191 and capitalized software costs of $1,142,922.

For the year ended December 31, 2014, net cash provided by investing activities was $3,629,227 comprised of proceeds 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.

Cash Flows from Financing Activities

Net cash provided by financing activities was $15,997,256 for the year ended December 31, 2015 due to proceeds of $9,619,563 offset by $1,170,501 of related costs incurred by the Company's entering into a credit agreement with a lender and $9,350,000 of proceeds from the sale of the Company's stock, offset by payments of $801,806 in issuance costs offset by a $1,000,000 repayment of a note to a shareholder of the Company.

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 promissory notes from shareholders totaling $1,000,000 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.

Capital Resources and Financial Condition

The funds derived from the sale of FlexShopper's Common Stock and FlexShopper's ability to borrow funds under the Credit Agreement and funds from the sale of Anchor's factoring operations have provided the liquidity and capital resources necessary for FlexShopper to purchase durable goods to supply lease-to-own transactions and to support FlexShopper's current general working capital needs to date. Management believes that the financing transactions described in this section above, including the temporary increase in the Borrowing Base (as defined in the Credit Agreement), provide sufficient liquidity and capital resources to fund our planned marketing program through at least July 31, 2016, or, if we significantly reduce our marketing spend, through December 31, 2016. However, we expect to require additional investment capital to pursue our business plan. To ensure the continued growth and funding of our operations, we expect to continue to explore various possible financing options that may be available to us, which may include a sale of our securities. We have no commitments to obtain any additional funds, and there can be no assurance such funds will be available on acceptable terms or at all. If we need to raise funds and are unable to secure them, we may not be able to:

- remain in operation;
- execute our growth plan;
- take advantage of future opportunities; or
- respond to customers and competition.

Impact of Inflation and Changing Prices

During the three most recent fiscal years, inflation and changing prices have not had a material effect on our business and we do not expect that inflation or changing prices will materially affect our business in the foreseeable future.

Off-Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements.

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

The information required by Item 7A is not required to be provided by issuers that satisfy the definition of "smaller reporting company" under SEC rules.

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 sheets of FlexShopper, Inc. (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide 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, 2015 and 2014, and the consolidated results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ EisnerAmper LLP
New York, NY
March 30, 2016

FLEXSHOPPER, INC.
CONSOLIDATED BALANCE SHEETS
December 31,

ASSETS

	2015	2014
CURRENT ASSETS:		
Cash	$ 3,396,206	$ 2,883,349
Accounts receivable, net	752,159	128,834
Prepaid expenses	237,069	112,074
Lease merchandise, net	11,204,136	4,241,918
Assets of discontinued operations	-	6,500
Total current assets	15,589,570	7,372,675
PROPERTY AND EQUIPMENT, net	1,797,553	1,051,697
OTHER ASSETS:		
Intangible assets, net	23,416	26,492
Security deposits	66,758	55,003
	90,174	81,495
	$ 17,477,297	$ 8,505,867
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 1,783,929	$ 836,792
Accrued payroll and related taxes	251,519	131,596
Accrued expenses	487,120	197,584
Loans payable to shareholder	-	1,000,000
Liabilities of discontinued operations	-	7,626
Total current liabilities	2,522,568	2,173,598
Loan payable, net of $832,792 of unamortized issuance costs to beneficial shareholder	8,786,770	-
Total liabilities	11,309,338	2,173,598
COMMITMENTS (Note 11)		
STOCKHOLDERS' EQUITY PREFERRED STOCK, $0.001 par value- authorized 10,000,000 shares, issued and outstanding 328,197 in 2015 and 342,219 in 2014 at $5.00 stated value	1,640,985	1,711,095
COMMON STOCK, $0.0001 par value- authorized 100,000,000 shares in 2015 and 65,000,000 shares in 2014; issued and outstanding 52,104,081 in 2015 and 35,015,322 in 2014	5,210	3,502
ADDITIONAL PAID IN CAPITAL	23,208,629	14,513,433
ACCUMULATED DEFICIT	(18,686,865)	(9,895,761)
	6,167,959	6,332,269
	$ 17,477,297	$ 8,505,867

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,	
	2015	2014
Revenues:		
Lease revenues and fees	$ 20,131,063	$ 4,269,792
Lease merchandise sold	548,999	744,828
Total revenues	20,680,062	5,014,620
Costs and expenses:		
Cost of lease revenues, consisting of depreciation and impairment of lease merchandise	10,752,733	2,731,548
Cost of lease merchandise sold	314,751	599,238
Provision for doubtful accounts	5,647,084	1,380,902
Operating expenses	12,456,369	5,171,300
Total costs and expenses	29,170,937	9,882,988
Operating loss	(8,490,875)	(4,868,368)
Interest expense	506,406	7,083
Loss from continuing operations, before income tax benefits	(8,997,281)	(4,875,451)
Income tax benefit	78,388	458,047
Loss from continuing operations	(8,918,893)	(4,417,404)
Income from discontinued operations including gain from sale of discontinued operations, net of income taxes	127,789	687,071
Net loss	$ (8,791,104)	$ (3,730,333)
Basic and diluted (loss) income per common share:		
Loss from continuing operations	$ (0.18)	$ (0.15)
Income from discontinued operations	0.00	0.02
Net loss	$ (0.18)	$ (0.13)
Weighted average common shares outstanding:		
Basic and diluted	48,687,782	28,244,207

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, 2015 and 2014

	Preferred Stock		Common Stock		Additional Paid in	Accumulated	
	Shares	Amount	Shares	Amount	Capital	Deficit	Total
Balance, January 1, 2014	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
Provision for compensation expense related to issued stock options	-	-	-	-	78,600	-	78,600
Sale of common stock	-	-	17,000,000	1,700	9,348,300	-	9,350,000
Costs related to sale of common stock	-	-			(801,806)	-	(801,806)
Conversion of preferred shares to common stock	(14,022)	(70,110)	88,759	8	70,102	-	-
Net loss	-	-	-	-	-	(8,791,104)	(8,791,104)
Balance, December 31, 2015	328,197	$ 1,640,985	52,104,081	$ 5,210	$23,208,629	$ (18,686,865)	$ 6,167,959

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,

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (8,791,104)	$ (3,730,333)
Adjustments to reconcile net loss to net cash used in operating activities:		
(Income) from discontinued operation before income taxes	(206,176)	(1,145,118)
Depreciation of lease merchandise	9,252,733	2,160,467
Impairment of lease merchandise	1,500,000	527,000
Other depreciation and amortization	1,073,041	166,478
Compensation expense related to issuance of stock options and warrants	78,600	439,320
Provision for doubtful accounts	5,647,084	1,380,902
Changes in operating assets and liabilities:		
(Increase) in accounts receivable	(6,270,409)	(1,509,617)
(Increase) in prepaid expenses and other	(124,995)	(61,888)
(Increase) in lease merchandise	(17,714,951)	(6,921,381)
(Increase) in security deposits	(11,755)	(45,518)
Increase in accounts payable	947,138	816,443
Increase in accrued payroll and related taxes	119,923	63,455
Increase in accrued expenses	139,536	198,791
Net cash used in operating activities - continuing operations	(14,361,335)	(7,660,999)
Net cash provided by operating activities - discontinued operations	205,049	1,633,907
Net cash used in operating activities	(14,156,286)	(6,027,092)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment, including capitalized software costs	(1,328,113)	(1,157,237)
Net cash used in investing activities – continuing operations	(1,328,113)	(1,157,237)
Proceeds from sale of discontinued operations	-	4,786,464
Net cash provided by (used in) investing activities	(1,328,113)	3,629,227
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Repayment) proceeds of loans from shareholders	(1,000,000)	2,000,000
Proceeds from exercise of stock options	-	11,637
Proceeds from loans payable, net of $1,170,501 of related costs	8,449,062	
Proceeds from sale of common stock	9,350,000	6,501,104
Payment of costs related to issuance of common stock	(801,806)	(950,617)
Net cash provided by financing operations – continuing operations	15,997,256	7,562,124
Net cash used in financing operations - discontinued operations	-	(3,240,942)
Net cash provided by financing activities	15,997,256	4,321,182
INCREASE IN CASH	512,857	1,923,317
CASH, beginning of period	2,883,349	960,032
CASH, end of period	$ 3,396,206	$ 2,883,349
Supplemental cash flow information:		
Interest paid	$ 443,360	$ 81,370*
Non-cash Financing activities:		
Conversion of shareholders loans to common stock	$ -	$ 1,000,000
Conversion of preferred stock to common stock	$ 70,110	$ 170,840
Fees payable to lender in connection with modification of credit agreement	$ 150,000	
* Discontinued operations		

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

Notes To Consolidated Financial Statements

December 31, 2015 and 2014

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 LLC. FlexShopper LLC 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 6) FlexShopper 1 LLC and FlexShopper 2 LLC were organized as wholly owned Delaware subsidiaries of FlexShopper LLC to conduct operations. FlexShopper LLC together with its subsidiaries is hereafter referred to as "FlexShopper."

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 (see Note 3). The consolidated statements of operations and cash flows reflect the historical operations of Anchor as discontinued operations. The consolidated balance sheet as of December 31, 2014 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 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, an early purchase option, or through payments of all required lease payments, generally 52 weeks, for ownership. On any current lease, 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 $104,900 and $38,000 for the year ended December 31, 2015 and 2014 respectively. 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. The accounts receivable balances consisted of the following as of December 31, 2015 and 2014.

	December 31, 2015	December 31, 2014
Accounts receivable	$ 5,479,437	$ 1,509,736
Allowance for doubtful accounts	4,727,278	1,380,902
Accounts receivable, net	$ 752,159	$ 128,834

The allowance is a significant percentage of the balance because FlexShopper does not charge off any customer accounts until it has exhausted all collection efforts with respect to each account including attempts to repossess items. In addition, while collections are pursued, the same delinquent customers will continue to accrue weekly charges until they are charged off. During the year ended December 31, 2015, $2,300,708 of accounts receivable balances were charged off against the allowance.

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. Upon transfer of ownership of merchandise to customers resulting from satisfaction of their lease obligations, the related cost and accumulated depreciation are eliminated from lease merchandise. 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 net of any estimated salvage value with a corresponding charge to cost of lease revenue. The cost, accumulated depreciation and impairment reserve related to such merchandise are written off upon determination that no salvage value is obtainable. The impairment charge amounted to approximately $1,500,000 and $527,000 for the years ended December 31, 2015 and 2014 respectively. The net leased merchandise balances consisted of the following as of December 31, 2015 and 2014:

	December 31, 2015	December 31, 2014
Lease merchandise at cost	$ 19,504,645	$ 6,929,509
Accumulated depreciation	7,473,363	2,160,591
Impairment reserve	827,146	527,000
Lease merchandise, net	$ 11,204,136	$ 4,241,918

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

Deferred Debt Issuance Costs – Debt issuance costs incurred in conjunction with the Credit Agreement entered into on March 6, 2015 (see Note 6) are offset against the outstanding balance of the loan payable and are amortized using the straight line method over the remaining term of the credit facility. Amortization for the year ended December 31, 2015 was $487,709.

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, 2015 and 2014:

	December 31, 2015	December 31, 2014
Patent costs	$ 30,760	$ 30,760
Accumulated amortization	7,344	4,268
Patent costs, net	$ 23,416	$ 26,492

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. Costs associated with minor enhancements and maintenance for the website are included in expenses as incurred. Direct costs incurred in the website's development stage are capitalized as property and equipment. Capitalized software costs amounted to $1,142,922 and $1,017,104 for the years ended December 31, 2015 and 2014 respectively.

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

Marketing costs are charged to expense as incurred. Total marketing costs which primarily consist of advertising were approximately $4,395,000 and $885,000 for the years ended December 31, 2015 and 2014 respectively.

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 7). 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,	
	2015	**2014**
Convertible preferred stock	2,077,487	1,984,870
Options	4,067,000	3,755,000
Warrants	5,115,531	5,115,531
	11,260,018	10,855,401

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 8.

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, 2015 and 2014, 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.

Recent Accounting Pronouncements –

In April 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 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, 2017 with early adoption permitted for fiscal years and interim periods within these years beginning after December 15, 2016, the original date of the standard. The Company is currently evaluating the impact of the provisions of this new standard on its financial statements.

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.

In April 2015, the FASB issued ASU 2015-03, Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. This ASU is effective for fiscal years beginning after December 15, 2015 and for interim periods within those fiscal years with early adoption permitted. The Company early adopted ASU 2015-03 during the quarter ended March 31, 2015. In the accompanying balance sheet at December 31, 2015, the Company offset $832,792 of unamortized debt issuance costs related to debt issued under the Credit Agreement in March 2015 against the outstanding balance of loans payable under the Credit Agreement.

In July 2015, the FASB issued ASU 2015-11, Inventory (Topic 330): Simplifying the Measurement of Inventory (ASU 2015-11) which changes the measurement principle for inventory from the lower of cost or market to the lower of cost and net realizable value. ASU 2015-11 defines net realizable value as estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The new guidance must be applied on a prospective basis and is effective for periods beginning after December 15, 2016 with early adoption permitted. The Company is currently evaluating the effect the new guidance will have on its financial statements.

In November 2015, the FASB issued ASU 2015-17, Income Taxes- Balance Sheet Classification of Deferred Taxes.

To simplify the presentation of deferred income taxes, the amendments in this ASU require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The amendments in this update apply to all entities that present a classified statement of financial position. The amendments in this Update are effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods.

In February 2016, the FASB issued ASU No. 2016-02, Leases, which is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018 with early adoption permitted. Under ASU 2016-02, lessees will be required to recognize for all leases at the commencement date a lease liability, which is a lessee's obligation to make lease payments arising from a lease measured on a discounted basis, and a right-to-use asset, which is an asset that represents the lessee's right to use or control the use of a specified asset for the lease term. The Company is currently evaluating the effect that the new guidance will have on its financial statements.

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 from July 1, 2014 to December 31, 2014 and $206,177 for the year ended December 31, 2015. The sale of the Anchor Assets was made in a series of closings through September 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. In the year ended December 31, 2014, Anchor recorded a gain of $788,015 on the sale of these assets including the earnout payments received through December 31, 2014. In the year ended December 31, 2015, Anchor recorded a gain of $206,177 for the earnout payments received during the period. All such gains are included in income from discontinued operations.

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.

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 Sheet at December 31, 2014 and consist of the following:

	December 31, 2014
Assets of discontinued operations:	
Retained interest in purchased accounts receivable	$ 6,500
Liabilities of discontinued operations:	
Accounts payable	$ 7,626

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

	Twelve months ended	
	December 31, 2015	December 31, 2014
Finance revenues	$ -	$ 735,357
Interest expense and other fees -financial institution	-	(109,878)
Benefit for credit losses	-	24,904
Net finance revenues	-	650,383
Operating expenses	-	(446,733)
Other income	-	153,453
	-	357,103
Gain on sale of discontinued assets	206,177	788,015
Income (loss) from discontinued operations before income taxes	206,177	1,145,118
Provision for income taxes	78,388	458,047
Income from discontinued items	$ 127,789	$ 687,071

4. PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

	Estimated Useful Lives	December 31, 2015	December 31, 2014
Furniture and fixtures	2-5 years	$ 85,513	$ 99,982
Website and internal use software	3 years	2,160,025	1,017,103
Computers and software	3-7 years	551,015	355,213
		2,796,553	1,472,298
Less: accumulated depreciation and amortization		(999,000)	(420,601)
		$ 1,797,553	$ 1,051,697

Depreciation and amortization expense was $582,257 and $162,210 for the years ended December 31, 2015 and 2014, 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. The Promissory Note was to assist FlexShopper in purchasing merchandise for lease and was paid in full with interest amounting to $36,250 on March 11, 2015.

6. LOAN PAYABLE

On March 6, 2015, FlexShopper entered into a credit agreement (the "Credit Agreement") with Wells Fargo Bank, National Association as paying agent, various lenders from time to time party thereto and WE 2014-1 LLC as administrative agent and lender, "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 at 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 receives security interests in certain leases as collateral under the Credit Agreement. Amounts borrowed bear interest at the rate of LIBOR plus 15% per annum and a small non-usage fee is assessed on any undrawn amount if the facility is less than 80% drawn on average in any given measurement period commencing three months after closing of the facility. Interest is payable monthly on the outstanding balance of amounts borrowed and commencing on and after March 6, 2017, principal together with interest thereon, is payable monthly through March 6, 2018, the maturity date of the loan. Interest expense incurred under the Credit Agreement amounted to $407,110 during 2015. As of December 31, 2015, the amount funded under the agreement was $9,619,563.

The Credit Agreement provides that FlexShopper may not incur additional indebtedness (other than expressly permitted indebtedness) without the permission of the Lender and also prohibits dividends on common stock. 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 FlexShopper in the Credit Agreement and related documents (including certain financial and expense covenants), deficiencies in the borrowing base, certain judgments against FlexShopper and bankruptcy events.

The Credit Agreement contains financial covenants requiring the Company and its subsidiaries to maintain as of the last day of each fiscal quarter during the term of the agreement minimum amounts of Unrestricted Cash and Equity Book Value and to achieve Adjusted Operating Cash Flow of not less than certain amounts during such quarters (all such terms as defined in the Credit Agreement). As of December 31, 2015, the Company was in violation of the covenant requiring an Equity Book Value of at least $7.0 million as of such date. The covenant also requires the Company and its subsidiaries maintain an Equity Book Value of at least $7 million at each of March 31, June 30, September 30 and December 31, 2016 increasing to $10 million at the end of each quarter from March 31 through December 31, 2017.

On February 11, 2016, FlexShopper entered into a third amendment, (the "Third Amendment") to the Credit Agreement which amended the Credit Agreement to, among other things, add a new financial covenant requiring FlexShopper to maintain at least $1,500,000 in Unrestricted Cash at all times.

The Third Amendment also includes a consent by the Lender to a $1,000,000 promissory note (the "Promissory Note") in favor of Marc Malaga, FlexShopper's Executive Vice President of Operations. Interest on the Promissory Note accrues at the rate of 15.0% per annum and all outstanding principal and accrued interest is payable on demand by Mr. Malaga. The Promissory Note is secured by substantially all of FlexShopper's assets.

On March 29, 2016, FlexShopper entered into a fourth amendment to the Credit Agreement whereby the Lender waived the violation of the Equity Book Value covenant at December 31, 2015, as well as compliance with financial covenants (other than the unrestricted cash covenant) through the earlier of April 1, 2017 or the completion of the raising of at least $10,000,000 in equity funding. In addition, the amendment, among other things, provided that FlexShopper maintain Unrestricted Cash of at least $500,000 on each day and $1,000,000 at the end of each calendar month.

7. 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 ranks senior to Common Stock.

As of December 31, 2014, each share of Series 1 Convertible Preferred Stock was convertible into 5.8 shares of the Company's Common Stock, subject to certain anti-dilution rights. As a result of the Company entering into the Credit Agreement (see Note 6) and the related sale of common stock referred to below, each share of Series 1 Convertible Preferred Stock became convertible into 6.33 shares of the Company's common stock. 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, if any, will be paid as additional shares of Common Stock. 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. During the year ended December 31, 2015, 14,022 preferred shares were converted into 88,759 common shares. As of December 31, 2015 there were 328,197 shares of Series 1 Convertible Preferred Stock outstanding which are convertible into 2,077,487 shares of common stock.

Common Stock – The Company, which was authorized to issue 65,000,000 shares of $.0001 par value Common Stock, after obtaining stockholder approval and filing an amendment to the Company's Certificate of Incorporation with the Secretary of State of the State of Delaware, increased its authorized shares to 100 million in September 2015. Each share of Common Stock entitles the holder to one vote at all stockholder meetings.

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 $0.55 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.

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, to certain affiliates of the Lender and other accredited investors for a purchase price of $0.55 per share. As a result of the sale to certain affiliates, the Lender is considered a beneficial shareholder of the Company.

8. STOCK OPTIONS

On January 31, 2007, the Board of Directors adopted the 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. In September 2015, the stockholders approved the 2015 Omnibus Equity Compensation Plan which has terms identical to the 2007 Plan and provided for the issuance of 4,000,000 common shares. As of December 31, 2015, there were 4,133,000 common shares available for issuance under the plans.

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.

Activity in stock options for the year ended December 31, 2015 follows:

	Number of shares	Weighted average exercise price	Weighted average contractual term	Aggregate intrinsic value
Outstanding at January 1, 2015	3,755,000	$ 0.87		
Granted	527,000	$ 0.68		
Canceled	(215,000)	0.81		
Outstanding at December 31, 2015	4,067,000	$ 0.85	4.72	$ 257,150
Vested and exercisable at December 31, 2015	3,543,997	$ 0.88	4.05	$ 232,833
Vested and exercisable at December 31, 2015 and expected to vest thereafter	4,014,700	$ 0.88	4.72	$ 254,718

The weighted average grant date fair value of options granted during 2014 and 2015 was $0.06 and $0.01 per share respectively. 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	2015
Exercise price	$ 0.75 to $0.90	$ 0.60 to $0.90
Expected life	6 years	6 years
Expected volatility	37%	35%
Dividend yield	0%	0%
Risk-free interest rate	1.64% to 2.70%	1.35% 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 $78,600 and $299,700 for the years ended December 31, 2015 and 2014, respectively. Unrecognized compensation cost related to non-vested options at December 31, 2015 amounted to $121,400 which is expected to be recognized over a weighted average period of 2.1 years.

9. 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, was extended by the Company through January 31, 2018. The following information was input into the 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 year ended December 31, 2014, compensation expense of $139,620 was recorded related to these warrants.

The following table summarizes information about outstanding stock warrants as of December 31, 2015 all of which are exercisable:

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

10. INCOME TAXES:

For the years ended December 31, 2015 and 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:

	2015	2014
Federal tax benefit at statutory rate	$ (3,059,000)	$ (1,657,000)
State tax benefit, net of federal tax	(436,000)	(61,000)
Permanent differences	(14,000)	(38,000
Change in statutory rate	(133,000)	-
Increase in valuation allowance	3,564,000	1,298,000
Benefit for income taxes	$ (78,000)	$ (458,000)

Tax affected components of deferred tax assets and deferred tax liabilities at December 31, 2015 and 2014 were as follows:

	2015	2014
Deferred tax assets:		
Equity based compensation	$ 266,000	$ 229,000
Allowance for doubtful accounts	1,844,000	552,000
Lease merchandise	1,139,000	582,000
Net operating loss carry-forwards	3,354,000	1,680,000
Other	12,000	-
Gross deferred tax assets	6,615,000	3,043,000
Valuation allowance	(6,606,000)	(3,042,000)
Net deferred tax assets	9,000	1,000
Deferred tax liabilities:		
Fixed assets	(9,000)	(1,000)
	$ -	$ -

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, 2015, the Company has federal net operating loss carryforwards of approximately $8,400,000 and state net operating loss carryforwards of approximately $5,180,000 available to offset future taxable income which expire from 2021 to 2035.

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. The Company has not performed a formal Section 382 study. 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, 2015, federal tax returns remained open for Internal Revenue Service review for tax years after 2011, while state tax returns remain open for review by state taxing authorities for tax years after 2010. There were no federal or state income tax audits being conducted as of December 31, 2015.

11. COMMITMENTS:

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.

On September 1, 2015, FlexShopper entered into a 48 month lease for additional office space in Fort Lauderdale, Florida to accommodate our call and customer service center. The monthly base rent including operating expenses is approximately $5,200 with annual three percent increases throughout the lease term.

The rental expense for the years ended December 31, 2015 and 2014 was approximately $222,600 and $163,500, respectively. At December 31, 2015, the future minimum annual lease payments are approximately as follows:

2016	$ 184,500
2017	190,200
2018	195,900
2019	122,400
	$ 693,000

12. SUBSEQUENT EVENT:

On March 17, 2016, the Company's stockholders, acting by written consent, approved an amendment to the Certificate of Incorporation to effect a reverse stock split of the Company's common stock between a range of no less than one-for-5 and no more than one-for-10 with such ratio to be determined by the sole discretion of the Board of Directors and with the reverse split to be effective at such time and date, if at all, as determined by the Board of Directors in its sole discretion. The consent approving the amendment to our Certificate of Incorporation was approved by stockholders holding approximately 50.3% of our outstanding voting stock.

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

Not applicable.

Item 9.A Controls and Procedures.

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), our management, including our principal executive officer and principal financial officer, conducted an evaluation as of the end of the period covered by this report, of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) under the Exchange Act. Based on that evaluation, our principal executive officer and principal financial officer have concluded that these disclosure controls and procedures were effective as of December 31, 2015 to provide reasonable assurance that information required to be disclosed by us in reports that we file under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in Securities and Exchange Commission rules and forms and that material information relating to the Company is accumulated and communicated to management, including our principal executive officer and our principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

Report of Management on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rule 13a-15(f) of the Exchange Act. Internal control over financial reporting is a process designed to provide reasonable assurance to the Company's management and board of directors 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 those policies and procedures that: maintain records that in reasonable detail accurately and fairly reflect our transactions and dispositions of assets; provide reasonable assurance that transactions are recorded as necessary for preparation of our consolidated financial statements in accordance with generally accepted accounting principles; provide reasonable assurance that our receipts and expenditures are made only in accordance with authorizations of management and directors of the Company; and provide 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. Therefore, even those systems determined to be effective can only provide reasonable assurance with respect to financial statement preparation and presentation.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2015. There were no changes in our internal control over financial reporting during the quarter ended December 31, 2015 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, 2015.

Item 9.B. Other Information.

Reverse Stock Split Approved

On March 17, 2016, our stockholders, acting by written consent, approved an amendment to our Certificate of Incorporation to effect a reverse stock split of our common stock between a range of no less than one-for-5 and no more than one-for-10 with such ratio to be determined by the sole discretion of our Board of Directors and with the reverse split to be effective at such time and date, if at all, as determined by the Board of Directors in its sole discretion. The consent approving the amendment to our Certificate of Incorporation was approved by stockholders holding approximately 50.3% of our outstanding voting stock.

Amendment No. 4 to Credit Agreement and Waiver

On March 29, 2016, the Company, through a wholly-owned subsidiary (the "Borrower"), entered into a fourth amendment and waiver (the "Fourth Amendment") to the Credit Agreement originally entered into on March 6, 2015 (the "Credit Agreement") by and among the Borrower and WE 2014-1, LLC, an affiliate of Waterfall Asset Management, LLC, and certain other lenders thereunder from time to time. The Fourth Amendment amends the Credit Agreement to, among other things, increase the amount of the Borrowing Base (as defined in the Credit Agreement) until the earlier of (i) April 1, 2017 and (ii) the successful raising by the Company of at least $10,000,000 in equity funding (the "Equity Raise").

The Fourth Amendment also includes a waiver of (i) breaches resulting from the Borrower's non-compliance with certain financial covenants under the Credit Agreement that occurred prior to the effectiveness of the Fourth Amendment and (ii) compliance with certain financial covenants under the Credit Agreement for the period from the date of the Fourth Amendment through the earlier of April 1, 2017 or the completion of the Equity Raise.

Additionally, the Fourth Amendment (i) reduces the amount of unrestricted cash that the Borrower must maintain from $1,500,000 to $500,000 at any time and $1,000,000 as of the end of each calendar month, (ii) increases the rate of default interest from 2% to 4% per annum and (iii) extends the outside date within which the lenders are committed to make loans to the Borrower under the Credit Agreement from March 6, 2017 to May 6, 2017 with the lenders having a unilateral right to extend further to October 6, 2017 by giving written notice to the Company of the lenders' election to extend no later than January 6, 2017.

Finally, in consideration of the Fourth Amendment, the Company will pay to the administrative agent a bridge fee of $20,000 per week until (i) the accrued amount of such bridge fee equals $400,000 or (ii) the completion of the Equity Raise, whichever even occurs sooner, provided that such bridge fee shall amount to at least $250,000.

A copy of the Fourth Amendment is filed with this report as Exhibit 10.19 and is hereby incorporated by reference herein. The foregoing description of the Fourth Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of such document.

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
Brad Bernstein	50	Chief Executive Officer, President, Chairman of the Board and Co-Founder
H. Russell Heiser	41	Chief Financial Officer
Marc Malaga	49	Executive Vice President of Operations
James D. Allen	56	Director
Philip Gitler	42	Director
T. Scott King	63	Director
Carl Pradelli	49	Director

As of March 30, 2016, the Board of Directors, or the Board, 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

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 (“Preferred Labor”) from March 1999 through January 2007. Mr. Bernstein served Preferred Labor 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, Mr. Bernstein 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.

Russ Heiser has served as our Chief Financial Officer since December 2015. From July 2015 to December 2015, Mr. Heiser served as a consultant to the Company. From 2008 to 2015, Mr. Heiser served as an advisor to family offices in South Florida. In this role, Mr. Heiser focused on venture capital and private equity investments and was responsible for sourcing, financial analysis, transaction execution and management of portfolio companies across a variety of sectors. From 2004 to 2008, Mr. Heiser was an Executive Director in the Investment Banking Division at UBS in New York and, from 2001 to 2004, was an Associate in the Investment Banking Division at Bear, Stearns & Co. in New York. Mr. Heiser received his BS in Accounting from the University of Richmond and an MBA from Columbia Business School. Over the course of his career, Mr. Heiser has earned both CPA and CFA designations.

Marc Malaga has served as our Executive Vice President of Operations since December 2013. From 2010 through 2012, Mr. Malaga developed a private real estate portfolio, leading the strategic acquisition and management of foreclosed properties throughout south Florida. From 2000 to 2007, Mr. Magala founded and served as Chief Executive Officer of GiftBaskets.com, which became a leading destination for online gift baskets and flower purchases.

James Allen has been a director since February 2016. Mr. Allen currently serves as Chief Financial Officer of Hollander Sleep Products, LLC, the largest supplier of utility bedding products in North America. From July 2003 through November 2014, Mr. Allen served as VP Operations and Group CFO of Sun Capital Partners, a leading global private equity firm with an excess of $10 billion under management. From August 2008 through September 2014, Mr. Allen was a Partner and Group CFO of London-based Sun European Partners, the European affiliate of Sun Capital Partners. From July 2002 to July 2003, Mr. Allen was CAO of Mattress Firm, Inc., a leading bedding specialty retailer. Prior to joining Mattress Firm, Mr. Allen served for eight years in various capacities (President and COO, CFO and President of two operating divisions) at Tandycrafts, Inc., (traded on NYSE under the symbol TAC), which operated a diversified portfolio of retail and consumer products businesses. Prior to Tandycrafts, Mr. Allen was a Senior Manager at the accounting firm of Price Waterhouse (now PWC). Mr. Allen received a B.B.A. degree, majoring in management and accounting, from Evangel University in Springfield, MO. Mr. Allen brings to the Board proven leadership and management experience and a deep knowledge of audit and accounting matters.

Philip Gitler has served as a director of the Company since April 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. (NYSE: GS), where he 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 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 in connection with that certain Credit Agreement among FlexShopper 2, LLC, Wells Fargo Bank, National Association, various Lenders from time to time party thereto and WE2014-1, LLC. Mr. Gitler's extensive executive, managerial and leadership experience and his business acumen and experience make him a valuable addition to the Board.

Carl Pradelli has been a director since July 2014. Since 2002, Mr. Pradelli has served as President, CEO, co-founder and a director of Nature City LLC ("Nature City"), 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 also served as President, CEO and co-founder of Advanced Body Care Solutions, a marketer of health and beauty products using direct response television. Previously, he served as Senior Vice President of the investment banking firm Donaldson, Lufkin & Jenrette, which was acquired in 2000 by Credit Suisse First Boston. From 1999 to 2004, Mr. Pradelli served as a director of Duane Reade, Inc. and on its compensation and governance committees. Mr. Pradelli received an MBA from Wharton Business School at the University of Pennsylvania and a Bachelors of Science 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 his experience serving as a public company director, 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. (NASD: GMAN), an Omaha, NE-based apparel and home décor retailer with 99 stores. Mr. King has also served as Chairman of the Board of Gordmans. 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 assets under management. From 1999 through 2003, he served as President and Chief Executive Officer of Waterlink Inc., an Ohio based, international provider of water and waste water solutions. Prior to his tenure at Waterlink, Mr. King was employed for approximately 20 years with Sherwin-Williams Company, an international manufacturer and retailer of paint and coatings. Mr. King has 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 Bachelor of Arts 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.

Key Employees

Ravi Radhakrishnan joined FlexShopper as Chief Risk Officer in March 2016. Mr. Radhakrishnan was most recently Head of Underwriting Valuations and Senior Vice President of Consumer Card Services at Bank of America, where he managed various facets of decisioning, risk strategy and underwriting across a $90B credit card asset portfolio for 4 years. Between 2002 and 2011, he served multiple management positions in JPMorgan Chase, Capital One and HSBC banks, spearheading marketing, product and credit strategies for different consumer lending products by leveraging advanced analytics. He graduated from Virginia Tech with MS in Industrial Engineering and has his bachelor's degree from National Institute of Technology, India

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 Bylaws. 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 necessary or advisable to implement 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 federal, state and local laws, rules and regulations, including but not limited to 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 composition that includes individuals who are active or retired executive officers and senior executives, particularly those with experience in the finance and capital markets 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, Mr. Bernstein serves as the Chairman of the Board and Chief Executive Officer. FlexShopper has no fixed policy with respect to the separation of the offices of the Chairman of the Board and Chief Executive Officer. Our bylaws permit these positions to be held by the same person, and the Board believes that it is in the best interests of the Company to retain flexibility in determining whether to separate or combine the roles of Chairman and Chief Executive Officer based on our circumstances. The Board has determined that it is appropriate for Mr. Bernstein to serve as both Chairman and Chief Executive Officer because combining the roles of Chairman and Chief Executive Officer (1) enhances the alignment between the Board and management in strategic planning and execution as well as operational matters, (2) avoids the confusion over roles, responsibilities and authority that can result from separating the positions, and (3) streamlines board process in order to conserve time for the consideration of the important matters the Board needs to address.

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

The Board of Directors has determined that each of James Allen, T. Scott King and Carl Pradelli is an independent director within the meaning of the director independence standards of The NASDAQ Stock Market ("NASDAQ"). Furthermore, the Board has determined that all of the members of the Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee are independent within the meaning of the director independence standards of NASDAQ and the rules of the SEC applicable to each such committee.

Board Committees

The Board of Directors currently has standing Compensation, Audit and Corporate Governance and Nominating Committees, which were constituted in March 2016. The Board of Directors and each standing committee retains the authority to engage its own advisors and consultants. Each standing committee has a charter that has been approved by the Board of Directors. A copy of each committee charter is available at www.flexshopper.com. Each committee reviews the appropriateness of its charter annually or at such other intervals as each committee determines.

The following table sets forth the current members of each standing committee of the Board:

Name	Audit	Compensation	Corporate Governance and Nominating
James Allen	**Chair**	**X**	**X**
T. Scott King	**X**	**Chair**	**X**
Carl Pradelli	**X**	**X**	**Chair**

Audit Committee. Our Audit Committee consists of Mr. Allen, Mr. King and Mr. Pradelli. The Board of Directors has determined that each member of the Audit Committee is independent within the meaning of the NASDAQ director independence standards and applicable rules of the SEC for audit committee members. The Board of Directors has elected Mr. Allen as Chairperson of the Audit Committee and has determined that he qualifies as an "audit committee financial expert" under the rules of the SEC. The Audit Committee is responsible for assisting the Board of Directors in fulfilling its oversight responsibilities with respect to financial reports and other financial information. The Audit Committee (1) reviews, monitors and reports to the Board of Directors on the adequacy of the Company's financial reporting process and system of internal controls over financial reporting, (2) has the ultimate authority to select, evaluate and replace the independent auditor and is the ultimate authority to which the independent auditors are accountable, (3) in consultation with management, periodically reviews the adequacy of the Company's disclosure controls and procedures and approves any significant changes thereto, (4) provides the audit committee report for inclusion in our proxy statement for our annual meeting of stockholders and (5) recommends, establishes and monitors procedures for the receipt, retention and treatment of complaints relating to accounting, internal accounting controls or auditing matters and the receipt of confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters. The Audit Committee did not meet in 2015 as it was created in 2016.

Compensation Committee. Our Compensation Committee presently consists of Mr. Allen, Mr. King and Mr. Pradelli, each of whom is a non-employee director as defined in Rule 16b-3 of the Exchange Act. The Board of Directors has also determined that each member of the Compensation Committee is also an independent director within the meaning of NASDAQ's director independence standards. Mr. King serves as Chairperson of the Compensation Committee. The Compensation Committee (1) discharges the responsibilities of the Board of Directors relating to the compensation of our directors and executive officers, (2) oversees the Company's procedures for consideration and determination of executive and director compensation, and reviews and approves all executive compensation, and (3) administers and implements the Company's incentive compensation plans and equity-based plans. The Compensation Committee did not meet in 2015 as it was created in 2016.

Corporate Governance and Nominating Committee. Our Corporate Governance and Nominating Committee consists of Mr. Allen, Mr. King and Mr. Pradelli. The Board of Directors has determined that each member of the Corporate Governance and Nominating Committee is an independent director within the meaning of the NASDAQ director independence standards and applicable rules of the SEC. Mr. Pradelli serves as Chairperson of the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee (1) recommends to the Board of Directors persons to serve as members of the Board of Directors and as members of and chairpersons for the committees of the Board of Directors, (2) considers the recommendation of candidates to serve as directors submitted from the stockholders of the Company, (3) assists the Board of Directors in evaluating the performance of the Board of Directors and the Board committees, (4) advises the Board of Directors regarding the appropriate board leadership structure for the Company, (5) reviews and makes recommendations to the Board of Directors on corporate governance and (6) reviews the size and composition of the Board of Directors and recommends to the Board of Directors any changes it deems advisable. The Corporate Governance and Nominating Committee did not meet in 2015 as it was created in 2016.

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.

A current copy of the Code of Ethics is available at www.flexshopper.com. A copy may also be obtained, free of charge, from us upon a request directed to FlexShopper, Inc., 2700 North Military Trail, Ste. 200, Boca Raton, FL 33431, attention: Investor Relations. 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.flexshopper.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 2015, 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 Russ Heiser filed a Form 4 late in 2015 with respect to a single grant of stock options.

Item 11. Executive Compensation.

Summary Compensation Table for 2015

The following table sets forth the overall compensation earned over the fiscal years ended December 31, 2015 and 2014 by Brad Bernstein, our President and Chief Executive Officer, Russ Heiser, our Chief Financial Officer, Marc Malaga, our Executive Vice President of Operations, and Frank Matasavage, our former Chief Financial Officer.

	Fiscal Year	Salary ($)	Bonus ($)	Stock Awards ($)	Options Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)	Non-qualified Deferred Compensation Earnings ($)	All Other Compen-sation ($) (2)	Total ($)
Brad Bernstein	2015	$ 240,000	$ --	$ --	$ --	$ --	$ --	$ 12,000	$ 252,000
CEO and President	2014	$ 240,000	$ --	$ --	$ 103,250	$ --	$ --	$ 12,000	$ 343,250
Russ Heiser CFO	2015	$ 10,769	$ --	$ --	$ 978	$ --	$ --	$ 25,000	$ 35.679
Marc Malaga EVP of Operations	2015	$ 175,000	$ --	$ --	$ --	$ --	$ --	$ 12,000	$ 187,000
Frank Matasavage Former CFO	2015	$ 145,000	$ --	$ --	$ 4,216	$ --	$ --	$ --	$ 149,216
	2014	$ 120,462	$ --	$ --	$ 12,655	$ --	$ --	$ --	$ 133,117

(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) all “gross-ups” or other amounts reimbursed during the fiscal year for the payment of taxes; (iii) the compensation costs of any 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 pursuant to a plan or arrangement 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 or other allocations to vested and unvested defined contribution plans; (vi) the dollar value of any insurance premiums paid by, or on behalf of, FlexShopper relating to life insurance for the benefit of the named executive officer; and (vii) the value of 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.

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 captioned “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.

Outstanding Equity Awards at December 31, 2015

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 as of December 31, 2015.

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options(#) Exercisable	Number of Securities Underlying Unexercised Options(#) Unexercisable	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
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-	0.80	03/24/2024	-0-	N/A	-0-	N/A
Russ Heiser	-0-	100,000	-0-	0.50	10/19/2025	-0-	N/A	-0-	N/A
Russ Heiser	-0-	100,000	-0-	0.50	12/1/2025	-0-	N/A	-0-	N/A
Marc Malaga	250,000	-0-	-0-	0.80	03/24/2024	-0-	N/A	-0-	N/A
Frank Matasavage	8,333	16,667	-0-	0.75	01/20/2024	-0-	N/A	-0-	N/A
Frank Matasavage	6,666	3,337	-0-	0.70	12/29/2024	-0-	N/A	-0-	N/A

Employment Agreements

Brad Bernstein Employment Agreement

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 President and Chief Executive Officer of the Company. FlexShopper pays Mr. Bernstein a fixed base salary of $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. In January 2016, the Board approved an increase to Mr. Bernstein's salary to $265,000. The following summarizes Mr. Bernstein's employment agreement.

- 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 2015, the Agreement renewed for one additional year through the close of business on January 31, 2017;
- 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 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.

On February 8, 2016 the Company's Board of Directors approved a bonus plan under which Mr. Bernstein will be eligible to earn a cash bonus of up to $75,000 based on the Company's achieving certain revenue and EBITDA targets for 2016.

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 the section captioned "Outstanding Equity Awards at December 31, 2015" above for a description of outstanding options granted to Mr. Bernstein.

Russ Heiser Employment Agreement

On December 1, 2015, we entered into an employment agreement to retain the services of Russ Heiser ("Heiser") as Chief Financial Officer of the Company. FlexShopper pays Mr. Heiser a fixed base salary $205,000 during each year of his employment term. The Board may periodically review Mr. Heiser'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 Mr. Heiser's employment agreement.

- 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;

- Mr. Heiser is required to devote his full business time and efforts to the business and affairs of FlexShopper. Mr. Heiser is entitled to indemnification to the full extent permitted by law. Mr. Heiser is subject to provisions relating to non-compete (other than in the event of any termination by the Company without cause or by Mr. Heiser for good reason) and non-solicitation of employees and customers during the term of the Agreement and for a specified period thereafter;

- Mr. Heiser is entitled to participate in 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. Heiser with disability insurance benefits of at least 60% of his gross base salary per month. In the event of Mr. Heiser's disability, Mr. Heiser and his family shall continue to be covered by all of our employee 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. Heiser with life insurance benefits in the amount of at least $500,000. In the event of Mr. Heiser'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. Heiser's death in accordance with the terms of such plans.

Termination of Employment

Mr. Heiser'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. Heiser 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. Heiser 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. Heiser's employment with FlexShopper may be terminated by us, in the absence of Cause, and by Mr. Heiser for Good Reason (as defined in the agreement). In such event, Mr. Heiser shall receive 6 months' severance pay if such termination occurs between June 1, 2016 and December 1, 2018 and 12 months' severance pay if such termination occurs after December 1, 2018, 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. Heiser's employment with FlexShopper may be terminated by him without Good Reason. In such event, Mr. Heiser 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. If such termination occurs in the first year of employment, all vested options may be exercised for the shorter of (i) 90 days from the date of termination and (ii) the exercise term of each relevant option grant. If termination occurs after the first year of employment, any such vested options would continue to be exercisable for the full exercise term of each relevant option grant.

Option Grant

On December 1, 2015, Mr. Heiser was granted an option to purchase 100,000 shares of Common Stock of the Company with the exercise price based on the closing share price as of December 1, 2015. The option vests and becomes exercisable as follows: (i) one-third on the six month anniversary of the grant date; (ii) one-third on the one-year anniversary of the grant date and (iii) one-third on the two year anniversary of the grant date.

Marc Malaga Employment Agreement

On August 11, 2015, we entered into an employment agreement to retain the services of Marc Malaga ("Malaga") as Executive Vice President of Operations of the Company. FlexShopper pays Mr. Malaga a fixed base salary $175,000 during each year of his employment term. The Board may periodically review Mr. Malaga'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. In January 2016, the Board approved an increase to Mr. Malaga's salary to $195,000. The following summarizes Mr. Malaga's employment agreement.

- 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;
- Mr. Malaga is required to devote his full business time and efforts to the business and affairs of FlexShopper. Mr. Malaga is entitled to indemnification to the full extent permitted by law. Mr. Malaga is subject to provisions relating to non-compete (other than in the event of any termination by the Company without cause or by Mr. Malaga for good reason) and non-solicitation of employees and customers during the term of the Agreement and for a specified period thereafter;
- Mr. Malaga is entitled to participate in 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. Malaga with disability insurance benefits of at least 60% of his gross base salary per month. In the event of Mr. Malaga's disability, Mr. Malaga and his family shall continue to be covered by all of our employee 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. Malaga with life insurance benefits in the amount of at least $500,000. In the event of Mr. Malaga'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. Malaga death in accordance with the terms of such plans.

On February 8, 2016 the Company's Board of Directors approved a bonus plan under which Mr. Malaga will be eligible to earn a cash bonus of up to $60,000 based on the Company's achieving certain revenue and EBITDA targets for 2016.

Termination of Employment

Mr. Malaga'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. Malaga 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. Malaga 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. Malaga's employment with FlexShopper may be terminated by us, in the absence of Cause, and by Mr. Malaga for Good Reason (as defined in the agreement). In such event, Mr. Malaga 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. Malaga's employment with FlexShopper may be terminated by him without Good Reason. In such event, Mr. Malaga 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. If such termination occurs in the first year of employment, all vested options may be exercised for the shorter of (i) 90 days from the date of termination and (ii) the exercise term of each relevant option grant. If termination occurs after the first year of employment, any such vested options would continue to be exercisable for the full exercise term of each relevant option grant.

Option Grant

Mr. Malaga is eligible to receive stock options and other compensation as determined at the discretion of the board. See the section captioned "Outstanding Equity Awards at December 31, 2015" above for a description of outstanding options granted to Mr. Malaga.

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

George Rubin, a director until December 29, 2014 received 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 are reimbursed for their reasonable out of pocket expenses associated with attending the meetings of the Board and its committees.

2015 Director Compensation

The following table shows the overall compensation earned for the 2015 fiscal year with respect to each non-employee and non-executive director of FlexShopper as of December 31, 2015.

DIRECTOR COMPENSATION

Name and Principal Position	Fees Earned or Paid in Cash ($)	Stock Awards ($) (1)	Option Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($) (2)	Total ($)
Morry Rubin, Former Director	$ --	$ --	$ --	$ --	$ --	$ 14,434	$ 14,434
Carl Pradelli, Director	$ 15,230	$ 26,760	$ --	$ --	$ --	$ --	$ 41,990
T. Scott King Director	$ 11,583	$ 16,065	$ --	$ --	$ --	$ --	$ 27,648
Philip Gitler, Director	$ --	$ --	$ --	$ --	$ --	$ --	$ --

(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.

Mr. Bernstein receives no compensation for his service on our Board.

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.

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

As of March 19, 2016, we have 52,104,081 shares of Common Stock and 328,197 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 shares of Common Stock, but is convertible into 6.33 shares of Common Stock. Accordingly, the 328,197 shares of Series 1 Preferred Stock are convertible into 2,077,487 shares of Common Stock with the equivalent voting rights of 1,899,506 shares of Common Stock. The following table sets forth information regarding the economic ownership of our company Common Stock by:

- each person or group of affiliated persons who is known by us to beneficially own more than 5% of our Common Stock;
- each of our executive officers included in the Summary Compensation Table;
- 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)	6,979,927	13.0
George Rubin (1)	3,521,927	6.6
Ilissa and Brad Bernstein (2)	3,700,000	6.9
T. Scott King (3)	120,000	*
Carl Pradelli (4)	307,500	*
Philip M. Gitler (5)	158	*
H. Russell Heiser (6)	137,333	*
Marc Malaga (7)	3,263,483	6.1
All officers and directors as a group (seven persons) (8)	14,508,901	25.5
Buechel Family Ltd Partnership (9)	1,644,095	3.1
Buechel Patient Care Research & Education Fund (10)	1,294,095	2.4
Waterfall Asset Management, LLC (11)	14,545,455	28.0

* Represents less than 1% of the outstanding shares.

(1) Morry Rubin's beneficial ownership includes 4,901,259 shares of Common Stock and options/warrants to purchase 1,816,668 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 2,593,259 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 666,668 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 120,000 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) Philip M. Gitler has an indirect ownership interest in the Waterfall Eden Master Fund Ltd., which owns 7,882,774 shares of the Issuer. His indirect ownership interest equates to approximately 158 shares of the Issuer owned by the fund.

(6) Includes 104,000 shares of Common Stock and 33,333 vested options.

(7) Includes 1,915,020 common shares, warrants to purchase 666,668 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.

(8) Includes 9,108,358 shares of Common Stock, 262,000 shares owned in trust for certain family trusts, 431,795 shares of Common Stock issuable upon conversion of 68,214 shares of Series 1 Preferred Stock and all options and warrants (described in (1) through (7) above) to purchase an aggregate of 4,706,669 shares.

(9) 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 (10). The address for this investor is c/o Fordham Financial Management, Inc., 17 Battery Place South, Suite 643, New York, NY 10004.

(10) Includes 1,092,725 shares of Common Stock and 31,812 Preferred shares convertible into 201,370 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.

(11) 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. Thomas Capasse and Jack 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. Thomas Capasse and Jack 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, 2015 and relates to our 2007 Omnibus Equity Compensation Plan and our 2015 Omnibus Equity Compensation Plan 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 Approved by Security Holders	4,067,000	$ 0.85	4,133,000

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

Related Party Notes

On December 8, 2014, FlexShopper entered into a promissory Note for $1,000,000 with a Marc Malaga, FlexShopper's Executive Vice President of Operations. The note was payable on demand. The note was funded in increments of $500,000 on December 8th and 18th of 2014 and earned interest at 15% per annum which amounted to $7,083 for the year ended December 31, 2015. 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 5 to the Consolidated Financial Statements of the Company for more information.

On February 11, 2016, FlexShopper entered into a promissory note for $1,000,000, in favor of Marc Malaga, FlexShopper's Executive Vice President of Operations. Interest on the Promissory Note accrues at the rate of 15.0% per annum and all outstanding principal and accrued interest is payable on demand by Mr. Malaga. The Promissory Note is secured by substantially all of the Company's assets.

2015 Credit and Equity Financings

On March 6, 2015, FlexShopper, entered into a credit agreement (the "Credit Agreement") among FlexShopper 2, LLC ("Borrower"), Wells Fargo Bank, National Association, various Lenders from time to time party thereto and WE2014-1, LLC ("Waterfall" or "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 paid placement agent fees totaling $850,000.

As of December 31, 2015 the amount funded under the agreement was $9,619,563. There were no principal repayments made during 2015 and interest paid on the agreement as of the year ended December 31, 2015 totaled $407,110.

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 those Investors beneficially owning 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. 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.

Board Independence

The Board of Directors is currently comprised of Mr. Brad Bernstein, Mr. James Allen, Mr. Philip Gitler, Mr. T. Scott King and Mr. Carl Pradelli. Our common stock is traded on the OTCQB, which does not maintain any standards regarding the "independence" of the directors on the Board, and we are not subject to such requirements of any national securities exchange or inter-dealer quotation system. In the absence of such requirements, we have elected to use the definition for "independent director" under NASDAQ's rules. The Board of Directors has determined that each of James Allen, T. Scott King and Carl Pradelli is an independent director within the meaning of the director independence standards of NASDAQ. Furthermore, the Board has determined that all of the members of the Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee are independent within the meaning of the director independence standards of NASDAQ and the rules of the SEC applicable to each such committee.

Item 14. Principal Accounting Fees and Services.

Audit Fees

During fiscal 2014, the aggregate fees billed for professional services rendered by Scott and Company LLC (the "Independent Auditors") for the 2013 audit of the Company's annual consolidated financial statements totaled approximately $54,450, excluding expenses. During fiscal 2015, the aggregate fees billed for professional services rendered by Scott and Company LLC for the 2014 audit and re-issuing of the 2013 audit report totaled approximately $3,500, excluding expenses. The audit fees for the 2014 and 2015 audit of the Company's annual consolidated financial statements rendered by EisnerAmper LLP were $55,000 and $95,000, respectively.

All Other Fees

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 with the Securities and Exchange Commission. In 2015 the Company paid EisnerAmper LLP $10,000 for the review of each of the Company's three quarterly filings with the Commission, and $17,500 for their review and issuance of its consents with respect to the Company's registration statements.

Pre-approval Policies

The Audit Committee has adopted a policy that requires that all services to be provided by the Company's independent public accounting firm, including audit services and permitted non-audit services, to be pre-approved by the Audit Committee. Since the Audit Committee was not formed until March 2016, all audit and permitted non-audit services provided by EisnerAmper LLP prior to March 2016 were approved by the Company's Board of Directors.

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, 2015 and 2014:

Exhibits

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of FlexShopper, Inc.*
3.2	Designation of Rights Preferences of Series 1 Convertible Preferred Stock (previously filed as Exhibit 3.4 to the Company's General Form of Registration on Form 10-SB filed on April 30, 2007 and incorporated herein by reference)
3.3	Amended and Restated Bylaws*
4.1	Common Stock Purchase Warrant, dated October 9, 2014, issued by FlexShopper, Inc. to Fordham Financial Management, Inc. (previously filed as Exhibit 4.1 to the Company's Registration Statement on Form S-1 (File No. 333-201644) and incorporated herein by reference)
4.2	Common Stock Purchase Warrant, dated October 9, 2014, issued by FlexShopper, Inc. to Paulson Investment Company, Inc. (previously filed as Exhibit 4.2 to the Company's Registration Statement on Form S-1 (File No. 333-201644) and incorporated herein by reference)
4.3	Common Stock Purchase Warrant, dated October 9, 2014, issued by FlexShopper, Inc. to Spartan Capital Securities, LLC (previously filed as Exhibit 4.3 to the Company's Registration Statement on Form S-1 (File No. 333-201644) and incorporated herein by reference)
10.01	Asset Purchase and Sale Agreement, dated April 30, 2014, by and between Anchor Funding Services, LLC and Transportation Alliance Bank Inc. (previously filed as Exhibit 10.30 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014 and incorporated herein by reference)
10.02	Agreement of Lease between the Oakland Commerce Center, LLC and FlexShopper, LLC*
10.03	First Amendment to Lease Agreement, dated January 2014, by and between Fountain Square Acquisition Company LLC and FlexShopper, LLC (previously filed as Exhibit 10.34 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014 and incorporated herein by reference)
10.04+	Executive Employment Agreement, dated January 31, 2007, by and between BTHC XI, Inc. and Brad Bernstein (previously filed as Exhibit 10.3 to the Company's General Form of Registration om Form 10-SB filed on April 30, 2007and incorporated herein by reference)

10.05	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 (previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 12, 2015 and incorporated herein by reference)
10.06	Investor Rights Agreement, dated as of March 6, 2015, by and among FlexShopper, Inc., the Management Stockholders and affiliates of Waterfall (previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 12, 2015 and incorporated herein by reference)
10.07	Form of Investor Rights Agreement, dated as of March 6, 2015, by and among FlexShopper, Inc. and the Investors party thereto (previously filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on March 12, 2015 and incorporated herein by reference)
10.08+	Executive Employment Agreement, dated August 11, 2015, by and between FlexShopper, Inc. and Marc Malaga (previously filed as Exhibit 10.13 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2015 and incorporated herein by reference)
10.09	Amendment No. 1 to the Credit Agreement, dated November 6, 2015, among FlexShopper 2, LLC and WE 2014-1, LLC (previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 12, 2015 and incorporated herein by reference)
10.10	Amendment No. 2 to the Credit Agreement, dated November 6, 2015, among FlexShopper 2, LLC and WE 2014-1, LLC (previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on November 12, 2015 and incorporated herein by reference)
10.11+	Executive Employment Agreement, dated December 1, 2015, by and between FlexShopper, Inc. and Russ Heiser (previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 7, 2015 and incorporated herein by reference)
10.12	Amendment No. 3 to the Credit Agreement, Consent and Temporary Waiver, dated February 11, 2016, among FlexShopper 2, LLC and WE-2014-1, LLC*
10.13	Promissory Note, dated February 11, 2016, issued by FlexShopper, LLC to Marc Malaga*
10.14+	2007 Omnibus Equity Compensation Plan (previously filed as Exhibit 99.1 to the Company's General Form of Registration on Form 10-SB filed on April 30, 2007 and incorporated herein by reference)
10.15+	Form of Non-Qualified Stock Option Grant issuable under 2007 Omnibus Equity Compensation Plan (previously filed as Exhibit 99.2 to the Company's General Form of Registration on Form 10-SB filed on April 30, 2007 and incorporated herein by reference)
10.16+	First Amendment to 2007 Omnibus Equity Compensation Plan (previously filed as Exhibit 99.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011 and incorporated herein by reference)
10.17+	2015 Omnibus Equity Compensation Plan (previously filed as Exhibit 99.1 to the Company's Current Report on Form 8-K filed on September 21, 2015 and incorporated herein by reference)
10.18+	Form of Stock Option Agreement issuable under 2015 Omnibus Equity Compensation Plan*
10.19	Amendment No. 4 to the Credit Agreement and Waiver dated March 29, 2016, among FlexShopper 2, LLC and WE-2014-1, LLC*
14.1	Code of Ethics for Senior Financial Officers (previously filed as Exhibit 14.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014 and incorporated herein by reference)
21.0	Subsidiaries of Registrant*
23.1	Consent of EisnerAmper LLP *
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 *
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 *

+ Indicates a management contract or any compensatory plan, contract or arrangement.
* Filed herewith.

(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.

Dated: March 30, 2016

By: /s/ Brad Bernstein
Brad Bernstein
President and Chief Executive Officer

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, Chief Executive Officer (Principal Executive Officer) and Chairman of the Board	March 30, 2016
/s/ James D. Allen James D. Allen	Director	March 30, 2016
/s/ T. Scott King T. Scott King	Director	March 30, 2016
/s/ Carl Pradelli Carl Pradelli	Director	March 30, 2016
/s/ Philip Gitler Philip Gitler	Director	March 30, 2016
/s/ Russ Heiser Russ Heiser	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 30, 2016

Brad Bernstein, James, D. Allen, T. Scott King, Carl Pradelli and Philip Gitler represent all the current members of the Board of Directors.

Exhibit 3.1

CERTIFICATE OF INCORPORATION
OF
FLEXSHOPPER, INC., AS AMENDED

FIRST

The name of the Corporation shall be FlexShopper, Inc.

SECOND

The Corporation will have perpetual existence.

THIRD

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law.

FOURTH

Section 1. Authorization of Shares.

The aggregate number of shares of capital stock which the Corporation will have authority to issue is 110,000,000 shares, consisting of 100,000,000 shares of common stock, having a par value of $.0001 per share ("Common Stock"), and 10,000,000 shares of Preferred Stock, having a par value of $.001 per share ("Preferred Stock").

Section 2. Common Stock.

2.1 Dividends. The holders of shares of Common Stock shall be entitled to receive such dividends as from time to time may be declared by the Board of Directors of the Corporation, subject to any preferential payments to which the holders of shares of any series of Preferred Stock shall be entitled as may be stated and expressed pursuant to the resolution establishing any such series of Preferred Stock.

2.2 Liquidation. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, after payment shall have been made to any holders of shares of any series of Preferred Stock then outstanding of the full amounts of preferential payments to which they shall respectively be entitled as may be stated and expressed pursuant to the resolution establishing any such series of Preferred Stock, the holders of shares of Common Stock then outstanding shall be entitled to share ratably based upon the number of shares of Common Stock held by them in all remaining assets of the Corporation available for distribution to its shareholders.

2.3 Voting Rights. All shares of Common Stock shall be identical with each other in every respect. The shares of Common Stock shall entitle the holders thereof to one vote for each share upon all matters upon which shareholders have the right to vote.

Section 3. Preferred Stock.

The Board of Directors is authorized to establish, from time to time, one or more series of any class of shares, to increase or decrease the number within each series, and to fix the designations, powers, preferences and relative, participating, optional or other rights of such series and any qualification, limitations or restrictions thereof. All shares of any one series of Preferred Stock will be identical except as to the dates of issue and the dates from which dividends on shares of the series issued on different dates will cumulate, if cumulative. Authority is hereby expressly granted to the Board of Directors to authorize the issuance of one or more series of Preferred Stock, and to fix by resolution or resolutions providing for the issue of each such series the voting powers, designations, preferences, and relative, participating, optional, redemption, conversion, exchange or other special rights, qualifications, limitations or restrictions of such series, and the number of shares in each series, to the full extent now or hereafter permitted by law.

FIFTH

No stockholder of the Corporation will, solely by reason of holding shares of any class, have any preemptive or preferential right to purchase or subscribe for any shares of the Corporation, now or hereafter to be authorized, or any notes, debentures, bonds or other securities convertible into or carrying warrants, rights or options to purchase shares of any class, now or hereafter to be authorized, whether or not the issuance of any such shares or such notes, debentures, bonds or other securities would adversely affect the dividend, voting or any other rights of such stockholder. The Board of Directors may authorize the issuance of, and the Corporation may issue, shares of any class of the Corporation, or any notes, debentures, bonds or other securities convertible into or carrying warrants, rights or options to purchase any such shares, without offering any shares of any class to the existing holders of any class of stock of the Corporation.

SIXTH

At all meetings of stockholders, a quorum will be present if the holders of a majority of the shares entitled to vote at the meeting are represented at the meeting in person or by proxy.

SEVENTH

Stockholders of the Corporation will not have the right of cumulative voting for the election of directors or for any other purpose.

EIGHTH

In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors is expressly authorized to adopt, alter, amend and repeal the Bylaws of the Corporation or to adopt new Bylaws. Directors need not be elected by written ballot unless expressly required by the Bylaws of the Corporation.

NINTH

The Corporation may, to the fullest extent permitted by the Delaware General Corporation Law, as the same exists or may hereafter be amended, indemnify any and all persons it has power to indemnify under such law from and against any and all of the expenses, liabilities or other matters referred to in or covered by such law. In addition, the Corporation shall indemnify each of the Corporation's directors and officers in each and every situation where, under Delaware General Corporation Law (specifically Section 145) the Corporation is not obligated, but is permitted or empowered, to make such indemnification, except as otherwise set forth in the Bylaws of the Corporation. Such indemnification may be provided pursuant to any Bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his director or officer capacity and as to action in another capacity while holding such office, will continue as to a person who has ceased to be a director, an officer, or a person for whom the Corporation has approved indemnification pursuant to the first sentence hereof, and will inure to the benefit of the heirs, executors and administrators of such a person.

If a claim under the preceding paragraph is not paid in full by the Corporation within thirty (30) days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant will be entitled to be paid also the expense of prosecuting such claim. It will be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standards of conduct that make it permissible under the laws of the State of Delaware for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense will be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in the laws of the State of Delaware nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, will be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

TENTH

To the fullest extent permitted by the laws of the State of Delaware as the same exist or may hereafter be amended, a director of the Corporation will not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director; provided however, that this Article shall not eliminate or limit the liability of a director: (i) for any breach of the director's duty of loyalty to the Corporation or 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 Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is amended after the date of filing of this Certificate of Incorporation to authorize corporate action further limiting or eliminating the personal liability of a director, then the liability of the directors of the Corporation shall be limited or eliminated to the fullest extent permitted by the Delaware General Corporation Law, as so amended. Any repeal or modification of this Article by the stockholders of the Corporation or otherwise shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification. The provisions of this Article shall not be deemed to limit or preclude indemnification of a director by the Corporation for any liability of a director that has not been eliminated by the provisions of this Article.

ELEVENTH

The address of the Corporation's initial registered office is 1209 Orange Street, Wilmington, Delaware 19801, County of New Castle, and the name of its initial registered agent at that address is The Corporation Trust Company.

TWELFTH

The number of directors constituting the initial Board of Directors of the Corporation is one and the name and mailing address of such person, who is to serve as director until the first annual meeting of the stockholders or until his successor is elected and qualified, is:

Name	Address
Timothy P. Halter	12890 Hilltop Road Argyle, Texas 76226

Hereafter, the number of directors will be determined in accordance with the Bylaws of the Corporation.

THIRTEENTH

The powers of the incorporator will terminate upon the filing of this Certificate. The name and mailing address of the incorporator are:

Name	Address
Timothy P. Halter	12890 Hilltop Road Argyle, Texas 76226

FOURTEENTH

The Corporation shall not be governed by Section 203 of the Delaware General Corporation Law.

AMENDED AND RESTATED BYLAWS

OF

FLEXSHOPPER, INC.

As amended January 30, 2007

ARTICLE 1
OFFICES

SECTION 1.01 ***Registered Office.*** The registered office of FlexShopper, Inc. (the "Corporation") shall be in such place within the State of Delaware as the Board of Directors (the "Board") may from time to time determine.

SECTION 1.02 ***Principal Office.*** The Corporation may have offices also at such other places within and without the State of Delaware as the Board may from time to time determine or as the business of the Corporation may require.

SECTION 1.03 ***Other Offices.*** The Corporation may establish any additional offices, at any place or places, as the Board may designate or as the business of the Corporation shall require.

ARTICLE 2
MEETINGS OF STOCKHOLDERS

SECTION 2.01 ***Place.*** Meetings of the stockholders of the Corporation (the "Stockholders") shall be held at such place either within or without the State of Delaware as shall be designated from time to time by a resolution of a majority of the Board.

SECTION 2.02 ***Annual Meetings.*** The annual meeting of the Stockholders shall, unless otherwise provided by the Board, be held on the third Tuesday in May each year. At each annual meeting of the Stockholders, the Stockholders shall elect directors, vote upon the ratification of the selection of the independent auditors selected for the Corporation for the then current fiscal year of the Corporation, and transact such other business as may properly be brought before the meeting.

SECTION 2.03 ***Notice of Meetings.*** Notice of the place, if any, date, and time of all meetings of the Stockholders, and the means of remote communications, if any, by which Stockholders and proxyholders may be deemed to be present in person and vote at such meeting, shall be given, not less than 10 nor more than 60 days before the date on which the meeting is to be held, to each holder of Voting Stock entitled to vote at such meeting, except as otherwise provided herein or required by law. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place, if any, thereof, and the means of remote communications, if any, by which Stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; *provided, however,* that if the date of any adjourned meeting is more than 30 days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, notice of the place, if any, date, and time of the adjourned meeting and the means of remote communications, if any, by which Stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting, shall be given in conformity herewith. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

SECTION 2.04 ***Special Meetings.*** Special meetings of the Stockholders may be called by the chief executive officer or the president or by resolution of the Board and, subject to any contrary provision in the Certificate of Incorporation and to the procedures set forth in this section, shall be called by the chief executive officer or the secretary at the request in writing of Stockholders owning a majority of the voting power of the then outstanding Voting Stock. Any such resolution or request shall state the purpose or purposes of the proposed meeting. Such meeting shall be held at such time and date as may be fixed by a resolution of a majority of the Board. The Board may postpone fixing the time and date of a special meeting to be held at the request of Stockholders in order to allow the secretary to determine the validity of such request, *provided,* that if such request is determined to be valid, then the Board shall fix the date of such special meeting to be no later than 90 days after such determination. For the purposes of these Bylaws, the term "Voting Stock" shall have the meaning of such term set forth in the Certificate of Incorporation or, if not defined therein, "Voting Stock" shall mean the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors.

SECTION 2.05 ***Business Transacted.*** Business transacted at any special meeting of Stockholders shall be limited to the purposes stated in the notice.

SECTION 2.06 ***List of Stockholders.*** The officer who has charge of the stock ledger of the Corporation shall prepare and make or cause to be prepared and made, at least ten days before every meeting of Stockholders, a complete list of the holders of Voting Stock entitled to vote at said meeting, arranged in alphabetical order with the address of and the number of voting shares registered in the name of each. Such list shall be open for ten days prior to the meeting to the examination of any Stockholders, for any purpose germane to the meeting, during ordinary business hours, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of meeting, or, if not so specified, at the place where the meeting is to be held, and shall be produced and kept at the time and place of said meeting during the whole time thereof, and may be inspected by any Stockholder who is present.

SECTION 2.07 ***Quorum.*** Except as otherwise provided by these Bylaws, the presence of the holders of a majority of the outstanding Voting Stock entitled to vote at any meeting of the Stockholders, in person or by proxy, shall constitute a quorum for the transaction of business. On all questions, the Stockholders present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Stockholders to result in less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the shares required to constitute a quorum. In the absence of a quorum, the holders of Voting Stock present in person or by proxy and entitled to vote at the meeting may, by majority vote, or, in the absence of all Stockholders, any officer entitled to preside at the meeting, shall have the power to adjourn the meeting from time to time until holders of the requisite amount of Voting Stock shall be present in person or by proxy. When specified business is to be voted on by a class or series of stock voting as a class, the holders of a majority of the voting power of the shares of such class or series shall constitute a quorum of such class or series for the transaction of such business.

SECTION 2.08 ***Vote Required.*** When a quorum is present at any meeting, the vote of the holders of a majority of the voting power of the Voting Stock present in person or represented by proxy shall decide any questions brought before such meeting, except as otherwise provided by statute or the Certificate of Incorporation.

SECTION 2.09 ***Proxies.*** Each holder of Voting Stock entitled to vote at a meeting of Stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. Any such proxy shall be delivered to the secretary of such meeting, at or prior to the time designated in the order of business for so delivering such proxies. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only so long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the Corporation generally.

SECTION 2.10 ***Inspectors of Election.*** In advance of any meeting of the stockholders, the Board or the presiding officer of such meeting may appoint one or more inspectors of election to act at such meeting or at any adjournments thereof and make a written report thereof. One or more persons may also be designated by the Board or such presiding officer as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the presiding officer of such meeting shall appoint one or more inspectors to act at such meeting. No director or nominee for the office of director at such meeting shall be appointed an inspector of election. Each inspector, before entering on the discharge of the inspector's duties, shall first take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of such person's ability. The inspectors of election shall, in accordance with the requirements of the Delaware General Corporation Law, (a) ascertain the number of shares outstanding and the voting power of each, (b) determine the shares represented at the meeting and the validity of proxies and ballots, (c) count all votes and ballots, (d) determine and retain for a reasonable period and file with the secretary of the meeting a record of the disposition of any challenges made to any determination by the inspectors, and (e) make and file with the secretary of the meeting a certificate of their determination of the number of shares represented at the meeting and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

SECTION 2.11 ***Procedures for Meetings.*** Meetings of Stockholders shall be presided over by the chief executive officer or in his or her absence by a presiding officer designated by the Board, or in the absence of such designation by a presiding officer chosen at the meeting. The secretary shall act as secretary of the meeting, but in his or her absence the presiding officer of the meeting may appoint any person to act as secretary of the meeting. The date and time of the opening and the closing of the polls for each matter upon which the Stockholders will vote at a meeting shall be announced at such meeting by the presiding officer. The Board may adopt by resolution such rules or regulations for the conduct of meetings of Stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board, the presiding officer of any meeting of Stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chair, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the presiding officer, may include, without limitation, the following: (a) the establishment of an agenda or order of business for the meeting; (b) rules and procedures for maintaining order at the meeting and the safety of those present; (c) limitations on attendance at or participation in the meeting to Stockholders of record, their duly authorized and constituted proxies or such other persons as the presiding officer shall permit; (d) restrictions on entry to the meeting after the time fixed for the commencement thereof, and (e) limitations on the time allotted to questions or comments by participants.

SECTION 2.12 ***Action Without Meeting.*** Unless otherwise provided in the Certificate of Incorporation, any action required or permitted to be taken at any annual or special meeting of Stockholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding Voting Stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those holders of Voting Stock who have not consented in writing.

SECTION 2.13 ***Notice of Stockholder Nomination and Stockholder Business.*** At an annual meeting of the Stockholders, only such persons who are nominated in accordance with the procedures set forth in this section shall be eligible to stand for election as directors and only such business shall be conducted as shall have been brought before the meeting in accordance with the procedures set forth in these Bylaws. Nominations of persons for election to the Board of the Corporation and the proposal of business to be considered by the Stockholders at an annual meeting of Stockholders may be made (a) pursuant to the Corporation's notice of meeting, including matters covered by Rule 14a-8 under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), (b) by or at the direction of the Board or (c) by any Stockholder of the Corporation who was a holder of Voting Stock of record at the time of giving of notice by the Stockholder as provided in this section, who is entitled to vote at the meeting, and who complies with the notice provision set forth in this section. A notice of the intent of a Stockholder to make a nomination or to bring any other matter before an annual meeting must be made in writing and received by the secretary of the Corporation no earlier than the 75th day and not later than the close of business on the 45th day prior to the first anniversary of the date of mailing of the Corporation's proxy statement for the prior year's annual meeting. However, if the date of the annual meeting has changed by more than 30 days from the date it was held in the prior year or if the Corporation did not hold an annual meeting in the prior year, then such notice must be received a reasonable time before the Corporation mails its proxy statement for the annual meeting. Every such notice by a Stockholder shall set forth (i) the name and address of such Stockholder as they appear on the Corporation's books and the class and number of shares of the Corporation's Voting Stock that are owned beneficially and of record by such Stockholder, (ii) a representation that the Stockholder is a holder of the Corporation's Voting Stock and intends to appear in person or by proxy at the meeting to make the nomination or bring up the matter specified in the notice; (iii) with respect to notice of an intent to make a nomination, a description of all arrangements or understandings among the Stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the Stockholder, and such other information regarding each nominee proposed by such Stockholder as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission had each nominee been nominated by the Board; and (iv) with respect to notice of an intent to bring up any other matter, a description of the matter, the reasons for conducting such business at the meeting and any material interest of the Stockholder in the matter. Notice of intent to make a nomination shall be accompanied by the written consent of each nominee to be named in a proxy statement as a nominee and to serve as director of the Corporation if so elected. Except as otherwise provided by law or by the Certificate of Incorporation, the presiding officer of the meeting shall have the power and authority to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Bylaw and whether such matter is an appropriate subject for Stockholder action under applicable law, and, if it was not, to declare that such proposal or nomination shall be disregarded. Notwithstanding the foregoing provisions of this section, a Stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this section. Nothing in this section shall be deemed to affect any rights of Stockholders to request inclusion of proposals in the Corporation's proxy statement in accordance with Rule 14a-8 under the Exchange Act or the holders of any series of preferred stock to elect directors under circumstances specified in the Certificate of Incorporation.

SECTION 2.14 ***Notice by Electronic Transmission***. Without limiting the manner by which notice otherwise may be given effectively to Stockholders, any notice to Stockholders given by the Corporation under any law, the Certificate of Incorporation or these Bylaws shall be effective if given by a form of electronic transmission then consented to by the Stockholder to whom the notice is given.

ARTICLE 3
DIRECTORS

SECTION 3.01 ***Number.*** The number of directors of the Corporation shall be such number as fixed from time to time by resolution of the Board; *provided, however,* no decrease in the number of directors shall shorten the term of any incumbent directors. The directors shall be elected at the annual meeting of the Stockholders, except as otherwise provided by statute, the Certificate of Incorporation or Section 3.02 of these Bylaws, and each director shall hold office until a successor is elected and qualified or until such director's earlier resignation or removal.

SECTION 3.02 ***Vacancies.*** Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and, except as otherwise provided by statute or the Certificate of Incorporation, each of the directors so chosen shall hold office until the next annual election and until a successor is elected and qualified or until such director's earlier resignation or removal.

SECTION 3.03 ***Authority.*** The business of the Corporation shall be managed by or under the direction of the Board, which shall exercise such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or these Bylaws directed or required to be exercised or done by Stockholders.

SECTION 3.04 ***Place of Meeting.*** The Board or any committee thereof may hold meetings, both regular and special, either within or without the State of Delaware.

SECTION 3.05 ***Annual Meeting.*** A regular meeting of the Board shall be held immediately following the adjournment of the annual meeting of Stockholders. No notice of such meeting shall be necessary to the directors in order legally to constitute the meeting, provided a quorum is present. In the event such meeting is not so held, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board.

SECTION 3.06 ***Regular Meetings.*** Except as provided in Section 3.05, regular meetings of the Board may be held without notice at such time and at such place as shall from time to time be determined by the Board.

SECTION 3.07 ***Special Meetings.*** Special meetings of the Board may be called by the chief executive officer, secretary, or the president and shall be called by the chief executive officer or the secretary on the written request of at least three directors. Notice of special meetings of the Board shall be given to each director at least three calendar days before the meeting if by mail or at least the calendar day before the meeting if given in person or by telephone, facsimile, telegraph, telex or similar means of electronic transmission. The notice need not specify the business to be transacted.

SECTION 3.08 ***Emergency Meetings.*** In the event of an emergency which in the judgment of the chief executive officer or the president requires immediate action, a special meeting may be convened without notice, consisting of those directors who are immediately available in person or by telephone and can be joined in the meeting in person or by conference telephone. The actions taken at such a meeting shall be valid if at least a quorum of the directors participates either personally or by conference telephone.

SECTION 3.09 ***Quorum; Vote Required.*** At meetings of the Board, a majority of the directors at the time in office shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board. If a quorum shall not be present at any meeting of the Board, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

SECTION 3.10 ***Chairman of the Board.*** The Board may elect one of its members to be chairman of the board or may elect two of its members each to have the title co-chairman of the board, and may fill any vacancy in the position of chairman of the board or co-chairman of the board at such time and in such manner as the Board shall determine. The chairman of the board or co-chairmen of the board, as applicable, may but need not be an officer of or employed by the Corporation. Unless the resolutions appointing the chairman of the board or co-chairmen of the board, as applicable, specify that the chairman of the board or co-chairmen of the board shall be officers, the chairman of the board or co-chairmen of the board, as applicable, shall not be officers. The chairman of the board, if such be elected, shall, if present, preside at all meetings of the Board and exercise and perform such other powers and duties as be from time to time assigned to him by the Board. If there shall be two persons serving as co-chairmen of the board, one of them, as agreed upon by both, shall preside at all meetings of the Board and each and shall perform such other powers and duties as be from time to time assigned to him by the Board.

SECTION 3.11 ***Committees.*** The Board may, by resolution adopted by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. All committees may authorize the seal of the Corporation to be affixed to all papers which may require it. To the extent provided in any resolution or by these Bylaws, subject to any limitations set forth under the laws of the State of Delaware and the Certificate of Incorporation, any such committee shall have and may exercise any of the powers and authority of the Board in the management of the business and affairs of the Corporation. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board. Unless the Board designates one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, the members of any such committee present at any meeting and not disqualified from voting may, whether or not they constitute a quorum, unanimously appoint another member of the Board to act at the meeting in the place of any absent or disqualified member of such committee. At meetings of any such committee, a majority of the members or alternate members of such committee shall constitute a quorum for the transaction of business, and the act of a majority of members or alternate members present at any meeting at which there is a quorum shall be the act of the committee.

SECTION 3.12 ***Minutes of Committee Meetings.*** The committees shall keep regular minutes of their proceedings and, when requested to do so by the Board, shall report the same to the Board.

SECTION 3.13 ***Action by Written Consent.*** Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if all the members of the Board or of such committee, as the case may be, consent thereto in writing or by electronic transmission and the writing or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee.

SECTION 3.14 ***Participation by Conference Telephone.*** The members of the Board or any committee thereof may participate in a meeting of the Board or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at such meeting.

SECTION 3.15 ***Compensation of Directors.*** The directors may be paid their expenses of attendance at each meeting of the Board or of any special or standing committee thereof. The Board may establish by resolution from time to time the fees to be paid to each director who is not an officer or employee of the Corporation or any of its subsidiaries for serving as a director of the Corporation, for serving on any special or standing committee of the Board, and for attending meetings of the Board or of any special or standing committee thereof. No such payment shall preclude any such director from serving the Corporation in any other capacity and receiving compensation therefor.

SECTION 3.16 ***Removal.*** Subject to any limitations imposed by applicable law or by the Certificate of Incorporation, the Board or any director may be removed from office at any time, with or without cause, by the affirmative vote of the holders of a majority of the then outstanding Voting Stock.

ARTICLE 4
NOTICES

SECTION 4.01 ***Giving of Notice.*** Notice to directors and Stockholders shall be deemed given: (a) if mailed, when deposited in the United States mail, postage prepaid, directed to the Stockholder or director at such Stockholder's or director's address as it appears on the records of the corporation; (b) if by facsimile telecommunication, when directed to a number at which the Stockholder or director has consented to receive notice; (c) if by electronic mail, when directed to an electronic mail address at which the Stockholder or director has consented to receive notice; (d) if by a posting on an electronic network together with separate notice to the Stockholder or director of such specific posting, upon the later of (1) such posting and (2) the giving of such separate notice; and (e) if by any other form of electronic transmission, when directed to the Stockholder or director.

SECTION 4.02 ***Waiver of Notice.*** Whenever any notice is required to be given under the provisions of the statutes or of the Certificate of Incorporation or of these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE 5
OFFICERS

SECTION 5.01 ***Selection of Officers.*** The officers of the Corporation shall be chosen by the Board at its first meeting after each annual meeting of Stockholders and shall be a chief executive officer, a president, one or more vice presidents, a secretary, a treasurer or chief financial officer, and such other officers as may from time to time be appointed by the Board. Any number of offices may be held by the same person. The salaries of officers appointed by the Board shall be fixed from time to time by the Board or by such officers as may be designated by resolution of the Board.

SECTION 5.02 ***Powers and Duties in General.*** The officers, assistant officers and agents shall each have such powers and perform such duties in the management of the affairs, property and business of the Corporation, subject to the control and limitation by the Board, as is designated by these Bylaws and as generally pertain to their respective offices, as well as such powers and duties as may be authorized from time to time by the Board.

SECTION 5.03 ***Term of Office; Resignation; Removal Vacancies.*** The officers of the Corporation shall hold office at the pleasure of the Board. Each officer shall hold office until a successor is elected and qualified or until such officer's earlier death, resignation or removal. Any officer may resign at any time upon written notice to the Corporation. Any officer elected or appointed by the Board may be removed at any time, with or without cause, by the Board. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise shall be filled by the Board.

SECTION 5.04 ***Chief Executive Officer.*** The chief executive officer of the Corporation shall have the responsibility for the general and active management and control of the affairs and business of the Corporation, shall perform all duties and have all powers which are commonly incident to the office of chief executive or which are delegated to the chief executive officer by the Board, and shall see that all orders and resolutions of the Board are carried into effect. The chief executive officer shall have the authority to sign all certificates of stock, bonds, deeds, contracts and other instruments of the Corporation that are authorized and shall have general supervision and direction of all of the other officers and agents of the Corporation.

SECTION 5.05 ***President.*** The president will be the chief operating officer and shall perform all duties and have all powers which are commonly incident to the office of president or chief operating officer or which are delegated to the president by the Board or the chief executive officer, and shall see that all orders and resolutions of the Board are carried into effect. In the absence or disability of the chief executive officer, the president shall perform the duties and exercise the powers of the chief executive officer. The president shall have the authority to sign all certificates of stock, bonds, deeds, contracts and other instruments of the Corporation that are authorized.

SECTION 5.06 ***Vice Presidents.*** The vice presidents shall act under the direction of the chief executive officer and in the absence or disability of both the chief executive officer and the president shall perform the duties and exercise the powers of the chief executive officer. They shall perform such other duties and have such other powers as the chief executive officer or the Board may from time to time prescribe. A vice president may be designated as general counsel who shall serve as the chief legal officer and have general supervision over the Corporation's legal affairs. The Board may designate one or more executive or senior vice presidents or may otherwise specify the order of seniority of the vice presidents, and in that event the duties and powers of the chief executive officer shall descend to the vice presidents in such specified order of seniority.

SECTION 5.07 ***Secretary.*** The secretary shall act under the direction of the chief executive officer. Subject to the direction of the chief executive officer, the secretary shall attend all meetings of the Board and all meetings of the Stockholders and record the proceedings in a book to be kept for that purpose, and the secretary shall perform like duties for the standing committees of the Board when requested to do so. The secretary shall give, or cause to be given, notice of all meetings of the Stockholders and special meetings of the Board, shall have charge of the original stock books, stock transfer books and stock ledgers of the Corporation, and shall perform such other duties as may be prescribed by the chief executive officer or the Board. The secretary shall have custody of the seal of the Corporation and cause it to be affixed to any instrument requiring it, and when so affixed, it may be attested by the secretary's signature. The Board may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by such officer's signature.

SECTION 5.08 ***Chief Financial Officer or Treasurer.*** The chief financial officer or treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings and shares, and shall send or cause to be sent to the Stockholders such financial statements and reports as are by law or these Bylaws required to be sent to them. The books of account shall at all reasonable times be open for inspection by any director. The chief financial officer or treasurer shall also perform such other duties as the Board may from time to time prescribe.

SECTION 5.09 ***Action with Respect to Securities of Other Corporations.*** Unless otherwise directed by the Board, the chief executive officer or any other officer of the Corporation authorized by the chief executive officer shall have the power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of Stockholders or with respect to any action of stockholders of any other corporation in which this Corporation may hold securities and otherwise to exercise any and all rights and powers which this Corporation may possess by reason of its ownership of securities in such other corporation.

ARTICLE 6
CERTIFICATES OF STOCK

SECTION 6.01 ***Issuance.*** The stock of the Corporation shall be represented by certificates, provided that the Board may provide by resolution for any or all of the stock to be uncertificated shares.

SECTION 6.02 ***Facsimile Signatures.*** If a certificate is countersigned (a) by a transfer agent other than the Corporation or its employee, or (b) by a registrar other than the Corporation or its employee, the signatures of the officers of the Corporation may be facsimiles. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall cease to be such officer, transfer agent or registrar before such certificate is issued, it may be issued with the same effect as if he were such officer, transfer agent or registrar at the date of issue. The seal of the Corporation or a facsimile thereof may, but need not, be affixed to certificates of stock.

SECTION 6.03 ***Lost Certificates, Etc.*** The Corporation may establish procedures for the issuance of a new certificate of stock in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed and may in connection therewith require, among other things, the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed and the giving by such person to the Corporation of a bond in such sum as may be specified pursuant to such procedures as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

SECTION 6.04 ***Transfer.*** Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation, if it shall be satisfied that all provisions of the Certificate of Incorporation, the Bylaws and the laws regarding the transfer of shares have been duly complied with, to issue a new certificate to the person entitled thereto or provide other evidence of the transfer, cancel the old certificate and record the transaction upon its books.

SECTION 6.05 ***Registered Stockholders.*** The Corporation shall be entitled to recognize the person registered on its books as the owner of shares to be the exclusive owner for all purposes including voting and dividends, and the Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

SECTION 6.06 ***Record Date for Consents.*** In order that the Corporation may determine the Stockholders entitled to consent to corporate action in writing without a meeting, the Board may fix, in advance, a record date, which record date shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the Board. Any record holder of Voting Stock seeking to have the Stockholders authorize or take corporate action by written consent shall, by written notice to the secretary, request the Board to fix a record date. The Board shall promptly, but in all events within ten days after the date on which such request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board within ten days after the receipt of such request and no prior action by the Board is required by applicable law, then the record date shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its headquarters office to the attention of the secretary. Delivery shall be by hand or certified or registered mail, return receipt requested. If no record date has been fixed by the Board and prior action by the Board is required by applicable law, the record date for determining Stockholders entitled to consent shall be at the close of business on the date on which the Board adopts the resolution taking such prior action. The Board may postpone action by written consent in order to allow the secretary to conduct a reasonable and prompt investigation to ascertain the legal sufficiency of the consents. The secretary may designate an independent inspector of election to conduct such investigation.

SECTION 6.07 ***Record Dates.*** In order that the Corporation may determine the Stockholders entitled to notice of or to vote at any meeting of Stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which shall not be more than sixty or less than ten days before the date of such meeting, and not more than sixty days prior to any other action. A determination of Stockholders of record entitled to notice of or to vote at a meeting of Stockholders shall apply to any adjournment of the meeting; *provided, however,* that the Board may fix a new record date for the adjourned meeting.

ARTICLE 7
MISCELLANEOUS

SECTION 7.01 ***Declaration of Dividends.*** Dividends upon the shares of the capital stock of the Corporation may be declared and paid by the Board from the funds legally available therefor. Dividends may be paid in cash, in property, or in shares of the capital stock of the Corporation.

SECTION 7.02 ***Reserves.*** The directors of the Corporation may set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for such purposes as the directors shall think conducive to the interest of the Corporation, and the directors may modify or abolish any such reserve.

SECTION 7.03 ***Fiscal Year.*** The fiscal year of the Corporation shall be the calendar year.

SECTION 7.04 ***Seal.*** The corporate seal shall be in such form as the Board shall prescribe. Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

SECTION 7.05 ***Inspection of Books and Records by Directors.*** Any director shall have the right to examine the Corporation's stock ledger, a list of its Stockholders and its other books and records for a purpose reasonably related to his position as a director. Such right to examine the records and books of the Corporation shall include the right to make copies and extract therefrom.

ARTICLE 8
INDEMNIFICATION

SECTION 8.01 **Indemnification.** The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any pending or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding") by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director or officer of another corporation or of a partnership, joint venture, trust, nonprofit entity, or other enterprise, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such person. The Corporation shall be required to indemnify a person and/or advance expenses under Section 8.02 below in connection with a proceeding (or part thereof) initiated by such person against the Corporation only if the proceeding (or part thereof), other than a proceeding in accordance with Section 8.03 below, was authorized by the Board of Directors of the Corporation.

SECTION 8.02 ***Advance of Expenses.*** The Corporation shall pay the expenses (including attorneys' fees) incurred by any present or former officer or director of the Corporation in defending any proceeding in advance of its final disposition, *provided, however,* that such advance of expenses shall be made only upon receipt of an undertaking by the officer or director to repay all amounts advanced if it shall ultimately be determined that he or she is not entitled to be indemnified.

SECTION 8.03 ***Claims.*** If a claim for indemnification or payment of expenses (including attorneys' fees) under this Article 8 is not paid in full within sixty days after a written claim therefor has been received by the Corporation the claimant may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the claimant was not entitled to the requested indemnification or payment of expenses under applicable law.

SECTION 8.04 ***Insurance.*** The Board of Directors of the Corporation may, in its discretion, authorize the Corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her or incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of Section 8.01.

SECTION 8.05 ***Non-exclusivity of Rights.*** The right conferred on any person by this Article 8 shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, these Bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

ARTICLE 9
AMENDMENTS

SECTION 9.01 ***By the Stockholders.*** Except as otherwise provided by statute or the Certificate of Incorporation, these Bylaws may be amended by the affirmative vote of the holders of at least a majority of the voting power of the then outstanding Voting Stock, voting together as a single class at any annual or special meeting of the Stockholders, provided that notice of intention to amend shall have been contained in the notice of the meeting.

SECTION 9.02 ***By the Board.*** The Board by a resolution of a majority of the Board at any meeting may amend these Bylaws, including bylaws adopted by the Stockholders, but the Stockholders may, except as otherwise provided by statute or the Certificate of Incorporation, from time to time specify particular provisions of the Bylaws which shall not be amended by the Board.

AGREEMENT OF LEASE

between

OAKLAND COMMERCE CENTER, LLC

And

FLEXSHOPPER, LLC

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THIS LEASE is made and entered into as of this ____ day of _____, 2015, by and between **OAKLAND COMMERCE CENTER, LLC** ("Landlord") a Florida limited liability company, having its principal office at 1900 Glades Rd., Suite 351 Boca Raton, FL 33431 and **FLEXSHOPPER, LLC**, a Foreign limited liability company ("Tenant").

NOW, THEREFORE, in consideration of the terms, covenants and conditions herein set forth, Landlord and Tenant hereby covenant and agree as follows:

The following Basic Provisions and Definitions are incorporated into and made a part of this Lease:

BASIC PROVISIONS

(1) Complex: 3115-3317 NW 10th Terrace & 3401-3411 NW 9th Avenue, Ft. Lauderdale, Florid

(2) Building: 3115 NW 10th Terrace, Fort Lauderdale, Florida 33309

(3) Premises: Suite 110, 111 & 112, consisting of approximately 4,425 square feet

(4) Permitted Use: Office

(5) Estimated Commencement Date: September 1, 2015

(6) Expiration Date: Forty-eight (48) months after commencement date

(7) Term: Forty-eight (48) months

(8) Security: $5,199.38

(9) Base Rent:

Period	Annual Base Rent	Monthly Base Rent
9/1/15 – 8/31/16	62,392.50	5,199.38
9/1/16 – 8/31/17	64,251.00	5,354.25
9/1/17 – 8/31/18	66,198.00	5,516.50
9/1/18 – 8/31/19	68,189.25	5,682.44

(10) Base Year: Calendar year 2015

(11) Tenant's Percentage: Initially 2.8% subject to adjustment per terms of the Lease

(12) Sales Tax: Tenant shall remain liable for the payment of sales tax applicable to the laws of the State of Florida

(13)	Tenant's Address:	FLEXSHOPPER, LLC (Corporate) 2700 N. Military Trail, Suite 200 Boca Raton, FL 33431
(14)	Landlord's Address:	Oakland Commerce Center, LLC c/o PIMO Capital 1900 Glades Rd., Suite 351 Boca Raton, FL 33431
(15)	Parking Spaces:	18 parking spaces subject to Article 23
(16)	Broker:	Nexvel Properties, LLC
(17)	Exhibits:	The following exhibits annexed hereto are hereby incorporated herein and made a part hereof:

Exhibit A	–	Site Plan
Exhibit B	–	Floor Plan
Exhibit C	–	Rules & Regulations
Exhibit D	–	Landlord's/Work
Exhibit E	–	Termination Option

DEFINITIONS

(1) "Additional Rent" means any and all sums due or becoming due pursuant to the terms of this Lease for any reason with the exception of Base Rent, including, without limitation, attorneys fees and court costs.

(2) "Alteration(s)" means any and all installations, changes, additions or improvements to the Premises made by or at the request of Tenant, other than the Landlord's Work.

(3) "Base Operating Expenses" means the Operating Expenses incurred by Landlord in the Base Year.

(4) "Base Taxes" means the Taxes incurred by Landlord in the Base Year.

(5) "Building" means the building designated in the Basic Provisions section of this Lease.

(6) "Commencement Date" means the later of (i) the day on which possession of the Premises is delivered to Tenant ready for occupancy, or (ii) September 1, 2015.

(7) "Common Areas" means those portions of the Complex and services which are generally available to any and all of the owners, tenants or users of the Complex and the business invitees of such owners, tenants or users.

(8) "Complex" means the Building, the Common Areas and any other improvements on that certain developed parcel of real property designated as "Complex" in the Basic Provisions section of this Lease and as shown on Exhibit A.

(9) "Fee Mortgagee" means any person or entity which Landlord notifies Tenant has a mortgage against the Complex or Building.

(10) "Governmental Authorities" means all federal, state, county and municipal governments and appropriate departments, commissions, boards, subdivisions, and officers thereof.

(11) "Hazardous Materials" means any substances, materials, wastes, pollutants and the like which are defined as hazardous or toxic in, and/or regulated by (or become defined in and/or regulated by), any Legal Requirements.

(12) "HVAC System" means the heating, air conditioning and ventilation systems, and all component parts of such systems, installed by Landlord for the purpose of supplying ventilation, heat and/or cooling to the Premises, excluding any supplemental units servicing the Premises in whole or part.

(13) "Interest Rate" means the Prime Rate (hereinafter defined) plus five percent (5%).

(14) "Lease" means this lease as same may be amended, modified, extended or renewed.

(15) "Lease Month" means each calendar month commencing (i) on the Commencement Date if the Commencement Date falls on the first day of a calendar month, or (ii) if the Commencement Date is not the first day of a calendar month, on the first day of the month following the Commencement Date with the first Lease Month to include the initial partial calendar month in which the Commencement Date falls.

(16) "Legal Requirements" means any and all applicable laws and ordinances and the orders, rules, regulations and requirements of all Governmental Authorities which may be applicable to the Lease.

(17) "Operating Expense(s)" means any and all amounts incurred by Landlord in any calendar year in connection with Landlord's responsibilities under this Lease and/or to operate, manage, maintain and repair the Complex, including, without limitation, (i) wages, salaries and worker's compensation (including employee benefits and unemployment and social security taxes and insurance) of staff performing services in connection with the Complex, and (ii) management fees (not to exceed five percent (5%) of all Rent collected by Landlord from all tenants in the Complex).

(18) "Personalty" means any and all personal property of any type (including, without limitation, inventory, fixtures, equipment, machinery and vehicles) belonging to Tenant and located in or about the Building, the Premises and/or the Complex.

(19) "Premises" means the portion of the Building designated in the Basic Provisions section of this Lease, as shown on Exhibit B.

(20) "Prime Rate" means the prime interest rate for short term (90 day) unsecured loans as published from time to time by the Wall Street Journal.

(21) "Repair(s)" means any and all maintenance, repairs, replacements, alterations and additions required to maintain the Premises and/or the Complex to the standard to which similar properties are maintained in the community in which the Complex is located.

(22) "Rent" means any and all Base Rent and/or Additional Rent.

(23) "Rules and Regulations" – means the Rules and Regulations set out in Exhibit C, subject to the provisions of Section 25.1.

(24) "Security" means the amount specified in the Basic Provisions, subject to the provisions of Article 4.

(25) "Square Feet" refers to the total number of square feet of floor area of all floors in the Building, including any mezzanine or basement space, as measured from the exterior faces of the exterior walls and/or the center line of any common walls. The Square Feet of the Premises shall conclusively be the number of Square Feet indicated in the Basic Provisions, which number includes a factor which takes into account the Common Areas.

(26) "Taking" means a legal transfer of ownership and/or possession, whether temporary or permanent, for any public or quasi-public use by any lawful power or authority by exercise of the right of condemnation or eminent domain or by agreement between Landlord and those having the authority to exercise such right.

(27) "Taxes" means any and all real estate taxes and general, special and betterment assessments, incurred by Landlord as owner of the Complex in any calendar year, including, without limitation, all water and sewer charges, and any taxes, fees and charges imposed in lieu of or in addition to the foregoing due to a future change in the method of taxation. Nothing contained in this Lease shall require Tenant to pay any estate, inheritance, succession, corporate franchise or income tax of Landlord, nor shall any of same be deemed Taxes, except to the extent same are substituted in lieu of other forms of Taxes. Any Taxes for a calendar tax year only a part of which is included within the Term, shall be adjusted between Landlord and Tenant on the basis of a 365-day year as of the Commencement Date or the Expiration Date or sooner termination of the Term, as the case may be, for the purpose of computing Tenant's Tax Payment.

(28) "Tenant's Percentage" means the number of Square Feet within the Premises divided by the number of Square Feet within the Building. Landlord shall proportionally increase or decrease Tenant's Percentage if the number of Square Feet in the Building increases or decreases due to additional development, subdivision, demolition, condemnation, or similar reasons.

(29) "Vesting Date" means the date of vesting of title or transfer of possession, whichever is earlier, if the Complex, Building, Premises or any portion thereof is the subject of a Taking.

(30) "Year End Reconciliation" means an itemized statement of the difference, if any, between (i) the Tax Payment due and the actual amount of Estimated Tax Payments made by Tenant for the preceding calendar year and (ii) the Operating Expense Payment due and the actual amount of Estimated Operating Expense Payment made by Tenant for the preceding calendar year.

ARTICLE 1 DEMISE OF PREMISES AND COMMENCEMENT DATE

Section 1.1 Demise. Landlord is the owner of the Complex and hereby leases the Premises to Tenant for the Term. Tenant hereby takes the Premises from Landlord, subject to all liens, encumbrances, easements, restrictions, covenants, zoning laws and regulations affecting and governing the Premises. Tenant shall use the Premises for the Permitted Use and for no other use or purpose.

Section 1.2 Delivery and Acceptance. Upon full and final execution and delivery of this Lease, Landlord shall deliver, and Tenant shall accept delivery and possession of the Premises. The Premises shall be delivered in "broom clean", but otherwise in "AS IS, WHERE IS" condition. If the Premises are not ready for Tenant's occupancy at the time of the Estimated Commencement Date, Landlord shall have no liability to Tenant for any delay and this Lease shall not be affected thereby, except that the Commencement Date shall be the actual date of delivery of possession of the Premises to Tenant. Upon entering into possession of the Premises, Tenant shall conclusively be deemed to have accepted the Premises in its then "AS IS, WHERE IS" condition, including, without limitation, as regards the title thereto, the nature, condition and usability thereof, and the use or uses to which the Premises may be put, and shall be deemed to have assumed all risk, if any, resulting from any patent defects and from the failure of the Premises to comply with all Legal Requirements applicable thereto. Except as specifically provided in Exhibit D, Landlord shall not be required to perform any work to prepare the Premises for Tenant's intended use.

Section 1.3 Commencement Date Letter. After determination of the Commencement Date, Landlord may send Tenant a commencement letter confirming the Commencement Date, the Expiration Date and any other variable terms of the Lease. The commencement letter, which may be delivered by regular mail, shall become a part of this Lease and shall be binding on Tenant and Landlord if Tenant does not give Landlord notice of its disagreement with any of the provisions of such commencement letter within ten (10) days after the date of such letter.

ARTICLE 2 COMMON AREAS

Section 2.1 Use of Common Areas. Beginning on the Commencement Date, Tenant shall have the nonexclusive right to the use of the Common Areas in common with others.

Section 2.2 Complex and Building. Provided Landlord makes commercially reasonable efforts to avoid interfering with Tenant's use and occupancy of the Premises, Landlord shall have the right (i) to add to, or subtract from, the Common Areas, the Complex and/or the Building as Landlord may elect and Tenant shall not be entitled to any compensation as a result thereof, nor shall same be deemed an actual or constructive eviction, (ii) to erect, use and maintain pipes, ducts, shafts and conduits in and through the Premises, and (iii) to temporarily close any part of the Common Areas for such time as may be required to prevent a dedication thereof or an accrual of any rights in any person or in the public generally therein, or when necessary for the maintenance or repair thereof, or for such other reason as Landlord in its judgment may deem necessary or advisable.

ARTICLE 3 RENT

Section 3.1 Rent.

(a) All payments of Rent shall be paid to or on behalf of Landlord in lawful money of the United States, without prior demand or notice. All payments of Rent shall be delivered to Landlord at the address set forth in this Lease or to any other place designated by Landlord. Tenant's obligation to pay Rent accruing or on account of any time period during the Term shall survive the Expiration Date.

(b) The first and last full monthly installment of Base Rent and Sales Tax shall be paid to Landlord simultaneous with execution of this Lease by Tenant. Thereafter, Base Rent shall be paid in equal monthly installments in advance on or before the first day of each month during the Term.

(c) Except as otherwise expressly and specifically provided to the contrary in this Lease, no abatement, diminution or reduction of Rent shall be claimed by or allowed to Tenant, or any persons or entities claiming under Tenant, under any circumstances for any cause or reason.

Section 3.2 Tenant's Tax Payment and Property Insurance Payment

(a) Real Estate Taxes: Lessee shall pay as additional rent starting in 2016 and continuing through the remainder Term of this Lease Tenant's Percentage of the increase, if any, in real estate taxes from the prior year. After each calendar year, Landlord shall furnish tenant a statement of the actual taxes and a statement of the prior year's taxes and Tenant shall pay to Landlord Tenant's Percentage of the increase if applicable, if any, no later than Ten (10) days after notice from Landlord to Tenant.

(b) Property Insurance: Lessee shall pay as additional rent starting in 2016 and continuing through the remainder Term of this Lease Tenant's Percentage of the increase, if any, in Landlord's Fire, All Risk, Property Damage and General Liability insurance premiums from the prior year's insurance premiums for same. After each calendar year, Landlord shall furnish tenant a statement of the actual insurance premiums and a statement of the prior year's insurance premiums and Tenant shall pay to Landlord Tenant's Percentage of the increase, if any, no later than Ten (10) days after notice from Landlord to Tenant.

Section 3.3 Late Charge. If any Rent is not paid to Landlord within ten (10) days after its due date, a late charge equal to ten percent (10%) of the then late payment shall be automatically due from Tenant to Landlord ("Late Charge"). The Late Charge is in compensation of Landlord's additional costs of processing late payments.

ARTICLE 4 SECURITY

(a) Tenant has, simultaneously with the execution hereof, deposited with Landlord the Security for the faithful performance and observance by Tenant of the terms of this Lease. Landlord may retain, use, or apply the whole or part of the Security to the extent required for payment of any: (i) Rent; (ii) loss or damage that Landlord may suffer by reason of an Event of Default by Tenant including, without limitation, any damages incurred by Landlord or deficiency resulting from the re-letting of the Premises, whether such damages or deficiency accrues before or after summary proceedings or other reentry by Landlord; (iii) costs incurred by Landlord in connection with the cleaning or repair of the Premises upon expiration or earlier termination of this Lease. Landlord shall not be obligated to apply the Security and the Landlord's right to bring an action or special proceeding to recover damages or otherwise to obtain possession of the Premises before or after Landlord's declaration of the termination of this Lease for nonpayment of Rent or for any other reason shall not be affected by reason of the fact that Landlord holds the Security. The Security will not be a limitation on the Landlord's damages or other rights and remedies available under this Lease, or at law or equity; nor shall the Security be a payment of liquidated damages or advance of the Rent or any component thereof.

(b) If Landlord uses, applies, or retains all or any portion of the Security, Tenant will restore the Security to its original amount immediately upon written demand from Landlord. Tenant's failure to strictly comply with this requirement shall be an Event of Default.

(c) Subject to applicable Legal Requirements and requirements of Landlord's lender(s), Landlord may commingle the Security with its own funds. Landlord shall not be required to keep the Security in an interest bearing account. Upon expiration or earlier termination of the Lease, Landlord will return the Security to the then current Tenant and Landlord shall be deemed released by Tenant from all liability for the return of the Security. If any part of Landlord's property of which the Premises forms a part is sold, leased or otherwise legally transferred (including to a mortgagee upon foreclosure of its mortgage), Landlord shall transfer the Security to the successor entity, and, upon such transfer, Landlord shall be deemed released by Tenant from all liability for the return of the Security; and Tenant shall look solely to the Landlord's successor for the return of the Security.

(d) The Security shall not be mortgaged, assigned, or encumbered by Tenant, and neither Landlord nor its successors or assigns shall be bound by any such mortgage, assignment or encumbrance.

(e) If Tenant fully and faithfully complies with all of the terms, covenants, conditions and provisions of this Lease, Landlord shall, within sixty (60) days after the later of the Expiration Date and the date of surrender of possession of the Premises to Landlord in accordance with this Lease, return to Tenant the Security, or such portion thereof as shall then remain, less an estimated amount due for any unpaid Operating Expense Payment and/or Tax Payment.

ARTICLE 5 ASSIGNMENT AND SUBLETTING

Section 5.1 Assignment and Subletting.

(a) Except as otherwise set out in this Article, Tenant shall not mortgage, encumber or assign its interest in this Lease or sublet all or any part of the Premises without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed.

(b) Landlord's consent to any one assignment or sublease will not act as a waiver of the requirement of obtaining the Landlord's consent to any subsequent assignment or sublease.

(c) Should Tenant wish to assign this Lease or sublet any portion of the Premises, Tenant shall submit to Landlord a written request ("Tenant's Request") for Landlord's consent to such assignment or subletting. Tenant's Request shall include, at a minimum, the name and address of the proposed assignee or subtenant, the proposed use of the Premises, financial statements of the proposed assignee or sublessee in form satisfactory to Landlord, a copy of the proposed assignment or sub-lease and any other documentation reasonably required by Landlord.

(d) Notwithstanding anything contained in this Lease to the contrary, Landlord shall not be obligated to consider any request by Tenant to consent to any proposed assignment of this Lease or sublet of all or any part of the Premises unless (i) Tenant is current in payment of Rent, and (ii) each request by Tenant is accompanied by a nonrefundable fee payable to Landlord in the amount of Five Hundred and 00/100 Dollars ($500.00) to cover Landlord's expenses incurred in processing each Tenant's Request. Neither Tenant's payment nor Landlord's acceptance of the said fee shall be construed to impose any obligation whatsoever upon Landlord to consent to Tenant's Request. Landlord shall have the right to charge Tenant an additional or higher fee in the event the processing of the proposed assignment or subletting shall require more than two (2) hours to negotiate and/or draft the necessary documents.

(e) Landlord and Tenant agree that any one of the following factors will be reasonable grounds for declining the Tenant's request:

(i) financial strength of the proposed subtenant/assignee is not of the strength Landlord would require of any prospective tenant for similar properties in the Complex as of the date of the request;

(ii) business reputation of the proposed subtenant/assignee is not in accordance with generally acceptable commercial standards and the businesses of other tenants in the Complex;

(iii) the proposed subtenant/assignee is an existing tenant or occupant of the Complex, or a person or entity with whom Landlord is then dealing with regard to leasing space in the Complex, or with whom Landlord has had any dealings within the past six months with regard to leasing space in the Complex;

(iv) use of the Premises will violate the exclusive right(s) of any other tenant of the Complex, any other agreements affecting the Premises, the Landlord or other tenants.

(f) If Tenant sublets all or part of the Premises, for a net consideration (i.e. all rent and other forms of income or payment to Tenant from the subtenant less all actual, reasonable and necessary brokerage commissions and other costs incurred by Tenant in obtaining a subtenant) which is in excess of the Rent accruing under the Lease during the term of the sublease, then Tenant shall pay to Landlord, as Additional Rent, fifty percent (50%) of such excess consideration.

Section 5.2 Change of Control. Excluding the sale of corporate shares held by the general public and traded through a nationally recognized stock exchange, the sale, assignment, transfer or other disposition of any of the issued and outstanding capital stock of Tenant (or of any successor or assignee of Tenant which is a corporation), or of the interest of any general partner in a partnership constituting Tenant hereunder, or of the interest of any member of a limited liability company, joint venture, syndicate or other group which may collectively constitute Tenant hereunder, shall result in changing the control of Tenant or such other corporation or such partnership, limited liability company, joint venture, syndicate or other group, such sale, assignment, transfer or other disposition shall be deemed an assignment of this Lease. For the purposes of this Section, "control" of any corporation shall be deemed to have changed, if, in one or more transactions, any person or group of persons purchases or otherwise succeeds to more than fifty percent (50%) in the aggregate of the voting power for the election of the Board of Directors of such corporation and "control" of a partnership, a limited liability company, joint venture, syndicate or other group shall be deemed to have changed if, in one or more transactions, any person or group of persons purchases or otherwise succeeds to more than fifty percent (50%) in the aggregate of the general partners' or other active interest in such limited liability company, joint venture, syndicate or other group.

Section 5.3 Continuation of Liability. Regardless of any assignment, subletting or other transfer by Tenant of any of Tenant's rights or obligations under this Lease, Tenant shall continue to be and remain liable hereunder. Any violation of any provision of this Lease, whether by act or omission, by any assignee, subtenant or similar occupant, shall be deemed a violation of such provision by Tenant, it being the intention and meaning of the parties hereto that Tenant shall assume and be liable to the Landlord for any and all acts and omissions of any and all assignees, subtenants and similar occupants.

Section 5.4 Default after Transfer. If the Premises or any part thereof is sublet or occupied by anybody other than Tenant, Landlord may, after an Event of Default by Tenant, and without notice to Tenant collect rent from the assignee, subtenant or occupant, and apply the net amount collected to the Rent due from Tenant, but no such collection shall be deemed an acceptance of the subtenant or occupant as tenant, or a release of Tenant from the further performance by Tenant of the terms of this Lease.

Section 5.5 Recapture. Landlord shall have the right, within forty five (45) days after Landlord's receipt of Tenant's Request, to terminate this Lease on notice (a "Recapture Notice") to Tenant. If Landlord gives a Recapture Notice, Tenant shall have five (5) calendar days from receipt of such Recapture Notice to rescind, in writing, the Tenant's Request and, upon such rescission, both the Recapture Notice and Tenant's Request shall be deemed withdrawn, null and void. If Tenant's Request is not so rescinded within the permitted time period, then this Lease shall terminate (in whole if Tenant's Request is for an assignment of the Lease or subleasing of all or substantially all of the Premises, or with respect to that part of the Premises which is the subject of a subletting if Tenant's Request is for a subletting of less than substantially all of the Premises) (that portion, whether the whole or a part, of the Premises which is the subject of Tenant's Request is hereinafter referred to as the "Subject Portion") on the date which is thirty (30) days after the date of the Recapture Notice (the "Surrender Date"). Tenant shall vacate the Subject Portion on or before the Surrender Date and deliver possession of the Subject Portion to Landlord in the condition required by this Lease. Effective as of the Surrender Date, neither Landlord nor Tenant shall have any further obligations under this Lease with respect to the Subject Portion, except for those rights and obligations which survive expiration or termination of the Lease. Effective as of the Surrender Date, all Rent shall be adjusted on a pro rata basis to reflect the reduced size of the Premises, if applicable.

ARTICLE 6 REPAIRS, MAINTENANCE AND UTILITIES

Section 6.1 Tenant's Obligations.

(a) Except as otherwise provided in this Lease, Tenant shall, at no cost or expense to Landlord:

(i) Repair the interior of the Premises as and when needed to preserve them in good working order and condition;

(ii) Provide for janitorial services and general cleaning of the Premises;

(iii) Provide interior pest control

(b) If the Premises has a point of entry and exit on the exterior of the Building, Tenant shall keep the sidewalk adjoining the Premises free from rubbish, dirt, garbage and other refuse.

(c) All damage to the Premises or Building, or to their fixtures, appurtenances and equipment caused by Tenant, its servants, employees, agents, visitors or licensees, shall be repaired promptly by Tenant at no cost or expense to Landlord and to Landlord's reasonable satisfaction. Tenant shall cause all Repairs to be made in a good and workmanlike manner and in accordance with the provisions of this Lease. If after twenty (20) days' notice Tenant has failed to proceed with due diligence to make the required Repairs the same may be made by Landlord at Tenant's expense, and any expense incurred by Landlord, for said Repairs shall be paid to Landlord as Additional Rent within ten (10) calendar days after delivery of a bill or statement to Tenant.

(d) Any supplemental HVAC units, whether installed by Landlord or Tenant or left by a previous tenant, and any Tenant installed lighting shall be Tenant's sole responsibility to maintain and repair. Landlord shall have no obligation to repair, maintain or replace such HVAC units or lighting.

(e) Tenant is required to separate waste in accordance with Legal Requirements.

Section 6.2 Landlord's Obligations and Services.

(a) Landlord agrees to make all Repairs to the major electrical failures in excess of $200.00, (but not including general maintenance items, i.e. light bulbs, light fixtures and lighting ballasts), the structural, plumbing and mechanical portions and exterior surfaces of the Building, the roof, the roof gutters, and operate and Repair the Common Areas.

(b) Landlord shall additionally provide the following services to Tenant:

(i) Operation and Repair of HVAC System in a manner consistent with the standard to which similar properties are maintained in the area, the cost of same being included in Operating Expenses. Air cooling and heat. Tenant agrees to abide by all regulations and requirements which Landlord may reasonably prescribe for the proper functioning and protection of the HVAC System. Landlord shall have free access to any and all components of the HVAC System; and Tenant agrees that there shall be no construction of partitions or other obstructions which might interfere with Landlord's full access thereto. Tenant agrees that Tenant, its agents, employees or contractors shall not at any time enter the said enclosures or tamper with, adjust, touch or otherwise in any manner affect the HVAC System.

(c) Tenant acknowledges that Landlord shall not be providing the security which Tenant may require with respect to its Permitted Use(s).

(d) Landlord reserves the right to undertake such Complex-wide Repairs and provide such Complex-wide services as it deems necessary to preserve and promote the good physical condition of the Building and such costs shall be deemed Operating Expenses.

Section 6.3 Utilities.

(a) The following utilities will be made available at the Premises:

(i) electricity for the Premises, which shall be directly metered, billed to and paid by Tenant.

(ii) water service, the cost of which shall be included in Operating Expenses.

(iii) sewer service, the cost of which shall be included in Operating Expenses.

(b) Tenant agrees to pay or cause to be paid all charges for utilities of any kind which are billed directly to Tenant, and agrees to indemnify, defend and save Landlord harmless against any liability or damages for such charges.

(c) Tenant covenants and agrees that its use of utility services will not exceed either the capacity or maximum load of the utility lines serving the Premises or which may from time to time be prescribed by applicable Governmental Authorities.

(d) Unless the direct and proximate result of the gross negligence or willful misconduct of Landlord, its agents, servants or employees, Landlord shall in no event be liable or responsible to Tenant for any loss, damage or expense which Tenant may sustain or incur if either the quantity or character of utility services is changed or is no longer available or suitable for Tenant's purposes.

ARTICLE 7 COMPLIANCE WITH LAW

Section 7.1 Legal Requirements. Tenant shall, at its expense throughout the Term, promptly comply, or cause compliance, with all Legal Requirements of all Governmental Authorities which may be applicable to the Premises or the use or manner of use of the Premises.

Section 7.2 Hazardous Materials. Tenant agrees to refrain, and to prevent its employees, invitees, agents, contractors and subtenants, from utilizing or storing any Hazardous Materials in the Complex, except for cleaning fluids and common office supplies in de minimis quantities for normal cleaning use within the Premises which shall be stored in proper containers and in compliance with Legal Requirements. Tenant hereby covenants and agrees to indemnify, defend and hold Landlord harmless from and against any and all claims, actions, administrative proceedings, judgments, damages, penalties, costs, expenses, losses and liabilities of any kind or nature that arise (indirectly or directly) from or in connection with the presence (or suspected presence), release (or suspected release), spill (or suspected spill) or discharge (or suspected discharge) of any Hazardous Materials in, on or about the Complex at any time resulting from the acts or omissions of Tenant, its subtenants or their respective employees, agents or contractors. Without limiting the generality of the foregoing, the indemnity set forth above shall specifically cover any investigation, monitoring and remediation costs.

ARTICLE 8 ALTERATIONS

Section 8.1 Permitted Alterations. Tenant shall be permitted to make any Alteration(s) which (i) are not structural in nature and/or do not affect the structural portions of the Building, (ii) do not exceed Ten Thousand Dollars ($10,000.00) in the aggregate during the Term and (iii) do not require any permit or other form of legal authority (collectively, "Permitted Alterations"). Any and all other Alterations shall require the prior written consent of Landlord, which consent shall not be unreasonably withheld.

Section 8.2 Requirements.

(a) All Alterations, including Permitted Alterations, shall be made at no cost or expense to Landlord.

(b) Tenant shall submit to Landlord a copy of any plans and specifications prepared in connection with any Alteration except Permitted Alterations (including layout, architectural, mechanical and structural drawings).

(c) Before commencing any Alteration, Tenant shall provide, or shall cause its contractor to provide, any necessary and appropriate riders for fire and extended coverage, and commercial general liability and property damage insurance, covering the risks during the course of such Alteration and obtain and pay for all necessary permits and authorizations. Landlord agrees to join in the application for such permits or authorizations upon request of Tenant if necessary provided Landlord is promptly reimbursed for any filing or other costs, fees or expenses incurred and Tenant otherwise indemnifies Landlord for all losses, costs, claims and expenses incurred by Landlord in connection therewith.

(d) All Alterations shall be made with reasonable diligence, in a good and workmanlike manner, by contractor(s) approved by Landlord in Landlord's sole discretion and in compliance with all applicable Legal Requirements. Upon completion, Tenant shall obtain and deliver to Landlord any necessary amendment to the certificate of occupancy.

Section 8.3 Ownership. All Alterations shall remain the property of Tenant and shall be removed by Tenant upon expiration or earlier termination of the Lease. Notwithstanding the foregoing, Tenant may request Landlord's consent to abandon any Alteration(s) provided such request is submitted to Landlord, in the form of a Notice, prior to commencing the Alteration. Landlord may grant or withhold its consent to such request in Landlord's sole discretion and failure of the Landlord to respond to such request shall be deemed a denial. Any Alteration abandoned by Tenant with Landlord's consent shall immediately become the sole property of Landlord.

ARTICLE 9 INSURANCE

Section 9.1 Tenant's Coverages.

(a) Commencing with the Commencement Date and throughout the Term, Tenant shall, at Tenant's cost and expense, provide and cause to be maintained:

(i) commercial general liability insurance (including contractual liability coverage) issued on an occurrence basis, insuring against claims for bodily injury, death or property damage that may arise from or be occasioned by (x) the condition, use or occupancy of the Premises, the sidewalks adjacent thereto, and the loading docks and other appurtenances, or (y) any act, omission or negligence of Tenant, its subtenants, or their respective contractors, licensees, agents, servants, employees, invitees or visitors; such insurance to afford minimum protection of not less than $1,000,000.00 combined single limit per occurrence. The liability insurance requirements hereunder may be reviewed by Landlord every two (2) years for the purpose of increasing (in consultation with their respective insurance advisors) the minimum limits of such insurance from time to time to limits which shall be reasonable and customary for similar facilities of like size and operation in accordance with generally accepted insurance industry standards;

(ii) commercial property insurance (including coverages against loss or damage by fire, lightning, windstorm, hail, explosion, vandalism and malicious mischief, riot and civil commotion, smoke and all other perils now or hereafter included in extended coverage endorsements) covering Tenant's merchandise, inventory, trade fixtures, furnishings, equipment and leasehold improvements for the full replacement value on an agreed amount basis, including all items of personal property of Tenant located on, in or about the Premises, in an amount equal to one-hundred percent (100%) of the actual replacement cost thereof (with provisions for a deductible as shall be reasonable in comparison with similar properties);

(iii) business interruption insurance in such amounts as will reimburse Tenant for direct and indirect loss of earnings attributable to those events commonly insured against by reasonably prudent tenants and/or attributable to Tenant's inability to access or occupy all or part of the Premises; and

(iv) during performance of any Alteration, Tenant shall maintain Worker's Compensation, public liability and builder's risk form of casualty insurance in amounts appropriate to the status of the construction being performed by Tenant. In addition, all contractors working on behalf of Tenant shall provide evidence of coverage, equal to the requirements of Tenant, and in the case of the public liability and builder's risk form of casualty insurance policies, naming Landlord as an additional insured.

(b) If Tenant fails to maintain the required insurance the same may be purchased by Landlord at Tenant's expense, and any expense therefor incurred by Landlord, with interest thereon at the Interest Rate, shall be paid to Landlord as Additional Rent after receipt of a bill or statement.

(c) All insurance policies required to be maintained by Tenant pursuant to this Article shall be effected under policies issued by insurers which are permitted to do business in the State where the Complex is situated and rated "A/VIII" by A.M. Best Company, or any successor thereto. Tenant shall provide to Landlord, and to any Fee Mortgagee, certificates of the policies required to be maintained pursuant to this Lease. Each such policy shall contain a provision that no act or omission of the insured shall affect or limit the obligation of the insurance company to pay the amount of any loss sustained and an agreement by the insurer that such policy shall not be modified or canceled without at least 30 days' prior notice to Landlord and to any Fee Mortgagee.

(d) All policies of insurance provided for under this Article, except Workers' Compensation, shall name Tenant as the insured, and except for Workers' Compensation, shall name Landlord, "**OAKLAND COMMERCE CENTER LLC** and Landlord's managing agent, **PIMO CAPITAL MANAGEMENT**" as additional insureds, along with any Fee Mortgagee pursuant to a standard first mortgagee clause, subject in all respects to the terms of this Lease.

(e) Any insurance provided for in this Article may be effected by a blanket policy or policies of insurance, provided that the amount of the total insurance available shall be at least the protection equivalent to separate policies in the amounts herein required, and provided further that in other respects, any such policy or policies shall comply with the provisions of this Article. An increased coverage or "umbrella policy" may be provided and utilized to increase the coverage provided by individual or blanket policies in lower amounts, and the aggregate liabilities provided by all such policies shall be satisfactory provided they otherwise comply with the provisions of this Article.

(f) Each policy carried by Tenant shall be written as a primary policy not contributing with, and not in excess of, coverage carried by Landlord and/or Landlord's managing agent.

Section 9.2 Landlord's Coverages. Commencing with the Commencement Date and throughout the Lease Term, Landlord shall maintain, or cause to be maintained:

(a) commercial property insurance covering the Complex, in an amount equal to one-hundred percent (100%) of the actual replacement cost thereof (exclusive of the cost of excavations, pavement, foundations and footings) with or without provisions for a deductible as shall be reasonable in comparison with similar properties;

(b) commercial general liability insurance (including contractual liability) covering the Common Areas, in an amount not less than $5,000,000 for personal and bodily injury to all persons in any one occurrence and for property damage;

(c) rent insurance, for the benefit of Landlord, covering the risks referred to in Paragraph (a) above, in an amount equal to all Rent payable for a period of twelve (12) months commencing on the date of loss;

(d) if at any time a steam boiler or similar equipment is located in, on or about the Building, a policy insuring against loss or damage due to explosion, rupture or other failure of any boiler, pipes, turbines, engines or other similar types of equipment; and

(e) other coverage as Landlord may reasonably deem necessary and appropriate.

If by reason of failure of Tenant to comply with the provisions of this Lease, including but not limited to the manner in which Tenant uses or occupies the Premises, Landlord's insurance rates shall on the Commencement Date or at any time thereafter be higher than such rates otherwise would be, then Tenant shall reimburse Landlord, as Additional Rent hereunder, for that part of all insurance premiums thereafter paid or incurred by Landlord, which shall have been charged because of such failure or use by Tenant, and Tenant shall make such reimbursement upon the first day of the month following the billing to Tenant of such additional cost by Landlord.

Section 9.3 Waiver of Subrogation. Every insurance policy carried by either party shall include provisions denying to the insurer subrogation rights against the other party and any Fee Mortgagee to the extent such rights have been waived by the insured prior to the occurrence of damage or loss. Each party hereby waives any rights of recovery against the other party for any direct damage or consequential loss covered by said policies against which such party is protected, or required hereunder to be protected, by insurance or (by the inclusion of deductible provisions therein or otherwise) has elected to be self-insured, to the extent of the proceeds paid under such policies and the amount of any such self-insurance, whether or not such damage or loss shall have been caused by any acts or omissions of the other party.

ARTICLE 10 DAMAGE AND DESTRUCTION; EMINENT DOMAIN

Section 10.1 Termination Due to Damage or Destruction. If the Premises, or any portion thereof, shall be damaged by fire or other casualty, Tenant shall immediately give Notice thereof to Landlord. If the Building shall be damaged or destroyed to the extent that the estimated cost of repair or restoration of the damage or destruction shall be in excess of twenty five percent (25%) of the replacement cost of the Building, then Landlord shall have the right to terminate this Lease by giving notice of such election to Tenant within sixty (60) days after such damage or destruction shall have occurred. If such notice shall be given, this Lease shall terminate as of the date of Tenant's receipt of such Notice. Landlord shall not be required to restore or rebuild the damaged or destroyed Premises, or any portion thereof, and all insurance proceeds payable on account of such damage or destruction may be retained by Landlord.

Section 10.2 Taking.

(a) If a Taking of all or substantially all of the Premises occurs, then this Lease shall terminate as of the Vesting Date. If there is a Taking of less than substantially all of the Premises, then this Lease shall terminate on the Vesting Date with respect to the portion so taken.

(b) If there is a Taking of part of the Complex but none of or less than substantially all of the Premises, Landlord may elect to terminate this Lease if (i) there is any Taking occurring during the last two (2) years of the Term; or (ii) in Landlord's reasonable judgment, it shall not be economically feasible to restore and replace the Building, the Premises, the Common Areas, the Complex or part thereof, to tenantable condition capable of being operated as a mixed use complex in an economical manner. If Landlord elects to terminate this Lease pursuant to this Section, Landlord shall, within one hundred twenty (120) days of the Taking, give notice to Tenant, and the Term shall expire as of the last day of the calendar month in which such Notice is given.

(c) If there is a Taking of more than thirty-three (33%) of the Square Feet of the Premises, Tenant, subject to Landlord's lenders' requirements, may elect to terminate this Lease if, by reason of the Taking there is a prohibition of the use of the Premises for Tenant's actual permitted use thereof. If Tenant elects to terminate this Lease pursuant to this Section, Tenant shall, within one hundred twenty (120) days of the Taking, give Notice to Landlord, and the Term shall expire and come to an end as of the last day of the calendar month in which such Notice is given.

(d) If there is a Taking, then commencing on the Vesting Date, Base Rent shall be the product of (i) Base Rent immediately preceding the Taking, and (ii) a fraction, the numerator of which shall be the number of Square Feet within the Premises remaining after the Taking, and the denominator of which shall be the number of Square Feet within the Premises immediately preceding the Taking.

(e) Tenant shall not be entitled to and hereby waives any and all claims against Landlord for any compensation or damage for loss of use of the Premises, the Common Areas or any portion thereof, for any interruption of services required to be provided by Landlord hereunder, and/or for any inconvenience or annoyance resulting from any damage, destruction, repair or restoration.

(f) All compensation awarded or paid in respect of a Taking shall belong to and be the property of Landlord without any participation by Tenant. Nothing herein shall be construed to preclude Tenant from prosecuting any claim directly against the condemning authority in such condemnation proceeding for moving expenses; any fixtures or equipment owned by Tenant; and the unamortized cost of Tenant's improvements, provided that no such claim shall (x) diminish or otherwise adversely affect Landlord's award or the award of any Fee Mortgagee, or (y) include any value for the leasehold estate created hereby or the unexpired term of this Lease.

Section 10.3 Restoration by Landlord. If the whole or any part of the Premises or Building shall, during the Term, be damaged or destroyed by fire or other casualty, or any portion of the Premises be Taken, and this Lease is not terminated pursuant to the terms hereof, Landlord shall, to the extent of insurance proceeds or award received by Landlord, repair, restore and/or rebuild the Premises and or Building substantially to the condition and character existing as of the Commencement Date. In no event shall Landlord be required to repair or replace any Personalty.

ARTICLE 11 RENT ABATEMENT

(a) For purposes of this Article only, the Premises, or any portion thereof, shall be considered "Untenantable" if Tenant is, in fact, unable to engage in its regular business practices in the Premises due to (i) damage or destruction, (ii) loss of utilities, HVAC or elevator service, which loss is within the ability of Landlord to control, or (iii) a Taking, and (iv) the Premises is not rendered Untenantable by reason of any negligent or willful act of Tenant, its agents, servants or employees.

(b) If all or part of the Premises are rendered Untenantable, Tenant shall, within five (5) business days after the occurrence, notify Landlord that the Premises, or a part thereof, has been rendered Untenantable (a "Rent Abatement Notice"). The Rent Abatement Notice shall be in writing, shall specify (i) the nature of the cause of the Untenantability, (ii) the area(s) of the Premises Tenant claims to be Untenantable and (iii) the date the space became Untenantable. The Rent Abatement Notice shall be delivered to Landlord in the manner required under this Lease for delivery of Notices. If a Rent Abatement Notice is not delivered to Landlord within the time and in the manner set out herein, then Tenant shall be deemed to have waived any right to abatement of Rent.

(c) If the Premises are rendered Untenantable, in whole or in part, for a period of ten (10) or more business days, and the Lease is not terminated pursuant to the provisions hereof then Rent shall abate proportionately to the portion of the Premises rendered Untenantable from the date of the event causing the Untenantability and continuing until the Untenantability is remediated (the "Abatement Period"). However, the necessity for the completion of any repair, restoration or other work to be performed by Tenant shall not provide the basis for abatement of Rent.

(d) Determination of the percentage of Rent to be abated shall be reasonably made by Landlord. If Landlord and Tenant disagree on the extent of the Untenantability of the Premises, an appropriate third-party professional, designated by Landlord and reasonably acceptable to Tenant, shall certify to Landlord and Tenant as to the condition of the Premises (the "Abatement Certification"), which Abatement Certification shall be binding upon both parties. The cost of obtaining the Abatement Certification shall be borne by Tenant and reimbursable to Landlord as Additional Rent.

(e) Upon substantial completion of the remediation of the condition resulting in the Untenantability of the Premises, as reasonably determined by Landlord, the Abatement Period shall terminate. If Landlord and Tenant disagree on the date of substantial completion or the tenantability of any part of the Premises, an appropriate third-party professional, designated by Landlord and reasonably acceptable to Tenant, shall certify to Landlord and Tenant as to the condition of the Premises (the "Restoration Certification"), which Restoration Certification shall be binding upon the parties. The cost of obtaining the Restoration Certification shall be borne by Tenant and reimbursable to Landlord as Additional Rent.

(f) Anything to the contrary notwithstanding, there shall be no abatement of Rent for any portion of the Premises in which Tenant continues to operate its business.

ARTICLE 12 QUIET POSSESSION

Provided no Event of Default remains uncured, Tenant shall have and enjoy, possession and use of the Premises and all appurtenances thereto during the Term, which is quiet and undisturbed by Landlord, subject to the terms of this Lease. This covenant shall be construed as running with Landlord's estate as owner of the Premises and is not, nor shall it operate or be construed as, a personal covenant of Landlord, except to the extent of Landlord's interest in the Premises and shall be binding upon successor owners. Tenant shall not, through its acts or omissions, or the acts or omissions of Tenant's employees, agents, servants or contractors, disturb the quiet possession of any other tenant or occupant of the Building.

ARTICLE 13 DEFAULT; REMEDIES AND DAMAGES

Section 13.1 Events of Default. Each of the following shall be deemed an "Event of Default":

(a) any failure by Tenant to pay Base Rent on the date it was payable under this Lease, or any failure by Tenant to pay Additional Rent or other sum of money payable under this Lease within ten (10) days after notice from Landlord that such payment of Additional Rent or other sum is due;

(b) any interest of Tenant passes to another except as permitted under Article 5;

(c) if proceedings in bankruptcy shall be instituted by or against any Tenant or guarantor of this Lease, or if any Tenant or guarantor of this Lease shall file, or any creditor or other person shall file, any petition in bankruptcy under any law, rule or regulation of the United States of America or of any State, or if a receiver of the business or assets of Tenant or of any guarantor of this Lease shall be appointed, or if a general assignment is made by Tenant for the benefit of creditors, or any sheriff, marshal, constable or other duly constituted public official takes possession of the Premises, or any part thereof, by authority of any attachment or execution proceedings, and offers same for sale publicly, and, with respect to any of the foregoing actions which shall be involuntary on Tenant's part, such action is not vacated or withdrawn within thirty (30) days thereafter;

(d) failure to pay Rent in a timely fashion three (3) or more times in any twelve (12) calendar month period or four (4) or more times during the Term;

(e) any other failure by Tenant to perform any of the other terms, of this Lease (for which Notice and/or cure periods are not otherwise set forth in this Lease) for more than twenty (20) days after notice of such default shall have been given to Tenant, or if such default is of such nature that it cannot with due diligence be completely remedied with said period of twenty (20) days such longer period of time as may be reasonably necessary to remedy such default provided Tenant shall commence within said period of twenty (20) days and shall thereafter diligently prosecute to completion, all steps necessary to remedy such default, but in no event more than ninety (90) days after notice of such default shall have been given to Tenant; and

(f) an Event of Default provided for under any other section of this Lease.

Section 13.2 Remedies.

(a) If an Event of Default shall occur, Landlord shall, in addition to any other right or remedy available at law, in equity or otherwise, have the right:

(i) to bring suit for the collection of Rent and/or other amounts for which Tenant may be in default, or for the performance of any other covenant or agreement devolving upon Tenant, all with or without entering into possession or terminating this Lease;

(ii) terminate this Lease and dispossess Tenant and any other occupants thereof, remove their effects not previously removed by them and hold the Premises free of this Lease; or

(iii) without terminating this Lease, re-enter the Premises by summary proceedings and dispossess Tenant and any other occupants thereof, remove their effects not previously removed by them and hold the Premises free of this Lease. No such re-entry or taking possession of the Premises by Landlord shall be construed as election on its part to terminate this Lease unless a written notice of such intention be given to Tenant or unless such termination is decreed by a court of competent jurisdiction. Landlord may remove all persons and property from the Premises in accordance with this Section, and store such property in a public warehouse or elsewhere at the cost of and for the account of Tenant, without service of notice or resort to legal process (all of which Tenant expressly waives) and without being guilty of trespass or becoming liable for any loss which may be occasioned thereby;

(b) After such a dispossession or removal, (i) Landlord may re-let the Premises or any part or parts thereof, for a term or terms which may, at the option of Landlord, be less than or exceed the period which would otherwise have constituted the balance of the Term, and (ii) Tenant shall pay to Landlord any deficiency between the Rent due hereunder plus the reasonable costs and expenses incurred or paid by Landlord in terminating this Lease or in re-entering the Premises and in securing possession thereof, as well as the expenses of re-letting the Premises, including, without limitation, repairing, altering and preparing the Premises for new tenants, brokers' commissions, legal fees, and other expenses and concessions ("Default Costs"), and the amount of rents and other charges collected on account of the new lease or leases of the Premises which would otherwise have constituted the balance of the Term (not including any renewal periods, the commencement of which shall not have occurred prior to such dispossession or removal). Landlord reserves the right to bring actions or proceedings for the recovery of any deficits remaining unpaid without being obliged to await the end of the Term for a final determination of Tenant's account, and the commencement or maintenance of any one or more actions or proceedings shall not bar Landlord from bringing other or subsequent actions or proceedings for further accruals pursuant to the provisions of this Section. Any rent received by Landlord from such re-letting shall be applied first to the payment of any indebtedness (other than Rent due hereunder) of Tenant to Landlord; second, to the payment of any Default Costs; third, to the payment of Rent due and unpaid hereunder, and the balance, if any, shall be held by Landlord and applied in payment of future Rent as it may come due and payable hereunder.

(c) Landlord agrees to use commercially reasonable efforts to mitigate any damages occasioned by Tenant's default. Tenant agrees that Landlord's duty to mitigate (i) shall arise only after Landlord regains possession of the Premises, (ii) shall be deemed satisfied if Landlord has used commercially reasonable efforts to relet the Premises, whether or not such efforts are successful, and (iii) shall not require Landlord to market the Premises ahead of other space which is vacant or about to become vacant in properties owned by Landlord or its affiliates within five (5) miles of the Premises.

(d) Payments of Rent not received by Landlord when due shall accrue interest at the Interest Rate from the date on which such payment as due until the date full payment (including accrued interest) is received by Landlord.

(e) In addition to the foregoing, if an Event of Default shall occur other than as to the payment of Rent, Landlord, in addition to any other right or remedy available at law or in equity, shall have the right, but not the obligation, to cure such failure. Notwithstanding the above, if, in Landlord's reasonable judgment, an emergency shall exist, Landlord may cure such Event of Default upon such Notice to Tenant as may be reasonable under the circumstances (and may be without any prior notice if the circumstances shall so require). If Landlord cures such failure, Tenant shall pay to Landlord on demand, as Additional Rent, the reasonable and necessary cost or amount thereof, together with interest thereon at the Interest Rate from the date of outlay of expense until payment.

(f) If there is a breach by Tenant, or any persons claiming through or under Tenant, of any term, covenant or condition of this Lease, Landlord shall have the right to enjoin such breach and the right to invoke any other remedy allowed by law or in equity as if re-entry, summary proceedings and other special remedies were not provided in this Lease for such breach.

(g) The right to invoke the remedies set forth herein is cumulative and shall not preclude Landlord from invoking any other remedy allowed at law, in equity or otherwise.

ARTICLE 14 UNAVOIDABLE DELAYS, FORCE MAJEURE

With the exception of Tenant's obligation to pay Rent, if Landlord or Tenant shall be prevented or delayed from punctually performing any obligation or satisfying any condition under this Lease by any strike, lockout, labor dispute or other labor trouble, inability to obtain labor, materials or reasonable substitutes therefor, act of God, weather, soil conditions, site conditions, present or future governmental restrictions, regulation or control, governmental pre-emption or priorities or other conflicts in connection with a national or other public emergency or shortages of fuel, supply of labor resulting therefrom, insurrection, sabotage, fire or other casualty, or any other condition beyond the control of the party required to perform, other than unavailability of funds or financing (individually and collectively "Unavoidable Delays"), then the time to perform such obligation or satisfy such condition shall be extended by the delay caused by such event. If either party shall, as a result of an Unavoidable Delay, be unable to exercise any right or options within any time limit provided therefor in this Lease, such time limit shall be deemed extended for a period equal to the duration of such Unavoidable Delay. This Lease and the obligations of Tenant to pay Rent hereunder and perform all of the other covenants, agreements, terms, provisions and conditions hereunder on the part of Tenant to be performed shall in no way be affected, impaired or excused because Landlord is unable to fulfill any of its obligations under this Lease as a result of any Unavoidable Delay.

ARTICLE 15 NOTICES

(a) Unless specifically provided to the contrary in this Lease, any notices to be given under this Lease or pursuant to any law or governmental regulation (individually and collectively, a "Notice") by Landlord to Tenant or by Tenant to Landlord shall be in writing (whether or not expressly so provided) and delivered to the recipient at the respective addresses set forth in the Basic Provisions of this Lease, or, in the case of Notices to Tenant, to the Premises.

(b) Notices shall be deemed delivered and received upon (i) personal delivery; (ii) three (3) calendar days after being deposited in the United States mail, registered or certified mail, return receipt requested, postage prepaid; or (iii) one (1) business day after being sent by overnight express mail or nationally recognized courier service (e.g., Federal Express) to Landlord or Tenant, at the respective addresses set forth in the Basic Provisions of this Lease. Notices may be signed by the attorneys for the party on whose behalf the notice is sent. Changes in addresses shall be designated by written notice as provided in this Article.

ARTICLE 16 ACCESS

Landlord and any Fee Mortgagee and any lessor under any ground or underlying lease, and their respective representatives, may enter the Premises at all times, upon reasonable advance notice to Tenant, for the purposes of (a) responding to emergency situations, (b) inspection, (c) making Repairs, replacements or improvements in or to the Premises or the Building or equipment, (d) performing other obligations of Landlord or Tenant pursuant to this Lease, (e) complying with any Legal Requirements, (f) exercising any right reserved to Landlord by this Lease (including the right during the progress of any such Repairs, replacements or improvements or while performing work and furnishing materials in connection with the compliance with any such Legal Requirements to keep and store within the Premises all necessary materials, tools and equipment) or (g) during the period commencing twelve (12) months prior to the end of the Term, for the purpose of exhibiting same to prospective tenants. Nothing herein contained, however, shall be deemed to impose upon Landlord or any Fee Mortgagee or lessor, any obligation or liability whatsoever for the care, supervision or repair of the Premises or Building or any parts thereof other than as herein provided. If a representative of Tenant shall not be personally present to open and permit an entry into the Premises at any time when an entry shall be reasonably necessary or permissible hereunder, Landlord or its agents may enter by a master key or may, in case of emergency, forcibly enter without rendering Landlord or its agents liable therefor. Without incurring any liability to Tenant, Landlord may permit access to the Premises, whether or not Tenant shall be present, upon demand of any receiver, trustee, assignee for the benefit of creditors, sheriff, marshal or court officer entitled to, or reasonably purporting to be entitled to, such access for the purpose of taking possession of, or removing, Tenant's property or for any other lawful purpose (but this provision and any action by Landlord hereunder shall not be deemed a recognition by Landlord that the person or official making such demand has any right or interest in or to this Lease, or in or to the Premises), or upon demand of any representative of the fire, police, building, sanitation or other department of Governmental Authorities.

ARTICLE 17 SIGNS

Tenant shall place no signs upon the Premises, Building or Complex except as permitted by Landlord in its sole discretion. Tenant acknowledges and agrees that Landlord may desire to have standardized signage and Tenant agrees to conform with such signage requirements.

ARTICLE 18 END OF TERM

Upon the expiration or other termination of the Term, Tenant shall surrender the Premises to Landlord. The Premises shall be delivered in substantially the same condition as on the Commencement Date, broom clean, in good order and condition, reasonable wear and tear excepted, and otherwise in accordance with the terms of this Lease. Any Rent which is payable to the Expiration Date or earlier termination of this Lease which is not then ascertainable shall be paid to Landlord when the same is determined. Any Personalty remaining in the Premises after possession of the Premises has been returned to Landlord shall be deemed abandoned by Tenant to Landlord. Landlord shall have the right to dispose of the Personalty in any manner Landlord deems appropriate. Tenant agrees to indemnify and hold Landlord harmless from any and all (i) costs and expenses incurred by Landlord for the removal or disposal of the abandoned Personalty, and (ii) claims by third parties for ownership, obligation, payment, debt, loss or damage to any item or items of Personalty so abandoned. The provisions of this Article shall survive the Expiration Date or earlier termination of this Lease.

ARTICLE 19 HOLDING OVER

Should Tenant hold over in possession after the Expiration Date, such holding over shall not be deemed to extend the Term or renew this Lease. Tenant agrees to indemnify and save Landlord harmless from and against all claims, losses, damages, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements) resulting from delay by Tenant in surrendering the Premises, including, without limitation, any claims made by any succeeding tenant founded on such delay. The parties recognize and agree that the damage to Landlord resulting from any failure by Tenant to timely surrender possession of the Premises will be extremely substantial, will exceed the amount of the Rent and will be impossible to accurately measure. Tenant therefore agrees that if possession of the Premises is not surrendered to Landlord on the Expiration Date, in addition to any other rights and remedies Landlord may have hereunder or at law, and without in any manner limiting Landlord's right to demonstrate and collect any damages suffered by Landlord and arising from Tenant's failure to surrender the Premises as provided herein, Tenant shall pay to Landlord on account of use and occupancy of the Premises for each month during which Tenant holds over after the Expiration Date, a sum equal to two hundred percent (200%) of the aggregate of that portion of the Rent which was payable under this Lease during the last month of the Term. Nothing herein shall be deemed to permit Tenant to retain possession of the Premises after the Expiration Date or to limit in any manner Landlord's right to regain possession of the Premises through summary proceeding or otherwise, and no acceptance by Landlord of payments from Tenant after the Expiration Date shall be deemed to be other than on account of the amount to be paid by Tenant in accordance with the provisions of this Article. The provisions of this Article shall survive the Expiration Date.

ARTICLE 20 INDEMNITY

Section 20.1 Indemnity.

(a) Tenant shall not do or permit any act or thing to be done in or about the Complex which may subject Landlord to any liability or responsibility for injury, damages to persons or property or to any liability by reason of any violation of any Legal Requirement. Tenant shall exercise such control over the Premises as to fully protect Landlord against any such liability. Tenant shall indemnify and save the Landlord, the members comprising Landlord and its and their partners, shareholders, members, officers, directors, employees, agents and contractors (the "Landlord's Indemnitees") harmless from and against (i) all claims of whatever nature against the Landlord's Indemnitees arising from any act, omission or negligence of Tenant, its contractors, licensees, agents, servants, employees, invitees or visitors (including, without limitation, statutory liability and liability under worker's compensation laws), (ii) all claims against the Landlord's Indemnitees arising from any accident, injury or damage whatsoever caused to any person or to the property of any person by Tenant, its contractors, licensees, agents, servants, employees, invitees or visitors and occurring during the Term in or about the Premises, and (ii) any breach, violation or non-performance of any covenant, condition or agreement in this Lease which devolves upon Tenant.

(b) Landlord agrees to indemnify and hold Tenant, its agents, servants and employees, harmless from any loss or damages, including reasonable attorneys' fees and costs, resulting from the gross negligence or willful misconduct of Landlord, its agents, servants and employees.

(c) The foregoing indemnifications shall include indemnity from and against any and all liability, fines, suits, demands, costs and expenses of any kind or nature (including, without limitation, attorneys' fees and disbursements) incurred in or in connection with any such claim or proceeding brought thereon, and the defense thereof.

Section 20.2 Defense. If any claim, action or proceeding is made or brought against Landlord, Tenant, or any Indemnitees, which either Landlord or Tenant shall be obligated to indemnify against pursuant to the terms of this Lease, then, upon demand by any indemnified party, the indemnitor, at its sole cost and expense, shall defend such claim, action or proceeding in the name of such indemnified party, if necessary, by such attorneys as such indemnified party shall approve, which approval shall not be unreasonably withheld. Attorneys for the indemnitor's insurer are hereby deemed approved for purposes of this Section. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

ARTICLE 21 SUBORDINATION

Section 21.1 Fee Mortgage. Landlord shall have the right at any time during the Term to subject its interest in the Premises, the Building, the Complex and/or this Lease to any one or more mortgages on Landlord's interest therein ("Fee Mortgage") and to renew, modify, consolidate, replace, extend and/or refinance any such Fee Mortgage. Landlord shall be entitled to all of the proceeds from any such Fee Mortgage at any time effected pursuant hereto.

Section 21.2 Subordination. This Lease shall at all times be subordinate to any Fee Mortgage. The foregoing provisions shall be self-operative and no further instrument of subordination shall be required. If Landlord or any holder of any Fee Mortgage desires confirmation of such subordination, Tenant shall promptly execute, without charge therefor, any certificate that Landlord or the Fee Mortgagee may request, provided that such certificate does not modify the terms of this Lease.

Section 21.3 Attornment. Notwithstanding the provisions of Section 21.2, should any Fee Mortgagee require that this Lease be prior rather than subordinate to any such Fee Mortgage, Tenant shall, within ten (10) days after request therefor by Landlord or such Fee Mortgagee, and without charge therefor, execute a document effecting or acknowledging such priority, which document shall contain, at the option of such requesting party, an attornment to the Fee Mortgagee, or any person acquiring the interest of Landlord as a result of any foreclosure or the granting of a deed in lieu of foreclosure, as landlord, upon the then executory terms and conditions of this Lease for the remainder of the Term. If a Fee Mortgage is foreclosed or title to the Premises transferred to a Fee Mortgagee by deed in lieu of foreclosure, Tenant shall attorn to Landlord's successor.

ARTICLE 22 CERTIFICATES

On the request of either party, Landlord and Tenant shall execute, acknowledge and deliver to each other, within ten (10) days after request, a written instrument, duly executed and acknowledged, (i) certifying that this Lease has not been modified and is in full force and effect or, if there has been a modification, that this Lease is in full force and effect as modified, stating such modification, and that this Lease is the only lease between Landlord and Tenant affecting the Premises, (ii) specifying the dates to which Rent has been paid, (iii) stating whether or not, to the knowledge of the party executing such instrument, the other party hereto is in default and, if so, stating the nature of such default, (iv) stating whether or not there are then existing any credits, offsets or defenses against the enforcement of any provisions of this Lease, (v) stating the Commencement Date and the Expiration Date, (vi) stating which of any options to extend the Term have been exercised, (vii) stating that there are no actions, whether voluntary or otherwise, pending against Tenant under the bankruptcy laws of the United States or any state thereof, and (viii) stating such further information with respect to the Lease or the Premises as may reasonably be requested. Any such certificate may be relied upon by any prospective purchaser of the Complex, the Building or the Premises (or any portion of any of the foregoing) or of the interest of Landlord in any part thereof, by any mortgagee or prospective mortgagee thereof, by a lessor or prospective lessor thereof, by any lessee or prospective lessee thereof, or by any prospective assignee of any mortgage thereof. The failure of Tenant to execute, acknowledge and deliver to Landlord a statement in accordance with the provisions of this Article within ten (10) days after request therefor shall constitute an acknowledgment by Tenant, which may be relied on by any person who would be entitled to rely upon any such statement, that such statement as submitted by Landlord is true and correct.

ARTICLE 23 PARKING SPACES; USE OF EXTERIOR AREAS

Section 23.1 Parking Spaces.

(a) Tenant shall, without additional charge, have the use of the number of Parking Spaces stated in the Basic Provisions section of this Lease. Unless specifically stated otherwise, parking shall be on a non-designated, unassigned basis and in common with Landlord, the other tenants of the Complex and other vehicles permitted in the Complex.

(b) Landlord reserves the right to issue parking permits, install a gate system, or impose any other system Landlord deems necessary for the use of the parking area, including requiring Tenant to affix parking stickers or other means of identification and/or furnish Landlord with the license plate numbers of vehicles operated or controlled by Tenant or its subtenants. Tenant agrees not to permit vehicles operated or controlled by Tenant or its subtenants to park in parking spaces allocated to others by Landlord. Landlord shall have the right to have vehicles violating the provisions of this Lease removed from the Complex at the cost and expense of the vehicle's owner or operator.

(c) Landlord shall not be required to keep parking spaces clear of unauthorized vehicles or to otherwise supervise the use of the parking area. Landlord reserves the right to change any existing or future parking area, roads or driveways, and may make any Repairs or alterations it deems necessary to the parking area, roads and driveways and to temporarily revoke or modify the parking rights granted to Tenant hereunder, provided that no such change shall permanently reduce the number of available parking spaces nor render the parking less accessible than at the Commencement Date (except for temporary periods when necessary repairs are being performed).

Section 23.2 Use of Exterior Areas.

(a) Tenant shall not use the access driveway, parking areas and loading platforms so as to interfere with the use by others of the access driveways, parking areas, other loading areas and the vehicular traffic in and out of the Complex.

(b) Except as specifically permitted under this Lease, Tenant shall have no right to use any part of the roof of the Building or the exterior Building walls.

(c) Tenant may not utilize any portion of the Complex outside of the Premises for storage of any kind.

ARTICLE 24 WAIVER PROVISIONS

Section 24.1 Waivers.

(a) Tenant, on its own behalf and on behalf of all persons claiming through or under Tenant, including all creditors, hereby waives any and all rights which Tenant and all such persons might otherwise have under any present or future law to redeem the Premises, or to re-enter or repossess the Premises, or to restore the operation of this Lease, after Tenant shall have been dispossessed by a judgment or by warrant of any court or judge; or any re-entry by Landlord; or any expiration or termination of this Lease and the Term, whether such dispossess, re-entry, expiration or termination shall be by operation of law or pursuant to the provisions of this Lease.

(b) Landlord and Tenant hereby waive trial by jury in any action, proceeding or counterclaim brought by either against the other upon any matters whatsoever arising out of or in any way connected with this Lease, Tenant's use or occupancy of the Premises, and/or any claim of injury or damage. It is further mutually agreed that if Landlord commences any summary proceedings for non-payment of any Rent, Tenant will not interpose any non-mandatory or non-compulsory counterclaim of whatever nature or description in any such proceeding.

Section 24.2 Non-Waiver.

(a) The failure of Landlord to insist upon strict performance of any of the terms, of this Lease shall not be deemed a waiver of any rights or remedies that Landlord may have and shall not be deemed a waiver of any subsequent breach or default in any of such terms, covenants or conditions. No provision of this Lease shall be deemed waived by Landlord unless such waiver is granted in writing signed by Landlord.

(b) No payment by Tenant or receipt by Landlord of a lesser amount than the Rent due shall be deemed to be other than on account of the earliest Rent then due and payable unless Landlord, in its sole discretion, elects to apply such payment to a later installment of Rent. No endorsement or statement on any check, or letter accompanying any rent check or payment shall be deemed an accord and satisfaction, and Landlord may accept the same without prejudice to Landlord's right to recover any balance due or to pursue any other remedy in this Lease provided.

(c) No failure by Landlord to enforce any of the Rules and Regulations against Tenant and/or any other tenant or occupant of the Complex shall be deemed a waiver thereof.

(d) No receipt of money by Landlord from Tenant with knowledge of the breach of term of this Lease, or after the termination hereof, or after the service of any notice, or after the commencement of any suit, or after final judgment for possession of the Premises, shall be deemed a waiver of such breach, nor shall it reinstate, continue or extend the Term, or affect any such notice, demand or suit.

(e) No action or statement by Landlord or Landlord's agents shall constitute a cancellation, termination or modification of, or eviction or surrender under, this Lease, or a waiver of any covenant, condition or provision hereof, nor relieve Tenant of Tenant's obligation to pay Rent hereunder. Any acceptance of surrender, waiver or release by Landlord and any cancellation, termination or modification of this Lease must be in writing signed by Landlord or by Landlord's duly authorized representative.

ARTICLE 25 MISCELLANEOUS

Section 25.1 Rules and Regulations. Tenant shall comply with, and cause its employees, contractors, subtenants, licensees and business invitees to comply with, the Rules and Regulations. Landlord reserves the right from time to time to suspend, amend or supplement the Rules and Regulations and Tenant agrees to comply with all such Rules and Regulations upon notice of the same from Landlord. In the case of any conflict or inconsistency between the provisions of this Lease and any of the Rules and Regulations as originally promulgated or as changed, the provisions of this Lease shall control. Landlord agrees to make commercially reasonable efforts to enforce the Rules and Regulations against all tenants in the Complex in a consistent and non-discriminatory manner.

Section 25.2 Relationship of Parties. Nothing contained in this Lease shall be construed to create the relationship of principal and agent, partnership, joint venture or any other relationship between the parties hereto other than the relationship of Landlord and Tenant. Nothing contained herein shall in any way impose any liability upon the members, officers, partners or directors of Landlord.

Section 25.3 Recording. Neither Landlord nor Tenant shall record this Lease nor any memorandum, abstract or other form of this Lease.

Section 25.4 Captions. The captions, section numbers, and index appearing in this Lease are inserted only as a matter of convenience and in no way define, limit, construe, or describe the scope or intent of such sections or articles nor in any way affect this Lease.

Section 25.5 Applicable Law. This Lease shall be governed by, and construed in accordance with, the laws of the State in which the Complex is located.

Section 25.6 Mechanics' Liens. Tenant shall not permit any notices of intention, notices of commencement or other similar pre-lien filing documents or any liens to stand against the Complex or any part thereof, by reason of any work, labor, services or materials done for, or supplied to, or claimed to have been done for, or supplied to, Tenant or anyone occupying the Premises or any part thereof through or under Tenant. If any such document or lien shall at any time be filed against the Premises, Tenant shall cause the same to be discharged of record within ten (10) days after receipt of Notice of the filing of same, by either payment, deposit or bond. If Tenant shall fail to discharge any such document or lien within such period, then, in addition to any other right or remedy of Landlord, Landlord may, but shall not be obligated to, procure the discharge of such lien either by paying the amount claimed to be due, or such greater amount as is otherwise required pursuant to Legal Requirements, by deposit in court or bonding, and/or Landlord shall be entitled, if Landlord so elects, to compel the prosecution of an action for the foreclosure of such lien by the lienor and to pay the amount of the judgment, if any, in favor of the lienor with interest, costs and allowances. Any amount paid or deposited by Landlord for any of the aforesaid purposes, and all legal and other expenses of Landlord, including counsel fees, in defending any such action or in or about procuring the discharge of such lien, with all necessary disbursements in connection therewith, together with interest thereon at the Interest Rate from the date of payment or deposit, shall become due and payable forthwith by Tenant to Landlord, or, at the option of Landlord, shall be payable by Tenant to Landlord as Additional Rent.

Section 25.7 Brokerage. Landlord and Tenant each represent that it dealt with no broker or brokers or other person in connection with the negotiation, execution and delivery of this Lease other than **Nexvel Properties, LLC**, representing the Landlord and **Third Rock Realty** representing the Tenant. Landlord agrees to pay any commission due Broker in connection with this Lease pursuant to a separate agreement. Each party shall defend, indemnify and hold the other harmless from and against any claims or demands for any brokerage commissions, finder's fees and/or other compensation resulting from a breach by it of the foregoing representation.

Section 25.8 Limitation of Landlord's Liability; Authority.

(a) The term "Landlord" as used in this Lease means only the owner of the Premises for the time being, so that in the event of any sale of Landlord's interest in the Premises or in this Lease, Landlord shall be and hereby is entirely freed and relieved of all obligations of Landlord with respect to the Premises, and it shall be deemed without further agreement between the parties and such purchaser(s) or assignee(s) that the purchaser or assignee has assumed and agreed to observe and perform all obligations of Landlord hereunder relating to the Premises.

(b) Except as the same may be attributable solely to the gross negligence or willful misconduct of the Landlord, its servants, agents, or employees, (i) all Personalty shall be kept at the sole risk of Tenant and Landlord shall not be considered the voluntary or involuntary bailee of same, (ii) Landlord shall bear no responsibility for damage or injury to Tenant or any of its officers, agents or employees or to any other persons or to any Personalty or to the business of the Tenant, or any interruption thereof.

(c) It is specifically understood and agreed that there shall be no personal liability on Landlord in respect to any of the covenants, conditions, or provisions of this Lease. If there is a breach or default by Landlord under this Lease, Tenant shall look solely to the equity of Landlord in the Building for the satisfaction of Tenant's claims, and to no other property or assets of Landlord. No constituent of Landlord including, without limitation, any agent, partner, member, shareholder, managing agent or otherwise shall be in any manner personally liable under this Lease.

Section 25.9 Attorneys' Fees. Should any party hereto institute any action or proceeding in court to enforce any provision hereof, or for damages or for declaratory or other relief hereunder, the prevailing party shall be entitled to receive from the losing party, in addition to court costs, reasonable attorneys' fees as determined by the court, and said amount may be made a part of the judgment against the losing party.

Section 25.10 Arbitration. In any case where this Lease provides for the settlement of a dispute by arbitration, said arbitration shall under the auspices of the American Arbitration Association. The rules of the American Arbitration Association from time to time in effect shall apply (to the extent appropriate). Any award shall be enforceable by proper proceedings in any court having jurisdiction. The arbitrator, regardless of how appointed, may determine how the expenses of the arbitration, including reasonable attorney's fees, and disbursements of the successful party, shall be borne as between Landlord and Tenant. Nothing in this Section shall preclude Landlord or Tenant from exercising their rights to make payments or perform any work to cure alleged defaults prior to or during the course of arbitration, if any delay in complying with any requirements of this Lease by Landlord or Tenant might subject the other to any fine or penalty, or to prosecution for a crime, or if it would constitute a default by Landlord under any mortgage.

Section 25.11 Non-Binding Until Executed. This Lease is offered for signature by Tenant and it is understood that this Lease shall not be binding upon Landlord or Tenant unless and until Landlord and Tenant shall have executed and unconditionally delivered a fully executed copy of this Lease to each other. The acceptance by Landlord of the Security shall not render this Lease effective unless and until Landlord shall have executed and delivered to Tenant a fully executed copy of this Lease.

Section 25.12 No Claim for Damages. Tenant hereby waives any claim against Landlord which Tenant may have based upon any assertion that Landlord has unreasonably withheld or delayed any consent or approval requested by Tenant, and Tenant agrees that its sole remedy shall be an action or proceeding to enforce any related provision or for specific performance, injunction or declaratory judgment. If there is a determination that such consent or approval has been withheld or delayed unreasonably, the requested consent or approval shall be deemed to have been granted; however, Landlord shall have no liability to Tenant for its refusal or failure to give such consent or approval.

Section 25.13 Independent Covenants. Tenant agrees that Tenant's covenants and obligations under this Lease ("Tenant's Obligations") shall be independent of Landlord's covenants and obligations under this Lease ("Landlord's Obligations") and that each such covenant and obligation is independent of any other covenant or obligation. Landlord's breach or non-performance of any of Landlord's Obligations shall not excuse Tenant of Tenant's Obligations, and shall not be the basis for any defense, of any kind or nature whatsoever, to any suit by Landlord for Tenant's breach or non-performance of any of Tenant's Obligations (including, without limitation, Tenant's failure to pay Rent). It is the express agreement of Landlord and Tenant that all payments of Base Rent and Additional Rent due under this Lease are absolutely and unconditionally due at the time set forth herein, without any right of set-off or deduction of any kind or nature whatsoever except as expressly provided to the contrary in this Lease.

Section 25.14 Interpretation. No provision of this Lease shall be construed against or interpreted to the disadvantage of either Landlord or Tenant by any court or other governmental or judicial authority by reason of either Landlord or Tenant having or being deemed to have drafted, structured or dictated such provision.

Section 25.15 Entire Agreement. This Lease contains the entire agreement of the parties hereto and supersedes all other agreements or understandings between them, whether oral or otherwise, and all such other agreements are merged herein. No modification, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by each party.

Section 25.16 Binding Effect. The covenants and conditions of this Lease shall inure to and bind the heirs, successors, executors, administrators and assigns of the parties hereto. It is understood and agreed, however, that the Landlord's Obligations shall not be binding upon Landlord herein named with respect to any period subsequent to the transfer of its interest in the Building or Complex, that in the event of such transfer said covenants and obligations shall thereafter be binding upon each transferee of such interest of Landlord herein named, but only with respect to the period ending with a subsequent transfer of such interest, and that a lease of the entire interest shall be deemed a transfer within the meaning of this Section.

Section 25.17 Severability. If any provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease shall not be affected thereby and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 25.18 Relocation. Landlord hereby reserves the right, at its sole expense and on at least sixty (60) days' prior written Notice, to require Tenant to move from the Premises to other space within the Complex. The relocated space shall be of comparable size and decor. If Tenant is relocated pursuant to the provisions of this Section, Landlord will pay (i) all reasonable, documented expenses of preparing and decorating the relocated space so that it will be substantially similar to the Premises from which the Tenant is moving, (ii) the reasonable, documented expenses of moving Tenant's furniture and equipment to the relocated space and (iii) any other direct costs incurred by Tenant because of Relocation.

Section 25.19 Patriot Act. Landlord and Tenant each represents and warrants to the other that, to their knowledge: (i) they are not acting, directly or indirectly, for or on behalf of any person, group, entity or nation named by the United States Treasury Department as a Specially Designated National and Blocked Person, or for or on behalf of any person, group, entity or nation designated in Presidential Executive Order 13224 as a person who commits, threatens to commit, or supports terrorism; and (ii) they are not engaged in this transaction directly or indirectly on behalf of, or facilitating this transaction directly or indirectly on behalf of, any such person, group, entity or nation

Section 25.20 Confidentiality. Tenant acknowledges that the terms and conditions of this Lease are to remain confidential for the Landlord's benefit, and may not be disclosed by Tenant to anyone, by any manner or means, directly or indirectly, without Landlord's prior written consent. The consent by the Landlord to any disclosures shall not be deemed to be a waiver on the part of the Landlord of any prohibition against any future disclosure.

Section 25.21 Radon Disclosure. Pursuant to Florida Statutes Section 404.056[5], the following disclosure is required by law: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from the county public health unit. Landlord makes no representation to Tenant concerning the presence or absence of radon gas in the Premises or the Building at any time or in any quantity. By executing this Lease, Tenant expressly releases Landlord from any loss, claim, liability, or damage now or hereafter arising from or relating to the presence at any time of such substances in the Premises or the Building.

IN WITNESS WHEREOF, the parties have this day set their hands and seals.

Signed, Sealed and Delivered

In the presence of:

Landlord Witness #1

Landlord Witness #2

LANDLORD:

OAKLAND COMMERCE CENTER, LLC
a Florida limited liability

By:
Rafael Hernandez
Managing Director

TENANT:

FLEXSHOPPER, LLC
a Foreign limited liability company

By: /s/ Brad Bernstein
Brad Bernstein
Title: CEO

Tenant Witness #1

Tenant Witness #2

Exhibit 10.12

AMENDMENT NO. 3 TO THE CREDIT AGREEMENT, CONSENT AND TEMPORARY WAIVER

This **AMENDMENT NO. 3 TO THE CREDIT AGREEMENT, CONSENT AND TEMPORARY WAIVER** (this "Agreement") is made and entered into as of February 11, 2016 among FLEXSHOPPER 2, LLC, (the "Company") and WE 2014-1, LLC (the "Administrative Agent" and "Lender").

BACKGROUND

WHEREAS, the Company, the Administrative Agent, Wells Fargo Bank, National Association, as paying agent (the "Paying Agent") and various lenders from time to time party thereto (the "Lenders") are party to a certain Credit Agreement, dated March 6, 2015 (as amended, supplemented and otherwise modified as of the date hereof, the "Credit Agreement");

WHEREAS, the parties to the Credit Agreement desire to amend the Credit Agreement;

WHEREAS, the Company has requested that the Lender and the Administrative Agent temporarily waive certain provisions of the Credit Agreement and provide certain consents as set forth in this Agreement. The Lender and the Administrative Agent are willing to grant such temporary waiver and provide such consents, subject to the terms and conditions hereof;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto agree as follows:

SECTION 1. Defined Terms. Capitalized definitional terms used in this Agreement and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

SECTION 2. Amendments to the Credit Agreement. The Credit Agreement is hereby amended as follows:

(a) The definition of "Financial Covenant" set forth in Section 1.1 to the Credit Agreement is hereby amended and restated in its entirety as follows:

> “Financial Covenants" means the financial covenants set forth in Section 5.16 hereof and on Schedule 1 hereto."

(b) Section 5 of the Credit Agreement is hereby amended by inserting the following as a new Section 5.16 thereof:

> "**5.16 Unrestricted Cash.** The Company shall at all times maintain unrestricted Cash in an amount at least equal to $1,500,000."

SECTION 3. Temporary Waiver. The Company hereby acknowledges that the Company was not in compliance with the Financial Covenants for the period ended December 31, 2015 (such non-compliance, the "Breach") and as a result thereof an Event of Default has occurred and is expected to be continuing. Each of the Lender and the Administrative Agent hereby agrees (x) to waive the Event of Default solely resulting from the Breach and (y) waive compliance with the Financial Covenants solely for the period ending March 31, 2016; provided, however, if on or before May 13, 2016, the Company has not presented the Administrative Agent with sufficient evidence (including, without limitation, an unaudited financial statement for the month of April 2016) that the Company is in compliance with such Financial Covenants (tested as of April 30, 2016 but at the levels required as of March 31, 2016), then the foregoing waivers shall no longer be effective, the Event of Default resulting from the Breach and the failure, if any, to comply with the Financial Covenants solely for the period ending March 31, 2016 shall continue to exist and each of the Lender and the Administrative Agent shall be fully entitled to exercise all rights and remedies with respect thereto under the Credit Agreement and other Credit Documents.

SECTION 4. Consent. Notwithstanding anything to the contrary set forth in the Credit Agreement or any other Credit Document, each of the Lender and the Administrative Agent hereby acknowledges and consents to the Seller incurring the Indebtedness under that certain promissory note dated February 11, 2016 in favor of Marc Malaga (the "Note") and the Lien associated therewith and that the foregoing shall be permitted for all purposes under the Credit Agreement and the other Credit Documents. Each of the parties hereto acknowledges and understands that such consent is limited solely to the Note and the Liens associated therewith and does not constitute a waiver or amendment of the Credit Documents generally or with respect to any matter other than the Note and such Liens.

SECTION 5. Effectiveness. This Agreement shall become effective as of the date first written above upon delivery to the Administrative Agent of (i) counterparts of this Agreement duly executed by each of the parties thereto and (ii) a fully executed copy of that certain Subordination and Standstill Agreement dated as of February 11, 2016 among the Administrative Agent, Flexshopper, LLC and Marc Malaga.

SECTION 6. Binding Effect; Ratification.

(a) The Credit Agreement, as amended hereby and giving effect to the temporary waivers contained herein, remains in full force and effect. Any reference to the Credit Agreement from and after the date hereof shall be deemed to refer to such Credit Agreement as amended hereby, unless otherwise expressly stated.

(b) Except as expressly amended hereby, the Credit Agreement shall remain in full force and effect and is hereby ratified and confirmed by the parties hereto.

(c) Notwithstanding anything to the contrary herein or in any Credit Document, by signing this Agreement, neither the Lender nor the Administrative Agent are not now waiving or consenting, nor have they agreed to waive or consent to in the future, the breach of (or any rights and remedies related to the breach of) any provisions of any of the Credit Documents, other than the Breach and the matters explicating set forth in this Agreement on a one time basis solely as contemplated herein.

(d) Company agrees to promptly reimburse the Administrative Agent for all of the reasonable out-of-pocket expenses, including, without limitation, legal fees, it has heretofore or hereafter incurred or incurs in connection with the preparation, negotiation and execution of this Agreement and all other instruments, documents and agreements executed and delivered in connection with this Agreement.

SECTION 7. Miscellaneous.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICT OF LAW PRINCIPLES THEREOF (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF NEW YORK GENERAL OBLIGATIONS LAW).

(b) The captions and headings used herein are for convenience of reference only and shall not affect the interpretation hereof.

(c) This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(d) Executed counterparts of this Agreement may be delivered electronically.

[SIGNATURES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

ADMINISTRATIVE AGENT and LENDER:

WE 2014-1, LLC

By: _____
Name: _____
Title: _____

THE COMPANY:

FlexShopper 2, LLC.

By: /s/ Brad Bernstein
Name: Brad Bernstein
Title: CEO

Exhibit 10.13

PROMISSORY NOTE

$1,000,000.00 February 11, 2016

FOR VALUE RECEIVED, FlexShopper, LLC, a North Carolina limited liability company ("Borrower"), hereby promises to pay to Marc Malaga, a resident of the State of Florida ("Lender"), on demand, the principal sum of up to One Million and 00/100 Dollars ($1,000,000.00) (the "Maximum Amount"), or such lesser amount as shall have been advanced and remain outstanding hereunder, together with interest thereon, subject to the terms and conditions set forth in this Promissory Note (this "Note").

1. Payment of Principal and Interest.

(a) Payments of principal and accrued interest on this Note shall be payable on demand by Lender.

(b) The unpaid principal balance of this Note shall bear interest at a rate equal to fifteen percent (15.00%) per annum, computed on the basis of a 360 day year.

(c) The full remaining portion of all interest accruing on the unpaid principal balance of this Note but not paid in cash pursuant to Section 1(b) shall continue to accrue until the principal hereof and interest hereon shall have been paid in full.

(d) Borrower may prepay this Note in whole or in part at any time, without premium or penalty.

(e) All payments of principal and interest shall be made in lawful money of the United States of America and shall be made to Lender at Lender's address set forth in Section 13 or at such other place as Lender may designate to Borrower in writing.

(f) Upon Borrower's request, Lender may from time to time after the date hereof advance additional amounts to Borrower up to the Maximum Amount and subject to the other terms set forth herein. Lender shall make a notation on Schedule A hereto of each advance made by Lender and of each prepayment or repayment made by Borrower, which schedule shall be conclusive evidence of the principal amount then outstanding hereunder, absent manifest error, subject to the next sentence. In the event that the Lender fails to make a notation on Schedule A, then the amount showing as owing from Borrower to Lender on the books and records of the Lender shall be conclusive evidence of the principal amount then outstanding hereunder, absent manifest error.

The principal amount of this Note at any time shall be equal to the aggregate amount of all such loans and advances made to Borrower through such time (including advances to pay interest hereon), less the aggregate amount of all repayments of principal of this Note made by Borrower through such time.

2. Security. As collateral security for the payment and satisfaction of the unpaid principal balance of this Note and all interest accrued thereon, Borrower hereby grants to Lender a continuing, first-priority security interest in and to all of the Collateral. The Collateral means each and all of the following:

A. the Accounts;

B. the Equipment;

C. the Inventory;

D. the General Intangibles;

E. the Negotiable Collateral;

F. any money, deposit accounts or other assets of Borrower in which Lender receives a security interest or which hereafter come into the possess ion, custody or control of Lender;

G. all Supporting Obligations;

H. all Investment Property;

I. all Letter of Credit Rights; and

J. the proceeds of any of the foregoing, including, but not limited to, proceeds of insurance covering the Collateral, or any portion thereof, and any and all Accounts, Equipment, Inventory, General Intangibles, Negotiable Collateral, the Investment Property, the Letter of Credit Rights, the Supporting Obligations, money, deposit accounts or other tangible and intangible property resulting from the sale or other disposition of the Collateral, or any portion thereof or interest therein, and the proceeds thereof.

The capitalized terms used in the definition of the Collateral shall have the meanings ascribed to them under the Uniform Commercial Code as adopted in the State of North Carolina (the "UCC").

3. Representations and Warranties. Borrower hereby represents and warrants to Lender that:

(a) Borrower (i) is a limited liability company duly organized, validly existing and in good standing under the laws of the State of North Carolina, (ii) has all requisite limited liability company power and authority to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently, or is currently proposed to be, engaged, (iii) is duly qualified as a foreign entity, licensed and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, except to the extent that the failure to so qualify would not have a material adverse effect on Borrower, and (iv) has the limited liability company power and authority to execute, deliver and perform its obligations under this Note and to borrow hereunder;

(b) The execution, delivery and performance by Borrower of this Note (i) has been duly authorized by all necessary action, (ii) do not and will not contravene or violate the terms of its corporate constitutional documents or any amendment thereto or any law applicable to Borrower or its assets, business or properties, (iii) do not and will not (1) conflict with, contravene, result in any violation or breach of or default under any material contractual obligation of Borrower (with or without the giving of notice or the lapse of time or both), (2) create in any other person a right or claim of termination or amendment of any material contractual obligation of Borrower, or (3) require modification, acceleration or cancellation of any material contractual obligation of Borrower, and (iv) do not and will not result in the creation of any lien (or obligation to create a lien) against any property, asset or business of Borrower; and

(c) Borrower has duly executed and delivered this Note and this Note constitutes the legal, valid and binding obligations Borrower, enforceable against Borrower in accordance with the terms hereof, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and by general principles of equity.

4. Events of Default. The following shall constitute "Events of Default" with respect to this Note:

(a) Borrower shall fail to pay the principal of, or interest on, this Note when the same becomes due and payable in accordance with the terms hereof;

(b) Any representation or warranty made by Borrower in Section 3 hereof shall fail to be true and correct in all material respects or Borrower shall default in the performance of any of its obligations under Section 4 hereof; or

(c) Borrower makes a general assignment for the benefit of its creditors or applies to any tribunal for the appointment of a trustee or receiver of a substantial part of the assets of Borrower, or commences any proceedings relating to Borrower under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debts, dissolution or other liquidation law of any jurisdiction; or any such application is filed, or any such proceedings are commenced against Borrower and Borrower indicates its consent to such proceedings, or an order or decree is entered by a court of competent jurisdiction appointing such trustee or receiver, or adjudicating Borrower bankrupt or insolvent, or approving the petition in any such proceedings, and such order or decree remains unstayed and in effect for ninety (90) days.

5. Consequences of Event of Default. Upon the occurrence of any such Event of Default and during the continuation thereof, the unpaid principal balance of this Note and accrued and unpaid interest hereon shall become immediately due and payable upon such occurrence without action by Lender and Lender shall have all other rights and remedies provided by applicable law. Lender shall have all of the rights and remedies of a secured party under the UCC.

6. Remedies are Cumulative. No failure on the part of Lender to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by Lender or any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any right, power or remedy. The remedies herein provided are cumulative and are not exclusive of any remedies provided by law, in equity, or in other loan documents.

7. Costs of Collection. In the event that this Note is not paid when due, Borrower shall also pay or reimburse Lender for all reasonable costs and expenses of collection, including, without limitation, reasonable attorneys' fees.

8. Default Interest Rate. Upon the occurrence of any Event of Default, any principal balance remaining unpaid under this Note shall bear interest at a rate per annum equal to three percent (3%) above the interest rate otherwise applicable hereto.

9. Governing Law. This Note shall be governed by and construed in accordance with the laws of the State of North Carolina without regard to the conflicts of law provisions thereof.

10. Waiver. Borrower waives presentment for payment, demand, protest, notice of dishonor, notice of protest, diligence on bringing suit against any party hereto, and all defenses on the ground of any extension of the time of payment that may be given by Lender to it. Borrower agrees not to assert against Lender as a defense (legal or equitable), as a set-off, as a counterclaim, or otherwise, any claims Borrower may have against any other party liable to Lender for all or any part of the obligations under this Note. All rights of Borrower hereunder, and all obligations of Borrower hereunder, shall be absolute and unconditional, not discharged or impaired irrespective of (and regard less of whether Borrower receives any notice of): (i) any lack of validity or enforceability of any provision of this Note; (ii) any change in the time, manner or place of payment or performance, or in any term, of all or any of the obligations hereunder or any other amendment or waiver of or any consent to any departure from any provision herein; or (iii) any release of or modifications to or insufficiency, unenforceability or enforcement of the obligations of any guarantor or other obligor. To the extent permitted by law, Borrower hereby waives any rights under any valuation, stay, appraisement, extension or redemption laws now existing or which may hereafter exist and any other circumstance which might otherwise constitute a defense available to, or a discharge of any party with respect to the obligations of Borrower hereunder.

11. No Right of Set-Off. As of the date hereof, Borrower represents that it has no claims or offsets against Lender in breach of contract, breach of warranty, express or implied, negligence or for any other type of legal action under this Note or otherwise.

12. Notices. Any notice pursuant to this Note must be in writing and will be deemed effectively given to another patty on the earliest of the date (a) three (3) business days after such notice is sent by registered U.S. mail, return receipt requested, (b) one (1) business day after receipt of confirmation if such notice is sent by facsimile, (c) one (1) business day after delivery of such notice into the custody and control of an overnight courier service for next day delivery, (d) one (1) business day after delivery of such notice in person and (e) such notice is received by that party; in each case to the appropriate address below (or to such other address as a party may designate by notice to the other party):

If to Borrower:

FlexShopper, LLC
2700 N. Military Trail, Suite 200
Boca Raton, FL 33431
Attn: Brad Bernstein

If to Lender:

Marc Malaga
c/o FlexShopper, LLC
2700 N. Military Trail, Suite 200
Boca Raton, FL 33431

13. Severability. Any provision of this Note that is determined by any court of competent jurisdiction to be invalid or unenforceable will not affect the validity or enforceability of any other provision hereof or the invalid or unenforceable provision in any other situation or in any other jurisdiction. Any provision of this Note held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

14. Counterparts. This Note may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Note constitutes the entire contract among the parties relating to the subject matter hereof and supersedes any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Delivery of an executed counterpart of a signature page of this Note by telecopy or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Note.

IN WITNESS WHEREOF, Borrower has caused this Note to be duly executed, and Lender has accepted this Note, as of the day and year first above written.

Borrower:

FLEXSHOPPER, LLC

By: /s/ Brad Bernstein
Name: Brad Bernstein
Title: CEO

ACCEPTED:

Lender:

/s/ Marc Malaga
Marc Malaga

Exhibit A

Advancement/Payment Schedule

Date	Amount Advanced	Principal Payment	Principal Balance

Exhibit 10.18

FLEXSHOPPER INC.
2015 OMNIBUS EQUITY COMPENSATION PLAN

INCENTIVE STOCK OPTION GRANT

This STOCK OPTION GRANT (this "Agreement"), dated as of _____ (the "Date of Grant"), is delivered by FLEXSHOPPER, INC. (the "Company") to _____ (the "Grantee").

RECITALS

A. The Company's 2015 Omnibus Equity Compensation Plan (the "Plan") provides for the grant of options to purchase shares of common stock of the Company. A copy of the Plan is appended hereto. The Board of Directors of the Company (the "Board") has decided to make a stock option grant as an inducement for the Grantee to promote the best interests of the Company and its stockholders.

B. The Board is authorized to appoint a committee to administer the Plan. If a committee is appointed, all references in this Agreement to the "Board" shall be deemed to refer to the committee.

NOW, THEREFORE, the parties to this Agreement, intending to be legally bound hereby, agree as follows:

1. Grant of Option. Subject to the terms and conditions set forth in this Agreement and in the Plan, the Company hereby grants to the Grantee an incentive stock option (the "Option") to purchase _____ shares of common stock of the Company ("Shares") at an exercise price of $____ per Share. The Option shall become exercisable according to Section 2 below.

2. Exercisability of Option. The Option shall become exercisable on the following dates, if the Grantee is employed by, or providing service to, the Employer (as defined in the Plan) on the applicable date:

Date	Shares for Which the Option is Exercisable

3. Term of Option.

The Option shall have a term of ten years from the Date of Grant and shall terminate at the expiration of that period, unless it is otherwise terminated pursuant to the provisions of the Plan.

4. Exercise Procedures.

(a) Subject to the provisions of Sections 2 and 3 above, the Grantee may exercise part or all of the exercisable Option by giving the Company written notice of intent to exercise in the manner provided in this Agreement, specifying the number of Shares as to which the Option is to be exercised and the method of payment. Payment of the exercise price shall be made in accordance with procedures established by the Board from time to time based on type of payment being made but, in any event, prior to issuance of the Shares. The Grantee shall pay the exercise price in cash.

(b) The obligation of the Company to deliver Shares upon exercise of the Option shall be subject to all applicable laws, rules, and regulations and such approvals by governmental agencies as may be deemed appropriate by the Board, including such actions as Company counsel shall deem necessary or appropriate to comply with relevant securities laws and regulations. The Company may require that the Grantee (or other person exercising the Option after the Grantee's death) represent that the Grantee is purchasing Shares for the Grantee's own account and not with a view to or for sale in connection with any distribution of the Shares, or such other representation as the Board deems appropriate.

(c) All obligations of the Company under this Agreement shall be subject to the rights of the Company as set forth in the Plan to withhold amounts required to be withheld for any taxes, if applicable. Subject to Board approval, the Grantee may elect to satisfy any tax withholding obligation of the Employer with respect to the Option by having Shares withheld up to an amount that does not exceed the minimum applicable withholding tax rate for federal (including FICA), state and local tax liabilities.

5. Change of Control. Upon a Change of Control, all unvested shares granted under this Option shall accelerate and immediately vest and become exercisable in full on the date of the Change of Control. The provisions of Section 16(i) and (ii) of the Plan shall not apply to this Option.

6. Restrictions on Exercise.

(a) Except as the Board may otherwise permit pursuant to the Plan or as described in Section 6(b), only the Grantee may exercise the Option during the Grantee's lifetime and, after the Grantee's death, the Option shall be exercisable (subject to the limitations specified in the Plan) solely by the legal representatives of the Grantee, or by the person who acquires the right to exercise the Option by will or by the laws of descent and distribution, to the extent that the Option is exercisable pursuant to this Agreement.

(b) Grantee may transfer the Option 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; provided that (i) any such transfer shall be by gift with no consideration; (ii) no subsequent transfer of such Option shall be permitted other than by will or the laws of descent and distribution; (iii) the Option shall not otherwise be transferable except by will or the laws of descent and distribution; and (iv) the transferred Option shall continue to be subject to the same terms and conditions as were applicable to the Option immediately before the transfer.

7. Grant Subject to Plan Provisions. This grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. The grant and exercise of the Option are subject to interpretations, regulations and determinations concerning the Plan established from time to time by the Board in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the Shares, (c) changes in capitalization of the Company and (d) other requirements of applicable law. The Board shall have the authority to interpret and construe the Option pursuant to the terms of the Plan, and its decisions shall be conclusive as to any questions arising hereunder.

8. No Employment or Other Rights. The grant of the Option shall not confer upon the Grantee any right to be retained by or in the employ or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Grantee's employment or service at any time. The right of the Employer to terminate at will the Grantee's employment or service at any time for any reason is specifically reserved.

9. No Stockholder Rights. Neither the Grantee, nor any person entitled to exercise the Grantee's rights in the event of the Grantee's death, shall have any of the rights and privileges of a stockholder with respect to the Shares subject to the Option, until certificates for Shares have been issued upon the exercise of the Option.

10. Assignment and Transfers. Except as otherwise provided herein or as the Board may otherwise permit pursuant to the Plan or this Agreement, the rights and interests of the Grantee under this Agreement may not be sold, assigned, encumbered or otherwise transferred except, in the event of the death of the Grantee, by will or by the laws of descent and distribution. In the event of any attempt by the Grantee to alienate, assign, pledge, hypothecate, or otherwise dispose of the Option or any right hereunder, except as provided for in this Agreement, or in the event of the levy or any attachment, execution or similar process upon the rights or interests hereby conferred, the Company may terminate the Option by notice to the Grantee, and the Option and all rights hereunder shall thereupon become null and void. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company and to the Company's parents, subsidiaries, and affiliates.

11. Applicable Law. The validity, construction, interpretation and effect of this instrument shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflicts of laws provisions thereof.

12. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company at its principal office and any notice to the Grantee shall be addressed to such Grantee at the current address shown on the payroll of the Employer, or to such other address as the Grantee may designate to the Employer in writing. Any notice shall be delivered by hand, sent by telecopy or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused its duly authorized officers to execute and attest this Agreement, and the Grantee has executed this Agreement, effective as of the Date of Grant.

FLEXSHOPPER, INC.

By: _____
Brad Bernstein, President

I hereby accept the Option described in this Agreement, and I agree to be bound by the terms of the Plan and this Agreement. I hereby further agree that all the decisions and determinations of the Board shall be final and binding.

Grantee: _____

Exhibit 10.19

AMENDMENT NO. 4 TO THE CREDIT AGREEMENT AND WAIVER

This **AMENDMENT NO. 4 TO THE CREDIT AGREEMENT AND WAIVER** (this "Agreement") is made and entered into as of March 29, 2016 among FLEXSHOPPER 2, LLC, (the "Company") and WE 2014-1, LLC (the "Administrative Agent" and "Lender").

BACKGROUND

WHEREAS, the Company, the Administrative Agent, Wells Fargo Bank, National Association, as paying agent (the "Paying Agent") and various lenders from time to time party thereto (the "Lenders") are party to a certain Credit Agreement, dated March 6, 2015 (as amended, supplemented and otherwise modified as of the date hereof, the "Credit Agreement");

WHEREAS, the parties to the Credit Agreement desire to amend the Credit Agreement;

WHEREAS, the Company has requested that the Lender and the Administrative Agent temporarily waive certain provisions of the Credit Agreement. The Lender and the Administrative Agent are willing to grant such temporary waivers, subject to the terms and conditions hereof;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto agree as follows:

SECTION 1. Defined Terms. Capitalized definitional terms used in this Agreement and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

SECTION 2. Amendments to the Credit Agreement. The Credit Agreement is hereby amended as follows:

(a) Clause (iv) of the definition of Borrowing Base is hereby amended and restated in its entirety as follows:

> (iv) the sum of (A) the excess (if any) of (1) the Bridge Loan Amount (as defined in the Fee Letter) over (2) $3,750,000 (or such larger amount as the Administrative Agent shall consent to, in its sole discretion) and (B) the sum of the Accrued Interest Amount as of such day and the aggregate amount of all accrued and unpaid fees and expenses due hereunder and including (but not limited to) the Servicing Agreement, the Backup Servicing Agreement, and the Verification Agent Agreement; *provided,* that, this clause (B) shall not be applicable during the period from March 29, 2016 to the earlier of (1) April 1, 2017 and (2) the completion of the Equity Raise; minus

(b) Clause (i) of the definition of Commitment Termination Date in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:

(i) May 6, 2017, as such date may be unilaterally extended by the Administrative Agent and the Lenders, in their sole discretion and with prior notice to the Company on or prior to January 6, 2017, but in no event more than once or beyond October 6, 2017, in either case, without the consent of the Company.

(c) The following definition is hereby added to Section 1.1 of the Credit Agreement:

"**Equity Raise**" shall mean the successful raising (in one or more rounds) of at least $10,000,000 in equity funding by the Parent or its Affiliates. The parties hereto acknowledge and agree that upon completion of the Equity Raise, the Company shall be required to immediately cure any Borrowing Base Deficiency resulting from the related reduction of the Performing Lease Advance Rate pursuant to the Fee Letter or otherwise.

(d) Section 2.6 of the Credit Agreement is hereby amended by deleting 2.0% where it appears therein and substituting 4.0% therefor.

(e) The last two sentences of Section 2.11(b)(vi) of the Credit Agreement are hereby amended and restated as follows:

The Company or its designee shall be permitted from time to time to request disbursement of funds on deposit in the Collection Account for the purchase of additional Eligible Leases pursuant to the terms and conditions of the Asset Sale Agreement and the Asset Purchase Agreement; *provided*, that, (i) such additional Eligible Leases are purchased simultaneously with the funding date for a Loan hereunder and (ii) the Company has delivered a Borrowing Base Certificate evidencing, after giving effect to the transfer of Collections and the funding of any Loan being made on such date, no Borrowing Base Deficiency has occurred or will occur; *provided, further*, that during the period from March 29, 2016 to the earlier of (A) April 1, 2017 and (B) the completion of the Equity Raise, if the purchase of additional Eligible Leases is to be made on a date that is five (5) Business Days (or such greater number of days, not to exceed ten (10) Business Days, as determined by the Administrative Agent, acting reasonably, based on the cash forecasts of the Company through such Interest Payment Date and the funds then on deposit in the Collection Account) or less prior to an Interest Payment Date, no funds shall be disbursed from the Collection Account unless the amount remaining on deposit in the Collection Account after such disbursement is at least equal to: (x) the Accrued Interest Amount as of such date and the aggregate amount of all accrued and unpaid fees and expenses due hereunder and including (but not limited to) the Servicing Agreement, the Backup Servicing Agreement, and the Verification Agent Agreement, *plus* (y) the amount of interest on the Loans and the amount of fees and expenses hereunder and including (but not limited to) the Servicing Agreement, the Backup Servicing Agreement, and the Verification Agent Agreement, in each case, expected to accrue through such Interest Payment Date. Subject to the foregoing provisos, upon receipt of the Borrowing Base Certificate, and with the consent of and at the direction of the Administrative Agent (which direction shall not be unreasonably withheld, delayed or conditioned), the Paying Agent shall remit such funds to the account designated by the Company.

(f) Section 5.16 of the Credit Agreement is hereby amended and restated as follows:

"**5.16 Unrestricted Cash**. The Company shall maintain unrestricted Cash in an amount at least equal to (i) $500,000 on each day and (ii) $1,000,000 as of the end of each calendar month."

(g) The following clauses (o), (p) and (q) are hereby added to Section 5.1.

"(o) Weekly Reports and Call: Until the earlier of (i) August 31, 2016, or (ii) the completion of the Equity Raise, the Company or its designee will deliver each week to the Administrative Agent an itemized weekly cash report in form and substance reasonably satisfactory to the Administrative Agent and shall designate appropriate personnel to participate in a weekly call to review such report with the Administrative Agent.

(p) Access to Bank Accounts: On or prior to April 1, 2016, the Company or its designee shall and shall cause the Servicer and the Parent to provide the Administrative Agent or its designee with read-only access to all of their respective bank accounts.

(q) Back-Up Servicer Transition: The Company (i) shall or shall cause its designee to reasonably cooperate and coordinate with the Backup Servicer, as from time to time requested by Administrative Agent, in order to establish a transition plan for the transfer of servicing to the Backup Servicer on or prior to April 30, 2016; provided that the Company shall not be responsible for any failure to establish such transition plan on or prior to such date to the extent such failure results solely from any action or omission of the Backup Servicer, and, in any such event, the Company shall or shall cause its designee to continue to reasonably cooperate and coordinate with the Backup Servicer, as from time to time requested by Administrative Agent, in order to finalize such transition plan; (ii) promptly and, in any event, within ten (10) Business Days of the Company's receipt of itemized invoice(s) (or such shorter period as is reasonably required by the Backup Servicer), pay the Backup Servicer for its reasonable actual out of pocket costs and expenses related to the establishment of such transition plan (but in no event in excess of $10,000 in the aggregate); and (iii) in the event the Backup Servicer is replaced (A) promptly and, in any event, within ten (10) Business Days of the Company's receipt of itemized invoice(s) (or such shorter period as is reasonably required by the successor Backup Servicer), pay the successor Backup Servicer its fee for accepting such role and for its reasonable actual out of pocket costs and expenses related to its succession (but in no event in excess of $10,000 in the aggregate less the aggregate amount (if any) paid by the Company pursuant to clause (ii) above) and (B) enter into a replacement Backup Servicing Agreement with the successor Backup Servicer and such other amendments to the Credit Documents as are reasonably necessary in order to effect its succession, provided that the aggregate cost to the Company of backup servicing and verification of the Eligible Leases (taken as a whole) does not increase as a result thereof."

(h) Schedule 6 of the Credit Agreement is hereby amended by deleting "Chief Credit Officer or VP of Credit" and adding the following "Key Persons" to such Schedule:

Russ Heiser, Chief Financial Officer

Ravi Radhakrishnan, Chief Risk Officer

SECTION 3. Waivers. The Company hereby acknowledges that the Company was not in compliance for the period ended December 31, 2015, is not currently in compliance and will not be in compliance for the period ended March 31, 2016 with the Financial Covenants (such non-compliance, collectively, the "Breach") and as a result thereof an Event of Default has occurred and is expected to be continuing. Notwithstanding anything to the contrary set forth in that certain Amendment No. 3 to the Credit Agreement, Consent and Temporary Waiver, dated as of February 11, 2016, among the parties hereto, each of the Lender and the Administrative Agent hereby (a) waives each Event of Default resulting solely from the Breach, (b) waives compliance with each Financial Covenant (other than the Financial Covenant in Section 5.16 of the Credit Agreement) and the delivery of Compliance Certificates with respect thereto, and (c) agrees that Section 7.1(r) of the Credit Agreement shall not be effective (except with respect to a breach of Section 5.16 of the Credit Agreement), in the case of each of clauses (b) and (c), during the period from the date of this Agreement through the earlier of (i) April 1, 2017 and (ii) the completion of the Equity Raise. Thereafter, the Financial Covenants shall be amended as necessary to reflect the prospects of the Company at such time, as determined by the Administrative Agent in its reasonable discretion in consultation with the Company; *provided* that no Financial Covenant shall be amended in a manner such that results of the Company consistent with cash flow projections for the following twelve month period approved by the Administrative Agent in its reasonable discretion would result in a breach of such Financial Covenant during such period.

SECTION 4. Rights of First Offer and First Refusal. Notwithstanding the provisions of that certain letter agreement, dated March 6, 2015, among the Company, the Seller, the Parent and the Lender pursuant to which certain rights of first offer and first refusal were granted to the Lender, the Lender hereby agrees that (a) the provisions of Section 1(a) thereof shall not apply to any extension of the Commitment Termination Date occurring on or prior to May 6, 2017 and (b) in the event that the Lender has not delivered any notice of unilateral extension of the Commitment Termination Date in accordance with the definition thereof on or prior to December 23, 2016, the "Review Period" with respect to any "Proposed Financing Notice" (each as defined in Section 1(b) thereof) relating to any refinancing of the Collateral shall be reduced to five (5) Business Days. The Company hereby agrees that in the event that the Lender has not delivered any notice of unilateral extension of the Commitment Termination Date in accordance with the definition thereof on or prior to December 13, 2016, on the following Business Day the Company shall request that the Lender confirm whether it intends to exercise its right to so extend the Commitment Termination Date.

SECTION 5. Amendment No. 2 Amendment Fee: Each of the Company and the Administrative Agent hereby agree that the fee due to the Administrative Agent by the Company in consideration for the execution of the Amendment No. 2 to the Credit Agreement ("Amendment No.2"), notwithstanding anything to the contrary contained in such Amendment No.2, shall be due and payable on the earlier of (i) the date on which Parent or its Affiliates, completes a $3,000,000 equity raise and (ii) April 30, 2016, it being acknowledged and agreed that the foregoing shall constitute a fee due under the Credit Agreement and to the failure to so pay by April 30, 2016 shall not constitute an Event of Default but instead shall thereafter be included in the fees payable from amounts on deposit in the Collection Account pursuant to Section 2.12 (a)(ii)(C) of the Credit Agreement.

SECTION 6. Amendment No. 4 Amendment Fee: In consideration for the execution of this Agreement, the Company will pay to the Administrative Agent a fee (the "Bridge Fee") of $20,000 per week (beginning with the week in which this Agreement is entered into) until the earlier of (i) the date on which the amount of the Bridge Fee accrued through such date equals $400,000, or (ii) the completion of the Equity Raise and the parties hereto acknowledge and agree that the foregoing shall constitute a fee payable from amounts on deposit in the Collection Account pursuant to Section 2.12(a)(ii)(C) of the Credit Agreement; provided that (x) the Bridge Fee will be a minimum of $250,000 and (y) upon the completion of the Equity Raise, an amount equal to (I) the greater of the amount of the Bridge Fee accrued on a weekly basis though such date and $250,000 less (II) the amount of the Bridge Fee previously paid, shall become due and shall be paid by the Company within two (2) Business Days following the closing of the Equity Raise.

SECTION 7. Effectiveness. This Agreement shall become effective as of the date first written above upon delivery to the Administrative Agent of (i) counterparts of this Agreement duly executed by each of the parties hereto and (ii) a fully executed copy of that certain Amendment No.2 to the Fee Letter dated as of March 29, 2016.

SECTION 8. Binding Effect; Ratification.

(a) The Credit Agreement, as amended hereby and giving effect to the temporary waivers contained herein, remains in full force and effect. Any reference to the Credit Agreement from and after the date hereof shall be deemed to refer to such Credit Agreement as amended hereby, unless otherwise expressly stated.

(b) Except as expressly amended hereby, the Credit Agreement shall remain in full force and effect and is hereby ratified and confirmed by the parties hereto.

(c) Notwithstanding anything to the contrary herein or in any Credit Document, by signing this Agreement, neither the Lender nor the Administrative Agent is waiving or consenting, nor has either of them agreed to waive or consent to in the future, the breach of (or any rights and remedies related to the breach of) any provisions of any of the Credit Documents, other than the Breach and the other matters explicitly set forth in this Agreement on a one time basis solely as contemplated herein.

(d) The Company agrees to promptly reimburse the Administrative Agent for all of the reasonable out-of-pocket expenses, including, without limitation, reasonable legal fees, it has heretofore or hereafter incurred or incurs in connection with the preparation, negotiation and execution of this Agreement and all other instruments, documents and agreements executed and delivered in connection with this Agreement.

SECTION 9. Miscellaneous.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICT OF LAW PRINCIPLES THEREOF (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF NEW YORK GENERAL OBLIGATIONS LAW).

(b) The captions and headings used herein are for convenience of reference only and shall not affect the interpretation hereof.

(c) This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(d) Executed counterparts of this Agreement may be delivered electronically.

[SIGNATURES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

ADMINISTRATIVE AGENT and LENDER:

WE 2014-1, LLC

By: /s/ Patrick Lo
Name: Patrick Lo
Title: Authorized Person

THE COMPANY:

FlexShopper 2, LLC.

By: /s/ Brad Bernstein
Name: Brad Bernstein
Title: CEO

Exhibit 21.0

Subsidiaries of Registrant

FlexShopper, LLC is a limited liability company formed under the laws of the State of 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 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement (Form S-8 No 333-203509) pertaining to the 2007 Omnibus Equity Compensation Plan of our report dated March 30, 2016, with respect to the consolidated financial statements of FlexShopper, Inc. included in this Annual Report (Form 10-K) for the year ended December 31, 2015.

/s/ EisnerAmper LLP

New York, NY
March 30, 2016

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, certify 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 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 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;

   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 30, 2016

/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, Russ Heiser, certify 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 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 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;

   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 30, 2016

/s/ Russ Heiser
Russ Heiser
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, 2015 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 30, 2016

/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, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "report"), I, Russ Heiser, 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 30, 2016

/s/ Russ Heiser

Russ Heiser
Principal Financial Officer