

Dave Carlson

From: Kathy Hust <kathy@scanalyticsinc.com>
Sent: Thursday, August 30, 2018 3:40 PM
To: Dave Carlson
Subject: Scanalytics Inc. - Response
Attachments: CDA Balance Sheet17.pdf; CDA Balance Sheet16.pdf; Whitewater CDA P&L Report.pdf; Whitewater CDA Note Analysis.xlsx

Hello Dave,

Per our conversation earlier this week, Scanalytics is responding to the CDA's concerns by way of this email communication. Please confirm you have received this message. Thank you.

Re: On October 26, 2015, Scanalytics Inc. executed and delivered a Secured Promissory Note from Scanalytics payable to the order of the Community Development Authority of the City of Whitewater, Wisconsin in the principal sum of \$97,500.

In response to your correspondence of August 8, 2018, we propose the following to address the events of default:

1. Section 1(b) Failing to make annual payments of principal and interest to the CDA based on net revenues for the four (4) most recent fiscal quarters pursuant to Section 1(b) of the Note. Payments were due in 2016 and 2017.

Response:

We have prepared an analysis that details the amounts owed for 2016/2017 (see attached). Due to the company's current limited cash flow availability, we respectfully request a short term payment plan to satisfy the amount owed to the CDA.

Payment Schedule

October 31 \$ 2500
November 30 \$ 2500
December 31 \$ 3125.27

Total \$ 8125.27

2. Sections 5(a) and 5(b) - Scanalytics failed to provide annual financial statements and quarterly balance sheet statements to the CDA for the 2016/2017 reporting periods.

Response:

All financial statements and balance sheet statements for 2016 and 2017 have been provided via this electronic message (see attached).

3. Section 6(c) - Ceasing active conduct of business operations at a location that is in the City of Wisconsin, and such cessation of such business has continued for an un-interrupted period of forty-five (45) days or exists for periods which total in excess of sixty (60) days within any twelve (12) month period. Scanalytics has reported to the CDA a principal address for its business as 260 E. Highland Ave., Suite 500 Milwaukee, WI 53202. While Scanalytics has a lease for space at the Whitewater Innovation Center, there is no evidence that there is an active conduct of business at this location as is required under the note. This lack of conduct of business in Whitewater has existed since approximately July 1, 2017.

Response:

Scanalytics will house the company's outbound marketing group at their office located in the Whitewater Innovation Center starting September 2018. The company will facilitate marketing efforts at this location by engaging UW Whitewater interns/graduates. The marketing team will be supervised by Kathy Hust, Scanalytics President, who will be in the office on a weekly basis during the school year.

Scanalytics will list the Whitewater office address on the company's website starting September 2018.

We appreciate your consideration of the proposed remedy of default, as Scanalytics Inc. continues to build and grow its core technology products and analytics platform services.

Please contact me if you have questions or need additional information.

Kind regards,

Kathy

Kathy Hust

President | [Scanalytics Inc.](#)
[414.870.0910](#)

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