Ohio | Public Utilities Commission

DIS Case Number: 18-1834-GA-AGG

Section A: Application Information

A-1. Provider type:

☒ Retail Natural Gas Broker

☒ Retail Natural Gas Aggregator

☐ Retail Natural Gas Marketer

A-2. Applicant's legal name and contact information.

Legal Name: AvidXchange, Inc.
Phone: 732-748-4293
Extension (if applicable):
Website (if any): www.avidxchange.com

Country: United States
Street: 1210 AvidXchange Ln
City: Charlotte
Province/State: NC
Postal Code: 28206

A-3. Names and contact information under which the applicant will do business in Ohio

Provide the names and contact information the business entity will use for business in Ohio. This does not have to be an Ohio address and may be the same contact information given in A-2.

Name	Type	Address	Active?	Proof
AvidxChange, Inc.	Official Name	1210 AvidXchange Ln Charlotte, NC 28206	Yes	Link

A-4. Names under which the applicant does business in North America

Provide all business names the applicant uses in North America, including the names provided in A-2 and A-3.

Name	Type	Address	Active?	Proof

A-5. Contact person for regulatory matters

Al McMillian
1210 AvidXchange Ln
Charlotte, NC 28206
US
amcmillian@avidxchange.com

A-6. Contact person for PUCO Staff use in investigating consumer complaints

Robert Macksoud
1111 Metropolitan Ave, Ste 650
Charlotte, NC 28204
US
rmacksoud@avidxchange.com
7049718172

A-7. Applicant's address and toll-free number for customer service and complaints

Phone: 7049718172	**Extension (if applicable):**	**Country:** United States	
Fax:	**Extension (if applicable):**	**Street:** 1210 AvidXchange Ln	
Email: rmacksoud@avidxchange.com		**City:** Charlotte	**Province/State:** NC
		Postal Code: 28206	

A-8. Applicant's federal employer identification number

56-2193588

A-9. Applicant's form of ownership

Form of ownership: Corporation

A-10. Identify current or proposed service areas

Identify each service area in which the applicant is currently providing service or intends to provide service and identify each customer class that the applicant is currently serving or intends to serve.

Service area selection

Columbia Gas of Ohio
Dominion Energy Ohio
Duke Energy Ohio

Ohio | Public Utilities Commission

Vectren Energy Delivery of Ohio

Class of customer selection

Industrial
Small Commercial
Large Commercial

A-11. Start date

Indicate the approximate start date the applicant began/will begin offering services: 09-01-2016

A-12. Principal officers, directors, and partners

Please provide all contacts that should be listed as an officer, director or partner.

Name	**Email**	Title	Address
Ryan Stahl	rstahl@avidxchange.com	General Counsel	1111 Metropolitan Ave, Ste 650 Charlotte, NC 28204 US
Robert Macksoud	rmacksoud@avidxchange.com		1111 Metropolitan Ave, Ste 650 Charlotte, NC 28204 US
Al McMillian	amcmillian@avidxchange.com	VP, Head of Compliance	1210 AvidXchange Ln Charlotte, NC 28206 US

A-13. Company history

AvidXchange was founded in April 2000. The company revolutionizes the way companies pay their bills by
providing a solution that streamlines the entire Accounts Payable process--from invoice receipt through
vendor payment. Since 2012, AvidXchange has been active in the brokering of electric and natural gas
services for its bill payment customers as a value-added service.

A-14. Secretary of State

Secretary of State Link: https://businesssearch.ohiosos.gov?=businessDetails/3894522

A-15. Proof of Ohio Employee and Office

Provide proof of an Ohio Office and Employee in accordance with Section 4929.22of the Ohio Revised Code. List the designated Ohio employee's name, Ohio office address, telephone number and web site address

Employee Name: CT Corporation System
4400 Easton Commons Way Suite 125
Columbus, OH 43219
US
ct@ctmail.wolterskluwer.com
8887249870

Section B: Applicant Managerial Capability and Experience

B-1. Jurisdiction of operations

List all jurisdictions in which the applicant or any affiliated interest of the applicant is certified, licensed, registered or otherwise authorized to provide retail natural gas service or retail/wholesale electric service as of the date of filing the application..

Jurisdiction of Operation: • District of Columbia - Electricity Supplier (Broker)
• Delaware - Certified Electric Supplier (Broker)
• Illinois – Certified Agent/Broker/Consultant
• Massachusetts – Electricity Broker and Gas Retail Agent
• Maryland - Electricity Supplier Broker and Natural Gas Supplier Broker
• Maine - Competitive Electricity Provider (Aggregator/Broker) and Retail Natural Gas Supplier
• New Hampshire - Provider of Electric Aggregation Service and Provider of Natural Gas Aggregation Service
• New Jersey – Energy Agent
• Ohio - Competitive Retail Electric Services Provider and Competitive Retail Natural Gas Service Provider
• Pennsylvania - Electric Generation Supplier, as a Broker /Marketer and Natural Gas Supplier, as a Broker /Marketer
• Texas – Electric Aggregator
• Virginia- Competitive Service Provider

B-2. Experience and plans

Describe the applicant’s experience in providing the service(s) for which it is applying (e.g., number and type of customers served, utility service areas, amount of load, etc.). Include the plan for contracting with customers, providing contracted services, providing billing statements and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Sections 4928.10 and/or 4929.22 of the Ohio Revised Code.

Application Experience and Plan Description: In addition to its bill payment processes, for a small sub-segment of its clients, AvidXchange audits and
analyzes client invoices for any errors, overcharges, unfavorable pricing/terms or duplicate payments. As part
of this service, AvidXchange negotiates its clients' third-party electricity and natural gas supply agreements.

B-3. Disclosure of liabilities and investigations

For the applicant, affiliate, predecessor of the applicant, or any principal officer of the applicant, describe all existing, pending or past rulings, judgments, findings, contingent liabilities, revocation of authority, regulatory investigations, judicial actions, or other formal or informal notices of violations, or any other matter related to competitive services in Ohio or equivalent services in another jurisdiction..

Liability and Investigations Disclosures: In January 2020, AvidXchange entered into a Settlement Offer with the State of New Jersey Board of Public
Utilities with respect to a late submission of its Energy Agent Registration renewal. AvidXchange paid an
administrative penalty in the amount of $500 to resolve this matter and is now registered again.

B-4. Disclosure of consumer protection violations

Has the applicant, affiliate, predecessor of the applicant, or any principal officer of the applicant been convicted orheld liable for fraud or for violation of any consumer protection or antitrust laws within the past five years?

Yes

Consumer Protection Violation Disclosure: On July 19, 2019, AvidXchange, Inc. entered into a Consent Order with the State of Connecticut Department
of Banking, agreeing (i) to transmit all money transmission activity for Connecticut customers on
AvidXchange’s own platform by the date that is 45 days after the date AvidXchange receives a money

transmitter license from Connecticut and (ii) to pay a civil penalty in the amount of $10,000.00, which
AvidXchange paid. AvidXchange received its Connecticut money transmitter license on July 23, 2019 and
transitioned all customers as required.

On July 25, 2018, the Texas Department of Banking entered a Consent
Order against AvidXchange Financial Services, Inc. with respect to utility bill payment services provided to
one customer in the State of Texas. AvidXchange ceased using the payment process at issue in 2016 and uses
a trust for such payment services in Texas. AvidXchange paid an administrative penalty in the amount of
$82,589.00 as assessed under the Consent Order. This matter is closed.

B-5. Disclosure of certification, denial, curtailment, suspension or revocation

Has the applicant, affiliate, or a predecessor of the applicant had any certification, license, or application to provide retail natural gas or retail/wholesale electric service denied, curtailed, suspended, revoked, or cancelled or been terminated or suspended from any of Ohio's Natural Gas or Electric Utility's Choice programs within the past two years?

No

Section C: Applicant Financial Capability and Experience

C-1. Financial reporting

Provide a current link to the most recent Form 10-K filed with the Securities and Exchange Commission (SEC) or upload the form. If the applicant does not have a Form 10-K, submit the parent company's Form 10-K. If neither the applicant nor its parent is required to file Form 10-K, state that the applicant is not required to make such filings with the SEC and provide an explanation as to why it is not required.

Does not apply

C-2. Financial statements

Provide copies of the applicant's two most recent years of audited financial statements, including a balance sheet, income statement, and cash flow statement. If audited financial statements are not available, provide officer certified financial statements. If the applicant has not been in business long enough to satisfy this requirement, provide audited or officer certified financial statements covering the life of the business. If the applicant does not have a balance sheet, income statement, and cash flow statement, the applicant may provide a copy of its two most recent years of tax returns with **social security numbers and bank account numbers redacted.**

If the applicant is unable to meet the requirement for two years of financial statements, the Staff reviewer may request additional financial information.

File(s) attached

C-3. Forecasted financial statements

Provide two years of forecasted income statements **based solely on the applicant's anticipated business activities in the state of Ohio.**

Include the following information with the forecast: a list of assumptions used to generate the forecast; a statement indicating that the forecast is based solely on Ohio business activities only; and the name, address, email address, and telephone number of the preparer of the forecast.

The forecast may be in one of two acceptable formats: 1) an annual format that includes the current year and the two years succeeding the current year; or 2) a monthly format showing 24 consecutive months following the month of filing this application broken down into two 12-month periods with totals for revenues, expenses, and projected net incomes for both periods. Please show revenues, expenses, and net income (revenues minus total expenses) that is expected to be earned and incurred in **business activities only in the state of Ohio** for those periods.

If the applicant is filing for both an electric certificate and a natural gas certificate, please provide a separate and distinct forecast for revenues and expenses representing Ohio electric business activities in the application for the electric certificate and another forecast representing Ohio natural gas business activities in the application for the natural gas certificate.

File(s) attached

C-4. Credit rating

Provide a credit opinion disclosing the applicant's credit rating as reported by at least one of the following ratings agencies: Moody's Investors Service, Standard & Poor's Financial Services, Fitch Ratings or the National Association of Insurance Commissioners. If the applicant does not have its own credit ratings, substitute the credit ratings of a parent or an affiliate organization and submit a statement signed by a principal officer of the applicant's parent or affiliate organization that guarantees the obligations of the applicant. If an applicant or its parent does not have such a credit rating, enter 'Not Rated'.

File(s) attached

C-5. Credit report

Provide a copy of the applicant's credit report from Experian, Equifax, TransUnion, Dun and Bradstreet or a similar credit reporting organization. If the applicant is a newly formed entity with no credit report, then provide a personal credit report for the principal owner of the entity seeking certification. At a minimum, the credit report must show summary information and an overall credit score. **Bank/credit account numbers and highly sensitive identification information must be redacted.** If the applicant provides an acceptable credit rating(s) in response to C-4, then the applicant may select 'This does not apply' and provide a response in the box below stating that a credit rating(s) was provided in response to C-4.

File(s) attached

C-6. Bankruptcy information

Within the previous 24 months, have any of the following filed for reorganization, protection from creditors or any other form of bankruptcy?

- Applicant
- Parent company of the applicant
- Affiliate company that guarantees the financial obligations of the applicant
- Any owner or officer of the applicant

No

C-7. Merger information

Is the applicant currently involved in any dissolution, merger or acquisition activity, or otherwise participated in such activities within the previous 24 months?

No

C-8. Corporate structure

Provide a graphical depiction of the applicant's corporate structure. Do not provide an internal organizational chart. The graphical depiction should include all parent holding companies, subsidiaries and affiliates as well as a list of all affiliate and subsidiary companies that supply retail or wholesale electricity or natural gas to customers in North America. If the applicant is a stand-alone entity, then no graphical depiction is required, and the applicant may respond by stating that it is a stand-alone entity with no affiliate or subsidiary companies.

File(s) attached

Section D: Applicant Technical Capacity

D-1. Operations

Retail natural gas brokers/aggregators: Include details of the applicant's business operations and plans for arranging and/or aggregating for the supply of natural gas to retail customers.

Retail natural gas brokers/aggregators: Include details of the applicant's business operations and plans for arranging and/or aggregating for the supply of natural gas to retail customers.

Operations Description: AvidXchange will confine its natural gas broker activities to those customers who
are currently bill payment customers. As such, AvidXchange has no plans to
market its natural gas broker services to customers who do not first contract for its

bill payment services.

D-2. Operations Expertise & Key Technical Personnel

Given the operational nature of the applicant's business, provide evidence of the applicant's experience and technical expertise in performing such operations. Include the names, titles, e-mail addresses, and background of key personnel involved in the operations of the applicant's business.
File(s) attached

Ohio | Public Utilities Commission

Application Attachments

AvidXchange, Inc. and Subsidiaries
Consolidated Financial Statements
December 31, 2019 and 2018

AvidXchange, Inc. and Subsidiaries
Index
December 31, 2019 and 2018

Report of Independent Auditors

To the Management and Board of Directors of AvidXchange, Inc.

We have audited the accompanying consolidated financial statements of AvidXchange, Inc. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of AvidXchange, Inc. and its subsidiaries as of December 31, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the consolidated financial statements, the Company changed the manner in which it accounts for revenues from contracts with customers in 2019. Our opinion is not modified with respect to this matter.

PricewaterhouseCoopers LLP

Charlotte, North Carolina
March 30, 2020

AvidXchange, Inc. and Subsidiaries
Consolidated Balance Sheets
December 31, 2019 and 2018

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	$ 225,265,760	$ 147,360,100
Restricted funds held for customers	51,707,271	-
Accounts receivable, net of allowances of $1,411,294 and $941,335, respectively	18,817,675	13,872,697
Supplier advances receivable, net of allowances of $588,431 and $524,056, respectively	5,184,690	4,118,418
Other current assets	7,354,154	6,196,519
Total current assets	308,329,550	171,547,734
Property and equipment, net	82,093,650	85,687,839
Deferred customer origination costs, net	21,248,454	16,602,411
Goodwill	89,521,308	24,502,418
Intangible assets, net	70,288,097	38,253,078
Other noncurrent assets and deposits	2,375,000	1,700,476
Total assets	$ 573,856,059	$ 338,293,956
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	$ 14,641,303	$ 10,842,005
Accrued expenses	25,584,271	22,351,373
Payment service obligations	51,707,271	-
Deferred revenue	3,491,059	2,658,027
Current maturities of obligation under earn-out agreement	-	1,250,000
Current maturities of long-term debt	1,000,000	1,000,000
Current maturities of capital lease obligations	1,348,949	1,614,686
Total current liabilities	97,772,853	39,716,091
Long-term liabilities		
Deferred revenue, less current	1,690,132	1,741,790
Deferred rent and tenant improvement allowance	4,028,311	3,648,156
Obligations under capital leases, less current maturities	60,791,199	60,412,531
Long-term debt	93,886,267	73,420,384
Other long-term liabilities	4,729,216	546,588
Total liabilities	262,897,978	179,485,540
Commitments and contingencies (note 12)		
Shareholders' equity		
Common stock	11,003	10,436
Preferred stock	29,007	23,911
Treasury stock	(106,548)	-
Additional paid-in capital	605,705,553	359,908,846
Accumulated deficit	(294,680,934)	(201,134,777)
Total shareholders' equity	310,958,081	158,808,416
Total liabilities and shareholders' equity	$ 573,856,059	$ 338,293,956

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

AvidXchange, Inc. and Subsidiaries
Consolidated Statements of Operations
Years Ended December 31, 2019 and 2018

	2019	2018
Revenues	$ 149,584,054	$ 119,237,311
Cost of revenues (exclusive of depreciation and amortization expense)	71,132,946	53,218,908
Operating expenses		
Sales and marketing	39,583,371	33,257,233
Research and development	33,591,075	21,243,128
General and administrative	52,101,180	46,203,194
Impairment on intangible asset	7,890,939	679,411
Depreciation and amortization	22,339,491	17,696,551
Total operating expenses	155,506,056	119,079,517
Loss from operations	(77,054,948)	(53,061,114)
Other income (expense)		
Interest income	1,382,742	1,823,755
Interest expense	(17,259,127)	(15,926,482)
Change in fair value of derivative	(555,000)	-
Other expenses	(16,431,385)	(14,102,727)
Loss before income taxes	(93,486,333)	(67,163,841)
Income tax expense	59,824	24,681
Net loss	$ (93,546,157)	$ (67,188,522)

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

AvidXchange, Inc. and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
Years Ended December 31, 2019 and 2018

	Common Stock		Preferred Stock		Additional	Treasury	Accumulated	Total Shareholders
	Shares	**Amount**	**Shares**	**Amount**	**Paid-in Capital**	**Stock**	**Deficit**	**Equity**
Balances at December 31, 2017	10,398,229	$ 10,398	23,911,654	$ 23,911	$358,613,208	$ -	$ (139,469,244)	$ 219,178,273
Cumulative effect of accounting changes	-	-	-	-	-	-	5,522,989	5,522,989
Exercise of stock options and warrants	38,190	38	-	-	189,306	-	-	189,344
Stock-based compensation	-	-	-	-	777,951	-	-	777,951
Vesting of warrants issued in connection with consulting services	-	-	-	-	201,710	-	-	201,710
Options issued in connection with 2017 bonus program	-	-	-	-	126,671	-	-	126,671
Net loss	-	-	-	-	-	-	(67,188,522)	(67,188,522)
Balances at December 31, 2018	10,436,419	10,436	23,911,654	23,911	359,908,846	-	(201,134,777)	158,808,416
Exercise of stock options and warrants	111,348	111	-	-	594,814	-	-	594,925
Common shares issued for acquisition	462,946	463	-	-	9,513,077	-	-	9,513,540
Stock-based compensation	-	-	-	-	1,379,326	-	-	1,379,326
Vesting of warrants issued in connection with consulting services	-	-	-	-	201,710	-	-	201,710
Options issued in connection with 2018 bonus program	-	-	-	-	127,984	-	-	127,984
Treasury stock purchase	(7,038)	(7)	-	-	-	(106,548)	-	(106,555)
Series senior preferred issuance, net	-	-	2,722,166	2,722	123,092,413	-	-	123,095,135
Series F preferred issuance, net	-	-	2,652,412	2,652	122,071,328	-	-	122,073,980
Redemption on redeemable convertible preferred stock	-	-	(278,371)	(278)	(4,999,265)	-	-	(4,999,543)
Premium paid on redeemable convertible preferred stock	-	-	-	-	(6,184,680)	-	-	(6,184,680)
Net loss	-	-	-	-	-	-	(93,546,157)	(93,546,157)
Balances at December 31, 2019	11,003,675	$ 11,003	29,007,861	$ 29,007	$605,705,553	$ (106,548)	$ (294,680,934)	$ 310,958,081

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

AvidXchange, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Net loss	$ (93,546,157)	$ (67,188,522)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Depreciation and amortization expense	22,339,491	17,696,551
Amortization of deferred financing costs	1,183,810	966,813
Provision for doubtful accounts	763,842	1,043,096
Stock based compensation expense	1,379,326	777,951
Warrants vested in connection with consulting services	201,710	201,710
Accrued interest	878,239	851,373
Business combination contingent consideration	-	99,850
Impairment on intangible asset	7,890,939	679,411
Loss on fixed asset disposal	11,373	660,568
Payment of third party fees related to debt modification	(3,238,700)	-
Fair value adjustment to derivative instrument	555,000	-
Deferred income taxes	59,824	24,681
Changes in operating assets and liabilities net of effect of business acquired		
Accounts receivable	(2,852,204)	(4,175,673)
Supplier advances	(1,066,272)	(1,985,802)
Prepaid and other current assets	(1,099,022)	(2,682,704)
Other noncurrent assets	(340,326)	70,722
Deferred customer origination costs	(4,646,043)	(4,291,840)
Accounts payable	3,664,886	(3,087,075)
Deferred revenue	235,302	238,683
Accrued expenses	3,725,479	3,050,576
Deferred rent and tenant improvement allowance	380,155	2,181,130
Total adjustments	30,026,809	12,320,021
Net cash used by operating activities	(63,519,348)	(54,868,501)
Cash flows from investing activities		
Purchases of equipment	(1,905,281)	(5,703,597)
Purchases of land	(38,560)	(7,653,038)
Purchases of intangible assets	(7,349,571)	(11,262,492)
Acquisition of business, net of cash acquired	(105,834,033)	(990,000)
Net cash used by investing activities	(115,127,445)	(25,609,127)

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

AvidXchange, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from financing activities		
Proceeds from the issuance of long-term debt	96,080,625	-
Repayments of long-term debt	(70,780,900)	-
Financing of capital lease buyout	-	405,209
Principal payments on land promissory note	(1,000,000)	-
Principal payments on trade notes payable	-	(371,068)
Principal payments on capital leases	(1,777,025)	(2,722,887)
Proceeds from issuance of preferred and common stock	260,488,385	189,344
Convertible preferred stock redeemed	(11,184,223)	-
Transaction costs related to issuance of preferred stock	(12,668,900)	-
Debt issuance costs	(2,105,509)	-
Payment on earn-out agreement	(500,000)	(500,000)
Payment service obligations	51,707,271	-
Net cash provided by (used by) financing activities	308,259,724	(2,999,402)
Net increase (decrease) in cash	129,612,931	(83,477,030)
Cash and cash equivalents and restricted funds		
Beginning of year	147,360,100	230,837,130
End of year	$ 276,973,031	$ 147,360,100
Supplementary information of noncash investing and financing activities		
Property and equipment purchased with financing and capital lease obligations	$ 1,109,937	$ 459,878
Financing of land purchase	-	5,000,000
Common stock issued in business combination	9,513,540	-
Property and equipment purchases in accounts payable and accrued expenses	83,985	54,442
Other information		
Cash paid during the year for interest	$ 15,236,074	$ 14,139,592
Options issued in connection with bonus compensation	127,984	126,671
Restricted funds held for customers at end of period	51,707,271	-

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

1. Nature of Operations

Company Background

AvidXchange, Inc. was incorporated in the state of Delaware in 2000. AvidXchange, Inc., including its wholly owned subsidiaries (“AvidXchange”, “the Company” or “Avid”) is an invoice and payment automation company that provides solutions and services to midmarket companies and their suppliers throughout North America spanning multiple industries including real estate, financial services, energy, and construction. Avid’s solutions are delivered primarily through a software-as-a-service (“SaaS”) platform that connects Avid’s “buyer” customers with a network of over 500,000 “supplier” customers. This platform provides a multitude of solutions including electronic invoice capture, intelligent workflow routing, and automated payments, which can provide Avid’s buyer and supplier customers with reduced costs, improved productivity, and elimination of paper from the traditional accounts payable and payment processes.

The Company markets its platform primarily through a direct sales force and from leads generated from referral partners, as well as agreements with reseller partners who offer Avid’s solutions to their customers often under the partner’s branding.

AvidXchange has completed strategic acquisitions that have expanded the customer relationships available to subscribe to its payment services solutions and gain access to new markets. The operating activities of the legal entities acquired are fully interdependent and integrated with the AvidXchange operations. The Company views its operations and manages its business as one segment and one reporting unit. Accordingly, the results of the separate legal entities are not representative of what the operating results would be on a stand-alone basis.

In October 2019, the Company acquired BTS Alliance, LLC d.b.a. BankTEL Systems (“BankTEL”), a provider of accounting solutions to middle market banks. The completion of the BankTEL acquisition enabled AvidXchange to further expand into the financial services vertical primarily by integrating AvidPay with the BankTEL platform to create a cohesive accounts payable and payment offering.

AvidXchange is registered as a money services business (“MSB”) with the Financial Crimes Enforcement Network (“FinCEN”) and has obtained a money transmitter license in all states which require licensure. This enables Avid to provide commercial payment services to businesses through AvidXchange “for the benefit of customer” (FBO) bank accounts that are restricted for such purposes.

2. Summary of Significant Accounting Policies

Basis of Consolidation and Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) and reflect the consolidated operations of AvidXchange, Inc. as of and for the years ended December 31, 2019 and 2018. All intercompany accounts and transactions have been eliminated in consolidation. There are no items of comprehensive income.

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications are further discussed in Note 4.

Use of Estimates
The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Business Combinations
Identifiable assets acquired, and the liabilities assumed, resulting from a business combination are recorded at their estimated fair values on the date of the acquisition. Goodwill represents the excess of the purchase price over the estimated fair value of the net assets acquired, including the amount assigned to identifiable intangible assets. When a business combination involves contingent consideration, the Company recognizes a liability equal to the estimated fair value of the contingent consideration obligation at the date of the acquisition. Subsequent changes in the estimated fair value of the contingent consideration are recognized in earnings in the period of the change. Shares of common stock issued as part of the purchase consideration are valued as of the date of the business combination.

Revenue Recognition
Refer to Note 3 - Revenue from Contracts with Customers for information related to the Company's revenue recognition.

Concentrations
Credit Risk
Cash deposits may, at times, exceed Federal Deposit Insurance Corporation ("FDIC") limits. The Company has approximately $266,450,000 and $147,236,000 on deposit in excess of the insured amounts as of December 31, 2019 and 2018, respectively.

Significant Services
A substantial portion of the Company's revenue is derived from interchange fees earned on payment transactions processed as virtual credit cards ("VCC") from one VCC vendor. For the years ended December 31, 2019 and 2018, interchange fee revenues from this vendor represented approximately 53% and 55% of total revenues. As of December 31, 2019 and 2018, respectively, 58% and 73% of accounts receivable, net, is comprised of amounts due from the Company's VCC vendor.

Future regulation or changes by the payment networks could have a substantial impact on the Company's revenue from VCC transactions. If interchange rates decline, whether due to actions by the payment networks, merchant/suppliers availing themselves of lower rates, or future regulation, the Company's total operating revenues, operating results, prospects for future growth and overall business could be materially affected.

Cash and Cash Equivalents
The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The carrying values of cash and cash equivalents approximate their fair values due to the short-term nature of these instruments. Cash in the Company's bank accounts may exceed federally insured limits.

Restricted Funds Held for Customers and Payment Service Obligations
Restricted funds held for customers and the corresponding liability of payment service obligations represent funds that are collected from customers for payments to their suppliers. The Company

currently operates two models for the transmission of buyer customer funds. Under its legacy model, buyer customer funds are held in trust accounts that are maintained and operated by a trustee pending distribution. After customers' funds are deposited in a trust account, the Company initiates payment transactions through external payment networks whereby the customers' funds are distributed from the trust to the appropriate supplier. The Company is not the trustee or beneficiary of the trusts which hold these customer deposits, accordingly, the Company does not record these assets and offsetting liability on its consolidated balance sheets. The Company contractually earns interest on funds held for customers with associated counterparties. The amount of customer funds held in trust accounts was approximately $369,178,000 and $366,840,000 at December 31, 2019 and 2018, respectively.

The Company also operates under a model where buyer customer funds are held in a Company owned "for the benefit of customer" (FBO) bank account. The restricted funds held for customers are restricted for the purpose of satisfying the customer's supplier obligations and are not available for general business use by the Company. The Company maintains these funds in liquid cash accounts and contractually earns interest on these funds held for customers. These funds are recognized as a restricted cash asset and a corresponding liability is recorded for payments due to their suppliers on the Company's consolidated balance sheets. Restricted funds held for customers are included in the cash and cash equivalents on the Company's statements of cash flows. At December 31, 2019 and 2018, the balance of such funds was $51,707,000 and $0, respectively. The Company expects to continue to expand the use of this model.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at their estimated net realizable value. By their nature, accounts receivable involve risk, including the credit risk of nonpayment by the customer. In judging the adequacy of the allowance for doubtful accounts, the Company considers multiple factors including historical bad debt experience, the general economic environment, and the aging of receivables. Account balances are charged off against the allowance when the Company determines it is probable the receivable will not be recovered. Balances of the allowance for doubtful accounts based upon above factors were approximately $2,000,000 and $1,465,000 as of December 31, 2019 and December 31, 2018, respectively.

Property and Equipment

Property and equipment are recorded at cost at the date of acquisition plus the cost of additions and improvements that increase the useful lives of assets. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Assets recorded under leasehold improvements are amortized over the shorter of their useful lives or related lease terms. Repairs and maintenance expenditures are expensed as incurred. The cost and related accumulated depreciation and amortization of assets sold or disposed are removed from the accounts and the resulting gain or loss is reflected in operating expenses. The carrying value of all long-lived assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable, in accordance with ASC 360, *Property, Plant, and Equipment*.

Assets under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The amortization period is based on whether ownership transfers at the end of the lease, including the presence of a bargain purchase option. If ownership transfers or the Company has the option for a bargain purchase, the asset is depreciated over its useful life. If neither of the above criteria is present, the asset is depreciated over the life of the lease. Amortization of assets recorded as capital leases is included in the line item depreciation and amortization in the Company's consolidated statements of operations.

Intangible Assets and Goodwill

The Company capitalizes costs related to its software services and certain projects for internal use in accordance with ASC 350, *Intangibles – Goodwill and Other*. These capitalized costs are primarily related to the integrated invoice processing and payment solutions and services hosted by the Company and accessed by its customers on a subscription and transaction basis. Costs incurred in the preliminary stages of development are expensed as incurred. Once an application has reached the development stage, internal and external costs, if direct, are capitalized until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial testing. The Company also capitalizes costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional functionality. Capitalized costs are recorded as part of Intangible assets. Maintenance and training costs are expensed as incurred. Internally developed software is amortized on a straight-line basis over its estimated useful life, generally three years.

Other identifiable intangible assets consist of acquired customer lists, technology and trade names, which were recorded at their fair values at the time of acquisition. Amortization is computed using the straight-line method over the estimated useful lives of the assets.

The Company evaluates intangible assets and long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. This includes, but is not limited to, significant adverse changes in business climate, market conditions, or other events that indicate an asset's carrying amount may not be recoverable. Recoverability of these assets is measured by comparison of the carrying amount of each asset to the future undiscounted cash flows the asset is expected to generate. If the undiscounted cash flows used in the test for recoverability are less than the carrying amount of these assets, then the carrying amount of such assets is reduced to fair value.

In accordance with ASC 350-20 - *Goodwill*, the Company evaluates goodwill for impairment annually during the fourth quarter or more frequently if events or changes in circumstances indicate that goodwill might be impaired. The Company is comprised of a single reporting unit. Current accounting guidance provides an entity the option to perform a qualitative assessment to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount prior to performing the two-step goodwill impairment test. If this is the case, the two-step goodwill impairment test is required. If it is more-likely-than-not that the fair value of a reporting is greater than its carrying amount, the two-step goodwill impairment test is not required.

In performing this qualitative assessment, we consider the following circumstances as well as others:

- Changes in general macroeconomic conditions such as a deterioration in general economic conditions; limitations on accessing capital; or other developments in equity and credit markets;
- Changes in industry and market conditions such as a deterioration in the environment in which the Company operates; an increased competitive environment; a decline in market-dependent multiples or metrics (in both absolute terms and relative to peers); a change in the market for an entity's products or services; or a regulatory or political development;
- Changes in cost factors that have a negative effect on earnings and cash flows;
- Decline in overall financial performance (for both actual and expected performance); and
- Recent implied valuation resulting from equity transactions.

If the two-step goodwill impairment test is required, first, the fair value of the reporting unit is compared with its carrying amount (including attributable goodwill). If the fair value of the reporting unit is less than its carrying amount, an indication of goodwill impairment exists for the reporting unit and the entity must perform step two of the impairment test (measurement). Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation and the residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis. If the fair value of the reporting unit exceeds its carrying amount, step two does not need to be performed.

Deferred Rent and Tenant Improvement Allowance

Except for the Charlotte, NC corporate headquarters discussed in Note 8, the Company leases its office locations under operating leases. Certain lease agreements contain tenant improvement allowances funded by the landlord, cash incentives or rent abatements, which are recorded as a deferred lease incentive liability within deferred rent and tenant improvement allowance and amortized as a reduction of rent expense over the term of the lease. For purposes of commencing the recognition of landlord incentives and minimum rental expense, the Company utilizes the date that it takes possession of or controls the physical use of the property.

Certain operating lease agreements contain rent escalation clauses which provide for scheduled rent increases during the lease term or for rental payments commencing at a date other than the date the Company controls the physical use of the property. Such escalating rent expense is recorded on a straight-line basis over the noncancelable lease term and includes optional renewal periods in situations where failure to exercise such options would result in an economic penalty in such amount that renewal appears, at the inception of the lease, to be reasonably assured. The difference between the recognized rent expense and amounts payable under the lease are recorded as deferred rent obligations. Deferred rent is included in deferred rent and tenant improvement allowance in the accompanying consolidated balance sheets.

Stock-Based Compensation

The Company recognizes expense related to the fair value of stock-based compensation awards over the requisite service period (generally the vesting period). In the case of equity issued in lieu of cash bonus, expense is recognized in the period the cash bonus was earned. The Company values the options as of the grant date and recognizes compensation cost using the graded-vesting method. The impact of forfeitures on the recognition of expense is estimated based on actual forfeiture activity.

Advertising Costs

Advertising and marketing costs are included in operating expenses and are expensed as incurred. The Company incurred advertising and marketing costs of approximately $3,962,000 and $2,924,000 for the years ended December 31, 2019 and 2018, respectively.

Income Taxes

The Company is subject to income taxes under subchapter C of the Internal Revenue Code. Deferred income taxes are provided for temporary differences between the basis of the Company's assets and liabilities for financial reporting and income tax purposes. Deferred tax assets and liabilities represent future tax return consequences for those differences which will either be deductible or taxable when the assets or liabilities are recovered or settled.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on the deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company evaluates both the positive and negative evidence that is relevant in assessing whether it will realize the deferred tax assets. A valuation allowance is recorded when it is more-likely-than-not that some of the deferred tax assets will not be realized.

The Company recognizes all material tax positions, including uncertain tax positions, when it is more-likely-than-not that the position will be sustained based on its technical merits and if challenged by the relevant tax authorities. All tax years are open for potential examination by taxing authorities as of December 31, 2019. No liabilities for uncertain income tax positions are recorded as of December 31, 2019 and 2018. The Company's policy is to record interest and penalties related to uncertain tax positions in income tax expense.

Retirement Plan
The Company has a 401(k) defined contribution plan. Under the plan, each employee meeting the minimum age requirement and with at least one month of service is eligible to participate. Vested benefits vary in accordance with years of credited service. The Company matching contribution is 50 percent on the first 6% of compensation that a participant contributes to the plan. The Company made contributions of approximately $2,255,000 and $1,326,000 to the plan, net of forfeitures, for eligible and participating employees for the years ended December 31, 2019 and 2018, respectively. Contributions are subject to certain IRS limitations.

Nonqualified Deferred Compensation Plan
The Company adopted a nonqualified, deferred compensation plan effective October 1, 2015, which is an unfunded plan created for the benefit of a select group of management or highly compensated employees. The purpose of the plan is to attract and retain key employees by providing them with an opportunity to defer receipt of a portion of their compensation. It is exempt from the participation, vesting, funding, and fiduciary requirements set forth in Title I of the Employee Retirement Income Security Act of 1974, as amended. Deferred amounts are not subject to forfeiture and are deemed invested among investment funds offered under the nonqualified deferred compensation plan, as directed by each participant.

The Company has established a rabbi trust that serves as an investment to shadow the deferred compensation plan liability. The assets of the rabbi trust are general assets of the Company and as such, would be subject to the claims of creditors in the event of bankruptcy or insolvency. The Company has recorded these assets and liabilities at their fair value. Approximately $487,000 and $515,000 was included in other noncurrent assets and $500,000 and $515,000 was included in noncurrent liabilities for each of the years ended December 31, 2019 and 2018, associated with this plan.

Contingent Liabilities
Contingent liabilities require significant judgment in estimating potential losses for legal claims. We review significant new claims and litigation for the probability of an adverse outcome. Estimates are recorded as liabilities when it is probable that a liability has been incurred and the amount of the loss is reasonably estimable. Disclosure is required when there is a reasonable possibility that the ultimate loss will materially exceed the recorded provision. Contingent liabilities are often resolved over long time periods. Estimating probable losses requires analysis of multiple forecasts that often depend on judgments about potential actions by third parties such as regulators, and the estimated loss can change materially as individual claims develop.

Fair Value Measurements
In accordance with applicable accounting standards, the Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels.

The following is a brief description of those three levels:

Level 1 Observable inputs such as quoted market prices in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active market and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3 Unobservable inputs that reflect the reporting entity's own assumptions.

When more than one level of input is used to determine the fair value, the financial instrument is classified as Level 1, 2 or 3 according to the lowest level input that has a significant impact on the fair value measurement. The Company performs a review of the fair value hierarchy classification on an annual basis. Changes in the observability of valuation inputs may result in a reclassification of certain financial assets or financial liabilities within the fair value hierarchy.

New Accounting Pronouncements
Adopted Accounting Standards
In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230)* - a Consensus of the FASB's Emerging Issues Task Force, which provides guidance intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows: Restricted Cash*, which specifies that amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning of period and end of period total amounts shown on the statement of cash flows. The end of year cash and cash equivalents balance on the consolidated statement of cash flows for the year ended December 31, 2019 includes restricted funds held for customers in the amount of approximately $51,707,000.

In May 2014, the FASB issued *Revenue From Contracts With Customers* that outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The pronouncement is based on the principle that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. As amended by ASU 2015-14, this pronouncement is effective for fiscal years beginning after December 15, 2018. Refer to Note 3 for the impact of adoption of the new guidance.

Accounting Pronouncements Issued but Not Yet Adopted
In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires lessees to recognize the assets and liabilities arising from leases on their balance sheets but recognize the expenses on their income statements in a manner similar to current practice. ASU 2016-02 states that a lessee would recognize a lease liability for the obligation to make lease payments and a right-to-use asset for the right to use the underlying asset for the lease term. The new standard is

effective for private companies for annual periods beginning after December 15, 2020. The Company is currently evaluating the impact to its consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles - Goodwill and Other: Simplifying the Accounting for Goodwill Impairment.* This guidance simplifies the accounting for goodwill impairment by eliminating the need to determine the fair value of individual assets and liabilities of a reporting unit to measure the goodwill impairment. The revised guidance is effective for calendar year end 2021. The Company does not expect that this guidance will have a material impact on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles - Goodwill and Other: Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, that provides guidance on capitalization of implementation costs incurred in a cloud computing arrangement that is a service contract. The guidance is effective for calendar year end 2021. The Company is currently evaluating the impact to its consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* which simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. This standard is effective for annual reporting periods beginning after December 15, 2020, and interim periods within those years, and early adoption is permitted. Certain amendments of this standard may be adopted on a retrospective basis, modified retrospective basis or prospective basis. The Company is currently evaluating the impact this standard will have on its consolidated financial statements.

3. Revenue from Contracts with Customers

The Company adopted *Revenue from Contracts with Customers* and its related amendments, collectively known as ASC 606 ("ASC 606"), effective January 1, 2019. ASC 606 outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers. The core principle, involving a five-step process, of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this core principle, the Company applies the following five steps:

(1) Identify the contract with a customer

(2) Identify the performance obligations in the contract

(3) Determine the transaction price

(4) Allocate the transaction price to performance obligations in the contract

(5) Recognize revenue when or as the Company satisfies a performance obligation

The Company adopted ASC 606 using the full retrospective transition approach applied to all contracts, and thus, the reported results reflect the application of the new standard for both periods. The cumulative impact of adopting ASC 606 was a decrease in the opening balance of accumulated deficit of approximately $5,523,000, primarily related to incremental costs incurred to obtain and fulfill a contract. Such costs are amortized over a longer period under ASC 606 in order to align to an estimated expected benefit period of five years, compared to three years under legacy GAAP. Additionally, the scope of costs capitalized under ASC 606 was expanded, resulting in additional sales commissions costs being capitalized.

Revenue Sources
The Company's revenues are derived from multiple sources. The following is a description of principal revenue generating activities.

Buyer Offerings
Buyer offerings are tailored specifically to the Company's buyer customers and include AvidInvoice, AvidPay, AvidUtility, AvidBill, Create-a-Check, Avid for NetSuite, Strongroom Payables Lockbox and BankTEL. These various offerings address the specific needs of buyers and together they comprise the Company's suite of cloud-based solutions designed to manage invoices and automate the accounts payable ("AP") function. Revenues are derived from mostly long-term contracts with mid-market customers. The vast majority of the revenues are comprised of 1) fees calculated based on number of invoice and payment transactions processed, 2) recurring maintenance fees, or 3) some combination thereof. Fees for the Company's services are typically billed and paid on a monthly basis. The Company's core performance obligation is to stand ready to provide holistic AP management services and process as many invoices and/or payments as the buyer customer requests on a daily basis over the contact term. The unspecified quantity of the service meets the criteria for variable consideration, where the variability is resolved daily as the services are performed. Accordingly, the promise to stand ready is accounted for as a single-series performance obligation and revenue is recognized based on the services performed that day.

Included in buyer offerings revenue is software maintenance fee revenue for ongoing client support, which is recognized ratably over the term of the applicable support period, generally 12 months for Create-a-Check and Avid for NetSuite customers, and 60 months for BankTEL customers.

In addition, each contract contains the promise of providing implementation services for an upfront fee. In determining whether the implementation services are distinct from the hosting services, the Company considered various factors, including the level of customization, complexity of integration, the interdependency and interrelationships between the implementation services and the hosting services and the ability (or inability) of the customer's personnel or other service providers to perform the services. The Company concluded that the implementation services are not distinct and therefore fees for implementation services are combined with the main promise of the contract and recognized ratably over the non-cancellable term of the contract.

Buyer offerings are also sold to end customers through reseller partners. The Company evaluated whether it is the principal or the agent in these arrangements. The reseller partners directly contract with the end customers and are ultimately responsible for the fulfillment of the services. The Company may have some discretion in determining the fee charged to the end customer, but always in conjunction with the reseller partner. Therefore, the Company acts as an agent and performs the services as directed by and on behalf of the reseller partner and recognizes revenue on a net basis in the amount to which it expects to be entitled, excluding the revenue share earned by the reseller partner.

Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer, are excluded from revenue.

Supplier Offerings
The Supplier offerings address the needs of Avid's fast growing network of suppliers and currently consists of two products – AvidPay Direct ("APD") and Cashflow Manager ('CFM"). The APD service eliminates paper checks and provides suppliers with the opportunity to receive electronic payments with enhanced remittance data. The CFM service expands the opportunity to manage cash flows and receive payments even faster by allowing suppliers to advance payment on qualifying invoices. Revenues are generated on a per transaction basis for each payment that is advanced and/or processed using APD. The per transaction fee includes both a fixed and a variable component based on the spend per payment. There are no other monthly, annual, or start up fees associated with the supplier contract.

Given that the underlying fees are based on unknown outcomes of services to be performed over the contract term, the total consideration is determined to be variable. The variable consideration is usage-based and therefore, it specifically relates to the Company's efforts to satisfy its obligation to the supplier. The variability is satisfied each time a service is provided to the supplier and the variable fees are recognized at the time of service.

Payment Processing
Payment processing revenue includes interchange fees earned on payment transactions processed as VCC and interest on funds held for customers. With respect to interchange fees, the Company evaluated whether it is the principal or the agent in the arrangement. With the adoption of ASC 606, the Company determined that interchange fees are not received in return or exchange for services that the Company controls or acts as the principal, and the Company does not play any role or have control over how the interchange basis points are established. Therefore, the Company acts as an agent and records interchange fees net of i) fees charged by the VCC processor and ii) rebates provided to Avid's buyer customers, reseller partners and supplier customers as an incentive to increase the volume of VCC transactions. The rebates to buyer customers are for cash consideration, which includes cash payments or credits that may be applied against trade accounts owed by the customer to the Company. The rebates to supplier customers are also for cash consideration in the form of reimbursement of processing fees related to the acceptance of payments via a VCC. The Company recognizes monthly net interchange fees based on the transactional volume issued by the VCC processor and submitted to the suppliers, less a reserve for transactions subsequently canceled. As of December 31, 2019 and 2018, the customer incentive liability, which is accrued at the time the underlying VCC payment transaction is processed, was approximately $3,920,000 and $2,909,000, respectively, and included within accrued expenses on the Company's consolidated balance sheets.

Payment processing revenue also includes interest income received from buyer customer deposits held during the payment clearing process. Such funds are deposited in either trust accounts, that are maintained and operated by a trustee, or Company owned accounts.

Other
Other revenue is derived from the sale of professional services that are distinct and are recognized at the point in time the benefit transfers to the customer.

Disaggregation of Revenue
The table below presents the Company's revenues disaggregated by major type of customer, which is also commensurate with the type of service performed. These categories capture how economic factors affect the nature, amount, timing and uncertainty of revenues and cash flows.

	2019	2018
Buyer offerings	$ 50,146,554	$ 40,769,574
Supplier offerings	13,340,415	9,742,845
Payment processing	84,994,700	67,648,708
Other revenues	1,102,385	1,076,184
Total revenues	$ 149,584,054	$ 119,237,311

Contract Assets and Liabilities

The Company's rights to payments are not conditional on any factors other than the passage of time, and as such, Avid does not have any Contract assets. Contract liabilities consist primarily of advance cash receipts for services (deferred revenue) and are recognized as revenue when the services are provided.

The table below presents information on accounts receivable and contract liabilities as of December 31, 2019 and December 31, 2018.

	2019	2018
Trade accounts receivable, net	$ 7,707,154	$ 3,794,596
Payment processing receivable, net	11,110,521	10,078,101
Accounts receivable, net	18,817,675	13,872,697
Contract liabilities	$ 5,181,191	$ 4,399,817

Significant changes in the contract liabilities balance during the period are as follows:

	2019	2018
Revenue recognized included in beginning of period balance	$ (4,001,816)	$ (4,060,773)
Cash received, excluding amounts recognized as revenue during the period	4,237,118	3,899,455
Contract liabilities acquired in a business combination	546,073	-

Transaction Price Allocated to Remaining Performance Obligations

Transaction price allocated to the remaining performance obligation represents contracted revenue that has not yet been recognized. These revenues are subject to future economic risks including customer cancellations, bankruptcies, regulatory changes and other market factors.

The Company applies the practical expedient in paragraph 606-10-50-14(b) and does not disclose information about remaining performance obligations related to transaction and processing services that qualify for recognition in accordance with paragraph 606-10-55-18. These contracts contain variable consideration for stand-ready performance obligations for which the exact quantity and mix of transactions to be processed are contingent upon the buyer or supplier request. These contracts also contain fixed fees and non-refundable upfront fees; however, these amounts are not considered material to total consolidated revenue.

The Company's remaining performance obligation consists of contracts with financial institutions who are using the BankTEL solution. These contracts generally have a duration of five years and contain fixed maintenance fees that are considered fixed price guarantees. As of December 31, 2019, the remaining performance obligation is approximately $49,698,000 ($13,492,000 current and $36,206,000 noncurrent.)

Contract Costs
The Company incurs incremental costs to obtain a contract, as well as costs to fulfill a contract with buyer customers that are expected to be recovered. These costs consist primarily of sales commissions incurred if a contract is obtained, and customer implementation related costs. Capitalized sales commissions and implementation costs were approximately $10,790,000 and $8,297,000 at December 31, 2019 and December 31, 2018, respectively.

The Company utilizes a portfolio approach when estimating the amortization of contract acquisition and fulfillment costs. These costs are amortized on a straight-line basis over the expected benefit period of five years, which was determined by taking into consideration customer attrition rates, estimated terms of customer relationships, useful lives of technology, industry peers, and other factors. The amortization of contract fulfillment costs associated with implementation activities are recorded as cost of revenues in the Company's consolidated statements of income and was approximately $3,186,000 and $2,397,000 for the years ended December 31, 2019 and 2018, respectively. The amortization of contract acquisition costs associated with sales commissions that qualify for capitalization is recorded as sales and marketing expense in the Company's consolidated statements of income and was approximately $2,938,000 and $1,987,000 for the years ended December 31, 2019 and 2018, respectively. Costs to obtain or fulfill a contract are classified as deferred customer origination costs in the Company's consolidated balance sheets.

Impact of ASC Topic 606 on Condensed Consolidated Financial Statement Line Items
The details of the significant changes and their impact are described below and in Note 4.

Sales Commissions
The Company previously capitalized sales commissions related only to the direct sales force. Under ASC 606, the Company capitalizes all incremental sales commissions as costs of obtaining a contract. The impact as of and for the year ended December 31, 2018 was an increase in capitalized sales commission costs, which decreased sales and marketing expense in the Company's consolidated statement of income and increased deferred customer origination costs in the Company's consolidated balance sheet by approximately $694,000.

Amortization of Deferred Customer Origination Costs
The Company previously amortized capitalized sales commissions and fulfillment costs, together referred to as deferred customer origination costs, over three years. Under ASC 606, these costs are amortized over a period of five years. The impact as of and for the year ended December 31, 2018 was a decrease in amortized fulfillment costs of approximately $1,285,000 reflected in cost of revenues, and a decrease in amortized sales commissions costs of approximately $750,000 reflected in sales and marketing expense in the Company's consolidated statement of income.

Supplier VCC rebates
The Company previously recorded supplier VCC reimbursement fees as cost of revenues. Under 606, the Company recognizes these fees as a reduction of revenue, effectively recognizing interchange revenue on a net basis. The impact for the year ended December 31, 2018 was a decrease in payment processing revenue and cost of revenues of approximately $3,692,000 in the Company's consolidated statement of income.

Reseller VCC rebates
The Company previously recorded interchange revenue share paid to reseller partners as sales and marketing expense. Under ASC 606, the Company recognizes these fees as a reduction of revenue. The impact for the year ended December 31, 2018 was a decrease in payment processing revenue and sales and marketing expense of approximately $1,992,000 in the Company's consolidated statement of income.

Cashflow Manager allowance for doubtful accounts
The Company previously recorded the allowance for doubtful accounts related to Cashflow Manager as general and administrative expense. Under ASC 606, the Company recognizes this expense as cost of revenues. The impact for the year ended December 31, 2018 was an increase in costs of revenues and a decrease in general and administrative expenses of $869,500 in the Company's consolidated statement of income.

4. Revision of 2018 Consolidated Financial Statements

In connection with the preparation of its 2019 financial statements, the Company changed the classification of certain operating expenses. The changes included elimination of the "supplier services" caption. Amounts previously recorded in supplier services, which primarily relate to employee costs to drive adoption of VCC and APD payments, have been reclassified as sales and marketing. In addition, certain costs that were previously incorrectly recorded in general and administrative are now included in (i) cost of revenues, related to costs associated with treasury operations and technology associated with the delivery of products and services, and (ii) research and development, related to technology personnel and services used in the development and improvement of the Company's service offerings. The consolidated statement of operations for 2018 has been revised to correct these errors and present the classification of expenses consistent with the current period classification. In 2019 the Company also discovered an error of approximately $903,000 related to the 2018 period associated with the reconciliation of costs incurred in the payment and processing of customer invoices. This error resulted in the understatement of cost of revenues and current liabilities.

The Company has assessed the impact of the expense classification errors and the error related to the costs incurred in the payment and processing of customer invoices to its 2018 financial statements and determined that they are not, individually or in the aggregate, material to its previously issued consolidated financial statements.

The following schedule presents the impact of these errors and reclassifications on the 2018 financial statements, inclusive of the impacts of the retrospective adoption of ASC 606 as discussed in Note 3.

	2018 Balances Previously Reported	ASC 606 Adjustments	Other Adjustments	2018 as Revised
Consolidated Balance Sheet				
Deferred customer origination costs, net	$ 8,350,381	$ 8,252,030	$ -	$ 16,602,411
Total assets	330,041,926	8,252,030	-	338,293,956
Accrued expenses	21,447,888	-	903,485	22,351,373
Total current liabilities	38,812,606	-	903,485	39,716,091
Total liabilities	178,582,055	-	903,485	179,485,540
Accumulated deficit	(208,483,322)	8,252,030	(903,485)	(201,134,777)
Total shareholders' equity	151,459,871	8,252,030	(903,485)	158,808,416
Total liabilities and shareholders' equity	330,041,926	8,252,030	-	338,293,956
Consolidated Statement of Operations				
Revenues	$ 124,920,699	$ (5,683,388)	$ -	$ 119,237,311
Cost of revenues	45,010,008	(4,106,858)	12,315,758	53,218,908
Sales and marketing	29,447,463	(3,436,071)	7,245,841	33,257,233
Research and development	15,009,237	-	6,233,891	21,243,128
General and administrative	64,290,633	(869,500)	(17,217,939)	46,203,194
Supplier services	7,674,066	-	(7,674,066)	-
Total operating expenses	134,797,361	(4,305,571)	(11,412,273)	119,079,517
Loss from operations	(54,886,670)	2,729,041	(903,485)	(53,061,114)
Loss before income taxes	(68,989,397)	2,729,041	(903,485)	(67,163,841)
Net loss	(69,014,078)	2,729,041	(903,485)	(67,188,522)
Consolidated Statement of Changes in Shareholders' Equity				
Accumulated deficit, December 31, 2017	$ (139,469,244)	$ 5,522,989	$ -	$ (133,946,255)
Total shareholders' equity, December 31, 2017	219,178,273	5,522,989	-	224,701,262
Net loss	(69,014,078)	2,729,041	(903,485)	(67,188,522)
Accumulated deficit, December 31, 2018	(208,483,322)	8,252,030	(903,485)	(201,134,777)
Total shareholders' equity, December 31, 2018	151,459,871	8,252,030	(903,485)	158,808,416
Consolidated Statement of Cash Flows				
Net loss	$ (69,014,078)	$ 2,729,041	$ (903,485)	$ (67,188,522)
Deferred customer origination costs	(1,562,799)	(2,729,041)	-	(4,291,840)
Accrued expenses	2,147,091	-	903,485	3,050,576
Net cash used by operating activities	(54,868,501)	-	-	(54,868,501)

The related amounts in the notes to these consolidated financial statements have also been revised.

As the 2017 period financial statements have not been presented herein, the revision has been affected as an adjustment to the opening accumulated deficit balance. These adjustments were audited in connection with the audit of the December 31, 2019 financial statements.

5. Business Combinations

On October 1, 2019, the Company acquired all the equity interests of BankTEL. BankTEL provides accounting software solutions to small and mid-size banks using its ASCEND product. Total purchase price was approximately $115,348,000, net of $74,000 in cash acquired. The Company paid $105,834,034 in cash at closing, inclusive of working capital adjustments, and issued 462,946 common shares valued at $9,513,540. The fair value of the common shares was determined based on the estimated fair value at the time of the transaction. The Company incurred transaction costs associated with the acquisition of approximately $1,168,000.

The Company accounted for the transaction as a business combination in accordance with the provisions of FASB Accounting Standards Codification Topic 805, *Business Combinations*, and has included the financial results of BankTEL in its consolidated financial statements from the date of the acquisition. BankTEL revenue of approximately $3,537,000 is included in the consolidated statement of operations for the year ending December 31, 2019. The results of BankTEL operations were insignificant for the period subsequent to acquisition. In allocating the preliminary purchase price, the Company recorded the following assets acquired and liabilities assumed based on their estimated fair values at the date of the acquisition:

Current assets	$ 2,964,779
Property and equipment	91,579
Other assets	7,642
Intangible assets	
Customer relationships	36,780,435
Acquired technology	9,070,274
Trade name	2,257,904
Goodwill	65,018,890
Total identifiable assets acquired	116,191,503
Accounts payable	93,156
Accrued expenses	204,700
Deferred revenue	546,073
Total liabilities assumed	843,929
Purchase price paid, net of cash acquired	$ 115,347,574

The preliminary calculation of fair value for the acquired assets and liabilities was prepared using primarily Level 3 inputs under ASC 820, *Fair Value Measurements and Disclosures*. The fair values of identifiable intangible assets were based primarily on the income approach. The amount recorded for acquired technology represents the estimated fair value of BankTEL's accounting software technology. The amount recorded for customer relationships represents the fair values of the underlying relationship with BankTEL customers. The amount recorded for tradename represents the fair value of the brand recognition of BankTEL. The weighted average useful life of acquired intangibles is 7 years. The goodwill balance is primarily attributed to the assembled workforce and expanded market opportunities when integrating AvidPay with the BankTEL platform to create a cohesive AP and payment offering. The goodwill balance is deductible for tax purposes.

6. Property and Equipment

Property and equipment as of December 31, 2019 and 2018, consists of the following:

	Useful Lives	2019	2018
Land	Indefinite	$ 12,691,598	$ 12,653,038
Office equipment	5 Years	2,043,322	2,201,466
Computer equipment	5 Years	12,641,531	11,271,523
Computer software	3 Years	2,802,787	1,970,924
Furniture	7 Years	7,310,080	6,679,002
Headquarters facility	35 Years	57,447,131	57,447,131
Leasehold improvements	Shorter of lease term or useful life	8,670,476	8,429,127
		103,606,925	100,652,211
Less: Accumulated depreciation and amortization		(21,513,275)	(14,964,372)
Total property and equipment, net of accumulated depreciation and amortization		$ 82,093,650	$ 85,687,839

Depreciation and amortization expense charged against property and equipment for the years ended December 31, 2019 and 2018 was approximately $6,807,000 and $6,350,000, respectively. Depreciation and amortization expense associated with capital leases was approximately $3,371,000 and $3,591,000 for the years ended December 31, 2019 and 2018, respectively.

During the year ended December 31, 2018, the Company recorded a loss on disposal of approximately $661,000 related to certain fixed assets acquired under capital leases. This is included in general and administrative expenses.

During 2018, the Company completed the purchase of three land parcels at its Charlotte, North Carolina headquarters campus for an aggregate purchase price of $12,000,000, which was partially financed as described in Note 9. The amount capitalized includes approximately $692,000 for legal fees, due diligence and site development costs.

7. Intangible Assets and Goodwill

Intangible Assets
The Company capitalizes costs related to both its SaaS platform and certain projects for internal use. AvidXchange capitalized approximately $7,350,000 and $11,262,000 in software development costs during the years ended December 31, 2019 and 2018, respectively. The Company recognized approximately $8,718,000 and $6,833,000 of amortization expense related to internally developed software in depreciation and amortization within the Company's consolidated statement of operations during the years ended December 31, 2019 and 2018, respectively.

The gross carrying amount and accumulated amortization of all intangible assets subject to amortization at December 31, 2019 and 2018 is as follows:

		2019		
	Useful Lives	Gross Amount	Accumulated Amortization	Net Amount
Internally developed software	3 Years	$ 44,080,714	$ (28,727,207)	$ 15,353,507
Customer relationships	3-10 Years	47,741,503	(7,143,733)	40,597,770
Technology	5-10 Years	26,090,697	(14,012,300)	12,078,397
Trade name	3-10 Years	2,747,579	(489,156)	2,258,423
Total intangible assets		$ 120,660,493	$ (50,372,396)	$ 70,288,097

		2018		
	Useful Lives	Gross Amount	Accumulated Amortization	Net Amount
Internally developed software	3 Years	$ 36,671,648	$ (18,754,461)	$ 17,917,187
Customer relationships	3-10 Years	10,961,068	(4,127,045)	6,834,023
Technology	5-10 Years	17,020,423	(3,686,861)	13,333,562
Trade name	3-5 Years	489,674	(321,368)	168,306
Total intangible assets		$ 65,142,813	$ (26,889,735)	$ 38,253,078

Management evaluates the useful lives of these assets on an annual basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets. The Company acquired Ariett Business Solutions, Inc. in

November 2017 primarily for its purchase order technology ('ReqNet'), which was valued at $14.4 million. Since the acquisition, management has evaluated the reliability, scalability and integration of ReqNet, and during 2019 concluded the software was not performing as expected. A decision was made to cease further development of ReqNet and phase it out by the end of 2021 and as a result, the original useful life of 10 years would be shortened to two years, ending December 2021. Management performed a recoverability test utilizing the income valuation approach and estimated the excess carrying amount of the Ariett technology over the expected future cash flows to be approximately $7,891,000. This amount has been recorded as an impairment change within operating expenses during the year ended December 31, 2019.

During 2018, management determined an internal use software project was not expected to provide future service potential and therefore recognized an impairment on intangible asset of approximately $679,000 in operating expenses during the year ended December 31, 2018.

Amortization expense associated with identifiable intangible assets of approximately $15,532,000 and $10,894,000 for the years ended December 31, 2019 and 2018, respectively, was recorded in depreciation and amortization within the Company's consolidated statements of operations. The estimated future amortization is expected as follows:

2020	$ 19,009,130
2021	15,365,700
2022	9,528,711
2023	8,292,728
2024	7,580,480
Thereafter	10,511,348
	$ 70,288,097

Goodwill
Goodwill represents the excess of the purchase price in a business combination over the fair value of net assets acquired, attributable to assembled workforce and expanded market opportunities when integrating the acquired entity with the Company's other offerings. Goodwill amounts are not amortized, but rather tested for impartment at least annually. The Company completed its annual goodwill impairment test as of December 31, 2019 using a qualitative assessment. There were no impairment charges for the years ended December 31, 2019 and 2018.

The Company had approximately $65,019,000 and $0 in additions to goodwill for the years ended December 31, 2019 and 2018, respectively.

8. Leases and Leasing Commitments

Operating Leases
The Company leases office facilities and certain fixed assets under various noncancelable operating leases. Rental expense for operating leases was approximately $3,978,000 and $3,738,000 for the years ended December 31, 2019 and 2018, respectively.

As of December 31, 2019, the future minimum lease payments under noncancelable operating leases are as follows:

2020	$ 4,327,901
2021	3,578,410
2022	2,862,378
2023	2,922,527
2024	2,936,847
Thereafter	12,257,464
	$ 28,885,527

Capital Leases
Included in property and equipment are assets acquired under capital lease obligations. At lease inception, the Company determines the lease term by assuming the exercise of those renewal options that are reasonably assured. The gross amount of property and equipment recorded under capital leases and financing obligations at December 31, 2019 and 2018, was approximately $73,593,000 and $72,744,000, respectively, of which approximately $57,447,000 relates to the Company's Charlotte headquarters facility. Accumulated depreciation on property and equipment under capital leases at December 31, 2019 and 2018, was approximately $11,714,000 and $8,595,000, respectively. The lease obligations on property and equipment are for one-year to five-year terms, except for the Charlotte headquarters facility lease. The initial term of the Charlotte headquarters facility lease is 15 years with four five-year reasonably assured renewal options, for a total lease period of 35 years. The Company presents current and long-term capital lease obligations separately within liabilities in the consolidated balance sheets.

The following is a schedule of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of December 31, 2019:

2020	$ 6,963,692
2021	6,557,882
2022	6,152,945
2023	5,923,557
2024	5,935,569
Thereafter	215,951,861
Total minimum lease payments	247,485,506
Less: Amount representing interest	(185,345,358)
Net lease obligation under capital leases	$ 62,140,148

9. Long-Term Debt

Long-term debt as of December 31, 2019 and 2018, consists of the following:

	2019	2018
Term loan facility	$ 95,000,000	$ 70,783,856
Interest payable delayed draw term loan	1,080,625	-
Promissory note payable for land acquisition	4,000,000	5,000,000
Total principal due	100,080,625	75,783,856
Current portion of promissory note	(1,000,000)	(1,000,000)
Unamortized portion of debt issuance costs	(5,194,358)	(1,363,472)
Long term debt	$ 93,886,267	$ 73,420,384

On October 1, 2019, the Company entered into a new senior secured credit facility ("2019 Credit Agreement" or "2019 Facility") with TPG Specialty Lending, Inc. ("TPG") and KeyBank National Association ("KeyBank"). The 2019 Credit Agreement makes available to the Company a facility in an aggregate amount of $163.5 million which consists of:

- $95 million term loan facility ("2019 Term Loans")
- $30 million additional delayed draw term loan commitment ("DDTL")
- $18.5 million interest payable delayed draw term loan commitment ("Interest DDTL")
- $20 million revolving commitment ("2019 Revolver")

Proceeds from the 2019 Credit Agreement were used to pay the outstanding principal related to the credit agreement dated October 19, 2016, as amended and restated ("Old Credit Agreement"), and for working capital. In accordance with ASC 470-50, *Modifications and Extinguishments*, the Company recognized a debt modification expense of approximately $1,577,000 in 2019. The Company includes debt modification expense within general and administrative expenses in the consolidated statements of operations.

The 2019 Facility, like the Old Credit Agreement, is collateralized by substantially all assets of the Company except for bank accounts that hold customer funds or are used to administer self-funded employee benefit plans and other limited exceptions.

Interest on the loans under the 2019 Credit Agreement is equal to LIBOR or a base rate, plus a margin. The applicable margin will be 9% for the first three years, and after the third anniversary will be 7.5% or 8% depending on whether the cash burn rate is greater than or less than negative $2,500,000. The base rate is equal to the higher of the current prime rate, federal funds effective rate plus 0.5%, or 4%. The Company may elect an interest period of up to three months in connection with a LIBOR rate loan.

From October 1, 2019 through the third anniversary date of the 2019 Credit Agreement, the Company may, on a quarterly basis, borrow under the Interest DDTL to finance up to 4.5% of the interest due on the 2019 Term Loans. On December 27, 2019, the Company borrowed $1,080,625 at a rate of 11.0% (LIBOR base rate of 2.0% plus 9.0% margin) under the Interest DDTL.

The Company also has available additional DDTL which may be made in minimum increments of $5 million, and multiples of $500,000 in excess of that amount, up to $30 million. The DDTL commitment terminates on the earlier of October 1, 2021 or in the event of a default.

The maturity date for the 2019 Term Loans, DDTL and Interest DDTL is April 1, 2024, or the date any series of preferred stock becomes eligible to be redeemed or otherwise repurchased.

Revolving Credit Facility
Borrowing increments on the 2019 Revolver start at $500,000, and multiples of $100,000 in excess of that amount. There is no balance outstanding under the facility as of December 31, 2019. The maturity date for the 2019 Revolver is October 1, 2023.

Old Credit Agreement
The outstanding term loan balance of $70,783,856 as of December 31, 2018 ("Old Term Loans") was paid in full on October 1, 2019. The Old Term Loans had a maturity date of August 7, 2020, and interest rate at LIBOR with a floor of 1.00%, plus an applicable margin ranging from 7.50% to 9.5% (11.875% at December 31, 2018). The $30 million revolving credit facility ("Old Revolver") had an interest rate at prime plus an applicable margin, and $0 outstanding balance as of December 31, 2018. The Old Revolver renewed annually and had June 30, 2019 maturity date which was extended until the Company entered into the 2019 Credit Agreement.

Deferred Financing Costs
The Company has approximately $352,000 and $25,000 in deferred financing costs associated with its 2019 Revolver and Old Revolver as of December 31, 2019 and December 31, 2018, respectively. The Company has approximately $5,194,000 and $1,363,000 of deferred financing costs associated with its Old Term Loans, 2019 Term Loan, DDTL, and Interest DDTL recorded net of long-term debt as of December 31, 2019 and December 31, 2018, respectively.

Amortization of deferred financing costs amounted to approximately $1,184,000 and $967,000 for the years ended December 31, 2019 and 2018, respectively, which is presented in the consolidated statements of operations as interest expense.

Liquidity and Financial Covenants
The Company's 2019 Credit Agreement contains certain covenants and restrictions on actions by the Company, including limitations on the payment of dividends. In addition, the 2019 Credit Agreement requires that the Company comply monthly with specified ratios, including a maximum ratio of debt to recurring revenue and a minimum cash balance requirement. The Company is in compliance with its debt covenants as of December 31, 2019.

Land Promissory Note
On November 15, 2018, the Company signed a promissory note in connection with the purchase of two land parcels at its Charlotte, North Carolina headquarters campus. The principal amount of $5,000,000 will be repaid in $1,000,000 installments, plus accrued interest at a rate of 6.75%, due on each anniversary date, with final payment due on November 15, 2023. The note is collateralized by the land parcels and any future building to be situated on, or improvements to, the land.

10. Shareholders' Equity

The Company is authorized to issue common stock and preferred stock.

Common Stock
On October 1, 2019, the Company amended and restated its certificate of incorporation with Delaware, which included an increase in the Company's number of authorized shares of common stock, $0.001 par value per share, from 54,300,000 to 60,000,000, and authorized the issuance of

750,000 shares of convertible common stock. As of December 31, 2019, and December 31, 2018, the total number of common shares issued and outstanding was 11,003,675 and 10,436,419, respectively.

During the years ended December 31, 2019 and 2018, the Company issued 574,294 shares of common stock at a weighted average price per share of $17.83 and 38,190 shares of common stock at a weighted average price per share of $4.96, respectively. The Company issued 462,946 shares in connection with the BankTEL acquisition, and the remaining issuances were the result of employees and others, including consultants, exercising vested stock option grants or warrants during the respective years.

Preferred Stock and Senior Preferred Stock
On October 1, 2019, the Company amended and restated its certificate of incorporation with Delaware, which included an increase in the Company's authorized shares of preferred stock, $0.001 par value per share, from 37,400,000 to 40,472,166, and authorized the issuance of two new series of non-voting preferred stock, Senior preferred and Redeemable preferred. The Company's certificate of incorporation provides that the Company is authorized from time to time to designate by resolution one or more series of preferred stock in addition to the Series A preferred, Series B preferred, Series C preferred, Series D preferred, Series E preferred, Series F preferred, Junior Series 1 preferred, Senior preferred and Redeemable preferred stocks that are designated in the certificate of incorporation, subject to certain limitations set forth therein.

Senior Preferred Stock
The Senior preferred stock is convertible into Redeemable preferred stock and Convertible common stock. The shares are entitled to cumulative 12% annual dividends payable if and when declared by the Board of Directors. There are no voting rights, and the Senior preferred shares are senior to all other classes of preferred and common stock. The Senior preferred liquidation preference is the greater of the original issuance price plus accrued and unpaid dividends or 1.3 times the original issuance price. The shares are transferable, subject to limited exceptions, and may be converted into Redeemable preferred and Convertible common shares upon written election of the majority of Senior preferred shareholders or the Company. In addition, the Senior preferred shares automatically convert upon the closing of a direct public offering.

Redeemable Preferred Stock
The Redeemable preferred shares are entitled to cumulative 12% annual dividends payable if and when declared by the Board of Directors. There are no voting rights, and the Redeemable preferred shares (like the Senior preferred shares) are senior to all other classes of preferred and common stock. The shares are transferable, subject to limited exceptions, and may be redeemed for cash upon written request by a majority of Redeemable preferred shareholders or by the Company, at any time, at the greater of 1.3 times the original issuance price or the original issuance price plus accrued and unpaid dividends.

Convertible Common Stock
The Convertible common shares are entitled to dividends pari passu with Common shareholders on an "if-converted" basis. Shares may be redeemed for cash or converted into Common shares. Cash redemption may occur at the option of the shareholders, on or after six years from the date of purchase, upon the occurrence of a significant event such as the sale of the Company or an initial public offering. The Company may redeem the shares for cash upon the occurrence of a significant transaction. Convertible common shares are convertible into common stock at the election of the holder for the 15-year period ending on October 1, 2034. The Convertible common

shares will also automatically convert upon a liquidation or sale of the Company or an initial public offering.

The cash proceeds received upon redemption, or the number of Common shares received upon conversion, is based upon a formula whereby the holder of the instrument will receive value commensurate with the increase, if any, in value of the Company's Common stock from the date of redemption or conversion over a contractually determined base price per Common share of $47.76.

The Convertible common stock conversion feature has been accounted for as an embedded derivative that has been bifurcated and is recorded at its fair market value within other long-term liabilities on the balance sheet. The value of the conversion feature was determined to be $2,717,000 as of December 31, 2019. Adjustments to the fair market value are recorded through earnings and $555,000 has been included in the statement of operations for the year ended December 31, 2019.

Preferred Stock

Each share of each series of preferred stock is entitled to the number of votes equal to the number of shares of common stock into which each share is convertible on the record date for any vote except for the Junior Series 1 preferred stock which is entitled to the number of votes equal to 1/10 the number of shares of common stock into which such series share is convertible. The Series E and Series F preferred stock also have approval rights over certain Company transactions including significant mergers and acquisitions, payment of dividends, issuance of indebtedness and related party transactions, among others. Certain series of preferred stock have preemptive rights to participate in future offerings of securities by the Company, subject to certain exceptions.

Each series of preferred stock has redemption rights that require the Company, upon notice from a holder, which may be delivered at any time after October 1, 2026, or October 1, 2025 in the case of the Senior preferred and Redeemable preferred, to redeem for cash the holder's shares at a designated price, less dividends and distributions. The Company has the right to redeem the shares in part over specified periods of time, not to exceed 18 months, depending on the series of preferred stock. The total redemption amount under such preferred stock agreements is approximately $750,414,000 as of December 31, 2019.

No dividends or other distributions may be made on the common stock unless the same dividend or distribution is also made to all the series of preferred stock on an as-converted basis. All shares of preferred stock may be converted into shares of common stock on a one-for-one basis, subject to adjustment upon certain events, except for the shares of Series A preferred stock which are convertible into common stock at a rate based on a conversion value of $2.00 per share divided by $1.19. Each series of preferred stock has a liquidation preference over the common stock and a relative preference among the preferred, with the Senior preferred (or, if the Senior preferred shares have been converted, the Redeemable preferred) having the highest preference and the Junior Series 1 preferred stock having the lowest preference, with the Series B and Series C having a pari passu preference to each other.

In October 2019, the Company issued 2,722,166 shares of Senior preferred stock to existing investors at a price per share of $47.76 for aggregate consideration of approximately $130 million, less expenses of approximately $4,743,000. The value of the Convertible common stock conversion feature had a fair market value of $2,162,000 on the date of issuance and was bifurcated from the transaction. Prior to the Senior preferred transaction, the Company redeemed

278,371 of its Series E preferred shares from the same investor at a price per share of $40.18. The premium paid on the redemption was approximately $6,185,000.

In December 2019, the Company issued 2,652,412 shares of Series F preferred stock to new investors at a price per share of $49.01 for aggregate consideration of $130 million, less expenses incurred of approximately $7,926,000.

The total number of shares issued and outstanding for each series of preferred stock as of December 31, 2019 and 2018 are as follows:

	2019	2018
Series A	669,690	669,690
Series B	2,140,694	2,140,694
Series C	1,126,434	1,126,434
Series D	1,445,903	1,445,903
Series E	9,287,774	9,566,145
Series F	11,365,584	8,713,172
Junior Series 1	249,616	249,616
Senior Preferred	2,722,166	-
	29,007,861	23,911,654

Treasury Stock
During June 2019, the Company repurchased 7,038 common shares from an individual shareholder for consideration of approximately $236,000. The amount in excess of the estimated fair value of common stock at the time of the transaction was recorded as stock compensation expense within general and administrative expense in the consolidated statement of operations.

Warrants
There were no warrants exercised, granted, or redeemed in 2018 or 2019.

Consulting Agreements and Common Stock Warrants
In July 2015, the Company entered into separate consulting agreements with two shareholders to receive certain marketing, business development, analytics, strategy, and support services in exchange for 176,102 common stock warrants. These warrants vest 20% on July 2016 and 10% every six months thereafter for a period of sixty months. These warrants have an exercise price of $8.16 with a fair value of $5.73 on the date of issuance. The warrants expire on December 11, 2025. In connection with these consulting agreements, the Company recognized approximately $202,000 as general and administrative expenses within the consolidated statements of operations for each of the years ended December 31, 2019 and 2018.

11. Stock-Based Compensation

The Company amended and restated its Stock Option Plan effective June 20, 2017 (the “2017 Plan”). As of the effective date, no new option awards are to be made under the 2010 Stock Option Plan (the “2010 Plan”). The 2010 Plan reserved 1,547,404 shares common stock available for grant. The 2017 Plan reserved 589,754 shares, comprised of 500,000 new shares and 89,754 shares that were previously reserved and available under the 2010 Plan. Options granted under these plans have various vesting periods ranging from fully-vested on the date of grant or vesting over a period of three or four years. The exercise period for each incentive stock option under these plans is ten years from the grant date, or five years for a grant to a ten percent owner optionee.

The fair value of stock-based awards granted is estimated on the date of grant using the Black-Scholes option-pricing model based on the following assumptions for the years ended December 31, 2019 and 2018, respectively:

	2019	2018
Estimated dividend yield	0%	0%
Expected volatility	34.8% - 37.8%	35.7% - 37.8%
Risk-free interest rate	1.50% - 2.41%	2.69% - 2.97%
Expected term in years	5.93	6.08
Weighted-average fair value per share	$ 5.99	$ 5.27

Due to limited historical data, the Company estimates stock price volatility based on the actual historical volatility of comparable publicly traded companies over the expected life of the option. The expected term represents the average time that options that vest are expected to be outstanding. The Company does not have sufficient history of exercises of stock options to estimate the expected term and thus calculates expected life based on the mid-point between the vesting date and the contractual term, which is in accordance with the simplified method. The expected term for share-based compensation granted to nonemployees is the contractual life. The risk-free rate is based on the United States Treasury yield curve during the expected life of the option.

The following table summarizes the Company's stock option activity:

	2019		2018	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of year	813,408	$ 9.69	577,695	$ 7.58
Granted	512,022	15.32	304,786	13.07
Exercised	(111,348)	(6.50)	(38,190)	(4.96)
Cancelled	(84,687)	(12.88)	(30,883)	(9.50)
Outstanding at end of year	1,129,395	$ 12.32	813,408	$ 9.69

The Company recognized stock-based compensation, reduced for actual forfeitures, of approximately $1,379,000 and 778,000 during the years ended December 31, 2019 and 2018, respectively, in general and administrative expense in the consolidated statement of operations. As of December 31, 2019, there was approximately $3,028,945 of total unrecognized compensation cost related to unvested options which is expected to be recognized over a weighted-average period of 3.03 years.

12. Commitments and Contingencies

Incentive Package

In 2014, the Company entered into grant and tax incentive agreements with state and local government agencies in North Carolina for establishment of the new corporate headquarters and the expansion of its workforce. The fair value of the grants and tax incentives package is estimated at $8,637,000, to be received over the next four to ten years. In order to receive grants and tax incentives, the Company has to maintain its headquarters in Charlotte, NC, create new job positions as well as maintain a minimum number of employees within the state of North Carolina. The average estimated grant and incentive payment could be up to $900,000 annually and the incentive amount is dependent upon reaching certain hiring goals as stated in the agreement. The Company recognized approximately $1,184,000 and $1,896,000 of incentive payments as a reduction of general and administrative expenses within the consolidated statements of operations for the years ended December 31, 2019 and 2018, respectively.

In March 2019, the Company signed a second incentive grant package with the state of North Carolina. The fair value of the incentive package is estimated at $22.9 million, to be received over a twelve-year period beginning in 2020. In connection with services to be performed in the negotiation of the incentives package and subsequent compliance reporting, the Company will pay a vendor $3.2 million in four annual installments beginning in 2019.

In 2017, the Company entered into a tax incentive agreement for workforce expansion and capital investment in the state of Utah. The fair value of the incentive package is estimated at $359,000. The Company has not received any payments related to the grant as of December 31, 2019.

Letters of Credit

As of December 31, 2019, the Company has an irrevocable standby letter of credit outstanding that acts as collateral with respect to the lease of the Company's Charlotte corporate headquarters with an availability of approximately $5,722,000. The letter of credit reduces the borrowing capacity under the 2019 Revolver. It renews annually and expires on December 1, 2023.

Naming Rights

The Company is party to a sponsorship agreement dated July 7, 2018, at its Charlotte corporate headquarters campus which provides full rights to display the Company's name and logo on signage throughout the venue. The agreement is for a three-year initial term which extends through February 28, 2022 and provides for five 3-year renewal options. Payments for the sponsorship are invoiced annually beginning March 1, 2019, and the Company paid $357,000 during the year ended December 31, 2019.

13. Related Party Transactions

The Company incurred approximately $289,000 and $233,000 in marketing and consulting expenses to entities controlled by certain members of the Board of Directors for the years ended December 31, 2019 and 2018, respectively.

The Company paid approximately $15,410,000 and $0 in connection with the issuance of Senior preferred and Series F preferred stock during the years ended December 31, 2019 and 2018, respectively, to an investment banking firm controlled by a member of the Board of Directors.

14. Income Taxes

The Company recorded income tax expense of $59,824 for the year ended December 31, 2019, the components of which are presented below:

Current provision		
Federal	$	-
State		
		-
Deferred provision		
Federal		50,000
State		9,824
		59,824
Total provision	$	59,824

Reconciling items between the income tax expense recorded and the amount of expense that would result from applying the federal statutory tax rate of 21% to pre-tax income consisted of the following:

	2019	2018
Pre-tax book loss	$ (19,632,130)	$ (14,104,407)
State taxes (net of federal benefit)	(3,929,531)	(3,112,976)
Permanent differences	463,719	340,664
Change in valuation allowance	23,145,954	18,854,579
Change in tax rate applied to deferreds	11,812	41,610
PTR	-	(442,603)
Deferred adjustments	-	(1,552,186)
	$ 59,824	$ 24,681

The tax effect of temporary differences and carryforwards, which give rise to deferred tax assets and liabilities as of December 31, 2019 and 2018, are as follows:

	2019	2018
Deferred income tax assets (liabilities)		
Assets		
Allowance for doubtful accounts	$ 203,296	$ 159,402
Accrued expenses	1,916,447	1,153,870
Net operating loss carryforwards	63,670,254	47,393,762
Intangible assets	1,141,983	-
Stock-based compensation	242,276	161,682
Debt issuance costs	250,166	-
Deferred revenue	1,306,450	-
Interest limitation	3,759,990	2,524,046
Transaction costs	290,710	-
Other	943,155	384,836
	73,724,727	51,777,598
Liabilities		
Property and equipment	(117,666)	(84,411)
Section 481(a) adjustment	(2,252,447)	-
Deferred costs	(62,648)	(2,124,866)
Intangible assets	-	(1,362,486)
	(2,432,761)	(3,571,763)
Total deferred income tax assets	71,291,966	48,205,835
Less: Valuation allowance	71,376,471	48,230,516
Net deferred income tax assets (liabilities)	$ (84,505)	$ (24,681)

The Company has federal net operating loss carryforwards totaling approximately $260,623,000 and $195,398,000, as of December 31, 2019 and 2018, respectively. These federal net operating loss carryforwards will expire at various dates beginning in 2020. The Company has state net operating loss carryforwards totaling approximately $248,126,000 and $188,335,000, as of December 31, 2019 and 2018, respectively. The state net operating loss carryforwards will expire at various dates beginning in 2020.

Management evaluated whether it is more likely than not they would realize the benefit of the deferred tax assets. Based on the weight of available positive and negative evidence, Management concluded a valuation allowance was necessary to offset deferred tax assets, as presented above. The valuation allowance increased by approximately $23,146,000 in 2019.

As required by ASC 740, the Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company is subject to income taxes in the U.S. federal jurisdiction and various state jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. The Company evaluated its material tax positions and determined that they do not have any material uncertain tax positions requiring recognition of a liability. The Company's policy is to recognize interest and penalties accrued on uncertain tax positions as part of income tax expense.

15. Subsequent Events

In preparing the consolidated financial statements, the Company has evaluated events and transactions for potential recognition and/or disclosure through March 30, 2020, the date that the consolidated financial statements were available to be issued.

On March 6, 2020, the Company entered into a stock purchase agreement with certain investors for the issuance and sale of $127.5 million of newly issued shares of Series F preferred and common stock, each issuance at a price per share of $49. The closing of the issuance is subject to customary closing conditions including a bring down of the Company's representations and warranties as of the date of closing.

Beginning in March 2020, the outbreak of COVID-19 (coronavirus) caused by a novel strain of the coronavirus became increasingly widespread in the United States. The outbreak has had a notable impact on current general economic conditions. In response to the outbreak, the Company shifted fully to a work-from-home environment in accordance with its business continuity policy and the Company continues to operate, serve customers and add new customers in the ordinary course of business. Any short or long term impact on the Company's business, operations or financial results remains uncertain.

CRNGS Provider Application AP-0011104

AVIDXCHANGE, INC.
Projected Statements of
Income

	Year Ended		
	2020	**2021**	**2022**
ELECTRIC			
Gross Revenue	$31,202	$36,194	$41,985
Cost of revenue	$16,447	$19,079	$22,131
Operating Expenses	$10,310	$11,960	$13,873
Net Income	$4,445	$5,156	$5,981

Case Number 18-1834-GA-AGG

Amendment to Exhibit C-5 “Financial Statement Projections”

AVIDXCHANGE,
INC.
Projected Statements of Income

	Year Ended		
	2018	**2019**	**2020**
GAS			
Gross Revenue	$12,530	$14,911	$17,893
Cost of Revenue	$11,517	$13,705	$16,446
Operating Expenses	$7,220	$8,592	$10,310
Net Loss	($6,207)	($7,386)	($8,863)

Robert Macksoud, CEP
One Executive Drive, Suite 401, Somerset, NJ 08873
732-748-4293 rmacksoud@avidxchange.com

Professional Experience:

Director, Energy Procurement & Rate Analysis, AvidXchange, Inc., Somerset, NJ **Mar. 2003 – Present**

Managing Avid*Energy*, a division of AvidXchange responsible for negotiating 3rd party electric and natural gas contracts and providing utility bill analysis service to its clients. Division analyzes/negotiates utility tariffs in order to take advantage of alternate rates, special riders, tax regulations, off-tariff rates, and equipment incentives that produce cost savings opportunities. Responsibilities also include identifying, quantifying and implementing savings opportunities in areas such as electric distribution upgrades, meter consolidations, power factor correction, gas and electric interruptible options, fuel switching, etc., as well as determining the financial feasibility of these types of projects. Also oversee the maintenance of an extensive rate library and analysis programs covering all investor-owned utilities in the U.S. and the major municipals and cooperatives.

Assistant Vice President, NUS Consulting Group, Park Ridge, NJ **Nov. 1987 – Mar. 2003**

Worked in this firm for 15 years in a variety of capacities. Was involved in all aspects of energy consulting (in both regulated and deregulated markets) for thousands of commercial, industrial and institutional clients throughout the 50 States, Canada, Mexico, the Caribbean and South America. Experienced in minimizing clients' energy expenditures reaches across all commodities including electricity, natural gas, water, sewer, propane/petroleum products, and steam and coal purchases. Performed, and then managed, all related functions such as the identification, investigation and implementation of creative cost-savings solutions.

Financial Analyst, Ziegelman Organization. New York, NY **Oct. 1986 – Nov. 1987**

Assisted in evaluating residential rental properties in the5 boroughs for purchase and conversion to cooperatives and condominiums. Prepared reports comparing property attributes and locations. Represented firm at closings.

Project Manager, Costco, Inc., Secaucus, NJ **May 1985 – Oct. 1986**

Assisted in identifying and acquiring commercial real estate properties for expansion to the East Coast. Performed demographic, parking and traffic studies and investigated zoning laws and tax codes.

Education:

BS–Finance, Fairleigh Dickinson University, 1985
MBA-Management, Rutgers University, 1991
Certified Energy Procurement Professional, AEE, 2012

Personal:

Eagle Scout and continue to remain active via various leadership capacities in the B.S.A.

Coaches various Youth League sports including tennis, basketball and baseball.

VANESSA MARKOTA

ONE EXECUTIVE DRIVE, SUITE 401, SOMERSET, NJ 08873

732-748-4287 ▪ vmarkota@avidxchange.com

Education

Seton Hall University – South Orange, NJ
2005 – M.A. English
2003 – B.A. English, Minor: Criminal Justice

- Graduated *Magna Cum Laude* with English Departmental Honors Citation for highest GPA in major

Professional Experience

Energy Procurement Analyst ▪ September 2014 – present
AvidXchange ▪ Somerset, NJ

- Responsible for assisting in identifying, implementing, monitoring, and reporting cost savings opportunities for existing clients and new prospects
- Participate in negotiation of energy contracts
- Perform utility bill rate analysis services in order to take advantage of alternate rates, tax regulations, riders, and third party electric supply alternatives that may produce savings opportunities
- Review/evaluate utility data extracted from the company's database to identify savings and 3rd party electric and natural gas supply opportunities
- Develop and analyze customer load profiles
- Assist in preparing and submitting Requests for Proposal
- Monitor all existing agreement terms

Account Administrator ▪ March 2013 – September 2014
AvidXchange ▪ Somerset, NJ

- Support Utility Bill Analysis & Reporting process to effectively identify and quantify billing errors and resolve exceptions
- Maintain customer database and account information
- Process customer utility bills to insure timely payment and avoid late payment penalties
- Assist in the analysis of customer utility bill data for accuracy and savings opportunities
- Maintain client account records and set up new accounts in the company's internal database

Adjunct Instructor ▪ September 2008 – present
Raritan Valley Community College ▪ North Branch, NJ
English Composition I and II courses

- Instruct students in essay formation and argument development
- Choose curriculum readings and create lesson plans
- Foster student discussion surrounding the explication of readings and the identification of shared ideas/connections between texts

Skills

- Fluent in reading, speaking, and writing German
- Adaptable to changing/fast-paced work environments

Competitive Retail Natural Gas Service Affidavit

County of Mecklenburg

State of NC :

Al McMillian, Affiant, being duly sworn/affirmed, hereby states that:

1. The information provided within the certification or certification renewal application and supporting information is complete, true, and accurate to the best knowledge of affiant, and that it will amend its application while it is pending if any substantial changes occur regarding the information provided.

2. The applicant will timely file an annual report of its intrastate gross receipts and sales of hundred cubic feet of natural gas pursuant to Sections 4905.10(A), 4911.18(A), and 4929.23(B), Ohio Revised Code.

3. The applicant will timely pay any assessment made pursuant to Sections 4905.10 and 4911.18(A), Ohio Revised Code.

4. Applicant will comply with all applicable rules and orders adopted by the Public Utilities Commission of Ohio pursuant to Title 49, Ohio Revised Code.

5. Applicant will cooperate fully with the Public Utilities Commission of Ohio and its staff on any utility matter including the investigation of any consumer complaint regarding any service offered or provided by the applicant.

6. Applicant will comply with Section 4929.21, Ohio Revised Code, regarding consent to the jurisdiction of the Ohio courts and the service of process.

7. Applicant will comply with all state and/or federal rules and regulations concerning consumer protection, the environment, and advertising/promotions.

8. Applicant will inform the Public Utilities Commission of Ohio of any material change to the information supplied in the application within 30 days of such material change, including any change in contact person for regulatory purposes or contact person for Staff use in investigating consumer complaints.

9. The facts set forth above are true and accurate to the best of his/her knowledge, information, and belief and that he/she expects said applicant to be able to prove the same at any hearing hereof.

10. Affiant further sayeth naught.

[signature] VP, Head of Compliance

Signature of Affiant & Title

Sworn and subscribed before me this 20th day of November, 2020
Month Year

[signature] Nicole L. Jackson Notary Public

Signature of official administering oath Print Name and Title

NICOLE L. JACKSON
Notary Public
Mecklenburg
County
NORTH CAROLINA

My commission expires on November 19, 2022 dun & bradstreet

Avidxchange, Inc. DUNS: 19-023-7110

Business Information Report

Company Information

1210 Avidxchange Ln
Charlotte, NC 28206

This is a **headquarter** location.
This business has multiple branches, detailed branch/division information is available in Dun & Bradstreets linkage or family tree products.

Website	www.avidxchange.com
Telephone	(704) 971-8160
Chief Executive:	DIRECTOR(S): THE OFFICER(S) and Colleen Taylor and Nicolas Westphal.
Stock Symbol:	NA
Year Started	2000
Employees	800

Financial Statement

Sales	NA
Net Worth	NA
History:	NA
Financial Condition:	NA
Financing:	SECURED
SIC:	7371
Line of Business:	Custom computer programing

Corporate Family:

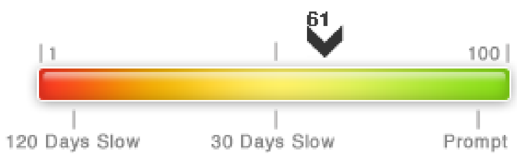
This business is a headquarter of the corporate family.

Scores

PAYDEX ®

61 ▲

22 days beyond terms



Based on up to 24 months of trade.
D&B PAYDEX® Key

High risk of late payment
(average 30 to 120 days beyond terms)

Medium risk of late payment
(average 30 days or less beyond terms)

Low risk of late payment
(average prompt to 30+ days sooner)

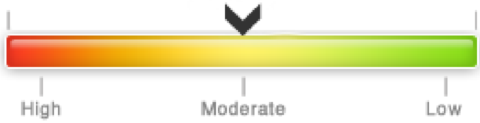
Credit Limit Recommendation

Conservative Credit Limit

Risk Category
Moderate

$100k

Aggressive Credit Limit
$400k



D&B Rating ®

Rating
1R4

Number of employees: **1R indicates 10 or more employees**
Composite Credit Appraisal: **4 is limited**

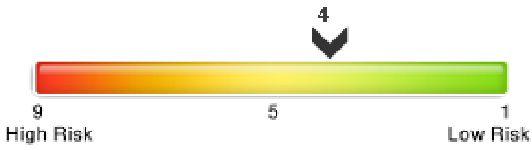
The credit rating was assigned based on D&B's assessment of the company's financial ratios and its cash flow. For more information, see the D&B Rating Key.

Below is an overview of the company's rating history since 12/23/2000

D&B Rating	Date Applied
1R4	2018-06-28
1R3	2007-04-10
1R4	2006-01-24
--	2003-10-03
1R4	2002-03-02
--	2000-12-23

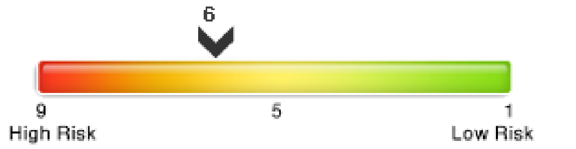
The Summary Analysis section reflects information in D&B´s file as of August 26, 2020

D&B Viability Rating

4	Viability Score	

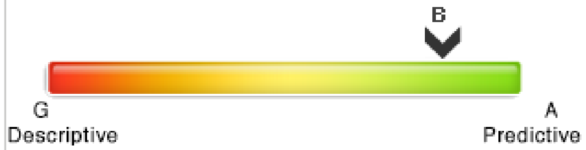
Compared to ALL US Businesses within the D&B Database:

- Level of Risk: **Low Risk**
- Businesses ranked 4 have a probability of becoming no longer viable: **5%**
- Percentage of businesses ranked 4: **14%**
- Across all US businesses, the average probability of becoming no longer viable: **14%**

6	Portfolio Comparison	

Compared to ALL US Businesses within the D&B Database:

- Model Segment: **Established Trade Payments**
- Level of Risk: **Moderate Risk**
- Businesses ranked 6 within this model segment have a probability of becoming no longer viable: **5%**
- Percentage of businesses ranked6 within this model segment: **9%**
- Within this model segment, the average probability of becoming no longer viable: **5%**

B	Data Depth Indicator	

Data Depth Indicator:

Rich Firmographics
Extensive Commercial Trading Activity
Basic Financial Attributes

		Financial Data	Trade Payments	Company Size	Years in Business
G	Company Profile	**Not Available**	**Available (3+Trade)**	**Large**	**Established**

Compared to ALL US Businesses within the D&B Database:

- Financial Data: **Not Available**
- Trade Payments: **Available: 3+Trade**
- Company Size: **Large: Employees:50+ or Sales: $500K+**
- Years in Business: **Established: 5+**

History & Operations

History

The following information was reported: **10/18/2018**

Officer(s):
MICHAEL PRAEGER, CEO
DAVID MILLER, PRES
JAY PLUEGER, V PRES
PAUL KELLY, SR V PRES
JOEL WILHITE, CFO
STEVE BOEHM, SVP-COO
DAN DREES, CHIEF GROWTH OFFICER

DIRECTOR(S):
THE OFFICER(S) and Colleen Taylor and Nicolas Westphal.

The Delaware Secretary of State's business registrations file showed that AvidXchange, Inc. was registered as a Corporation on April 12, 2000, under the file registration number 3211684.
Business started 2000. 30% of capital stock is owned by Michael Praeger. 30% of capital stock is owned by David Miller. 15% of capital stock is owned by CT Communications. 6% of capital stock is owned by Charlotte Angel Partners, LLC.

RECENT EVENTS:
On December 4, 2017, sources stated that AvidXchange, Inc., Charlotte, NC, has acquired Ariett Business Solutions, Inc., Pembroke, MA, on November 20, 2017. With the acquisition, Ariett Business Solutions, Inc. will now operate as a subsidiary of AvidXchange, Inc. Employees and management were retained. Terms of the transaction were not disclosed. Further details are unavailable.
On June 5, 2015, sources stated that AvidXchange, Inc., Charlotte, NC, has acquired substantially all of the assets of Strongroom Solutions LLC, Houston, TX, on May 19, 2015. With the acquisition, Strongroom Solutions LLC has ceased to exist and would now be a division of AvidXchange, Inc. Terms were undisclosed.
On January 13, 2015, Stefani Hult, AR Mgr, stated that Avidxchange Inc., Charlotte, NC acquired Piracle Inc., Salt Lake City, UT, on November 20, 2014. With this acquisition, Piracle Inc. became a subsidiary of Avidxchange Inc.. Terms and payments were not disclosed. Further details are undetermined.
MICHAEL PRAEGER. Antecedents are unknown.
DAVID MILLER. Antecedents are unknown.
JAY PLUEGER. 17 years of sales, account management.
PAUL KELLY. Antecedents are unknown.
JOEL WILHITE. Antecedents were unknown.
STEVE BOEHM. Antecedents are unknown.
DAN DREES. Antecedents were not available.
Business address has changed from 9735a Northcross Center Court, Huntersville, NC, 28078 to 4421 Stuart Andrew Blvd Ste 200, Charlotte, NC, 28217.
Business address has changed from 4421 Stuart Andrew Blvd Ste 200, Charlotte, NC, 28217 to 1111 Metropolitan Ave Ste 650 Charlotte, NC 28204.
Business address has changed from 1111 Metropolitan Ave Ste 650 Charlotte, NC 28204 to 1210 AvidXchange Ln Charlotte, NC 28206.
Business address has changed from 1111 Metropolitan Ave Ste 650, Charlotte, NC, 28204 to 1210 Avidxchange Ln, Charlotte, NC, 28206.

Operations

10/18/2018

Description:
Provides computer programming services, specializing in software development (100%).

ADDITIONAL TELEPHONE NUMBER(S): Toll-Free 800 560-9305.

Has 30 account(s). Terms are on a contractual basis. Sells to commercial concerns. Territory : United States.

Employees: 800 which includes officer(s). UNDETERMINED employed here.

Facilities: Occupies premises in a building.

Branches: This business has multiple branches, detailed branch/division information is available in Dun & Bradstreets linkage or family tree products.

Subsidiaries: This business has 1 subsidiaries listed below.

Piracle, Inc. (100%) chartered 1991. Operates as a payment solution software.

SIC & NAICS

SIC:
Based on information in our file, D&B has assigned this company an extended 8-digit SIC. D&B's use of 8-digit SICs enables us to be more specific to a company's operations that if we use the standard 4-digit code.The 4-digit SIC numbers link to the description on the Occupational Safety & Health Administration (OSHA) Web site. Links open in a new browser window.

7371 0301 Computer software development

NAICS:
541511 Custom Computer Programming Services

Payments

PAYDEX® ®

The D&B PAYDEX® is a unique, dollar weighted indicator of payment performance based on up to 101 payment experiences as reported to D&B by trade references.

3 Month PAYDEX®

61 ▲

When weighted by dollar amount,
payments to suppliers average 22 days beyond terms
terms.

Based on payments collected over the last 3 months

24 Month PAYDEX®

61 ▲

When weighted by dollar amount,
payments to suppliers average 22 days beyond terms
terms.

Based on payments collected over the last 24 months

When dollar amounts are not considered, then approximately 80 of the company's payments are within terms.

- **High risk of late payment (average 30 to 120 days beyond terms)**
- **Medium risk of late payment (average 30 days or less beyond terms)**
- **Low risk of late payment (average prompt to 30+ days sooner)**

Payments Summary

Total (Last 24 Months): 101

	Total Received	Total Dollar Amount	Largest High Credit Payment summary	Within Terms	Days Slow 31	30-80	81-90	90
Top Industries								
Misc business service	12	$332,750.00	$300,000.00	100%	0	0	0	0
Misc business credit	10	$56,500.00	$7,500.00	82%	18	0	0	0
Nonclassified	6	$27,700.00	$15,000.00	82%	0	0	0	18
Telephone communictns	5	$158,500.00	$100,000.00	68%	0	32	0	0
Industrial launderer	3	$2,250.00	$1,000.00	50%	22	28	0	0
Investment advice	3	$1,500.00	$1,000.00	34%	33	33	0	0
Misc computer service	2	$1,200,000.00	$900,000.00	37%	13	13	37	0
Whol computers/softwr	2	$40,000.00	$25,000.00	100%	0	0	0	0
Short-trm busn credit	2	$12,500.00	$10,000.00	100%	0	0	0	0
Natnl commercial bank	2	$6,000.00	$5,000.00	100%	0	0	0	0
Personal credit	2	$10,000.00	$5,000.00	100%	0	0	0	0
Ret computer/software	1	$55,000.00	$55,000.00	0%	100	0	0	0
Data processing svcs	1	$50,000.00	$50,000.00	50%	50	0	0	0
Ret mail-order house	1	$45,000.00	$45,000.00	50%	0	50	0	0
Whol durable goods	1	$35,000.00	$35,000.00	50%	50	0	0	0
Radiotelephone commun	1	$35,000.00	$35,000.00	100%	0	0	0	0
Periodical-print/publ	1	$25,000.00	$25,000.00	50%	50	0	0	0
Holding company	1	$15,000.00	$15,000.00	100%	0	0	0	0
Surety insurance	1	$15,000.00	$15,000.00	0%	0	0	100	0
Mfg elevator/escaltrs	1	$7,500.00	$7,500.00	100%	0	0	0	0
Whol industrial suppl	1	$5,000.00	$5,000.00	100%	0	0	0	0
Whol service paper	1	$5,000.00	$5,000.00	100%	0	0	0	0
Truck rental/leasing	1	$2,500.00	$2,500.00	100%	0	0	0	0
Misc equipment rental	1	$2,500.00	$2,500.00	100%	0	0	0	0
Management services	1	$2,500.00	$2,500.00	100%	0	0	0	0
Trucking non-local	1	$750.00	$750.00	0%	50	0	0	50
Reg misc coml sector	1	$250.00	$250.00	100%	0	0	0	0
Whol chemicals	1	$100.00	$100.00	50%	0	0	50	0
Admin economic prgm	1	$50.00	$50.00	100%	0	0	0	0
Other Categories								
Cash experiences	30	$3,200	$500	--	--	--	--	--
Unknown	4	$65,300	$35,000	--	--	--	--	--
Unfavorable comments	0	$0	$0	--	--	--	--	--
Placed for collections with D&B:	0	$0	$0	--	--	--	--	--
Other	0	N/A	$0	--	--	--	--	--
Total in D&B's file	101	$2,217,350	$900,000	--	--	--	--	--

The highest Now Owes on file is $100,000

The highest Past Due on file is $40,000

There are 101 payment experience(s) in D&Bs file for the most recent 24 months, with 57 experience(s) reported during the last three month period.

Payments Details

Total (Last 24 Months): 80

Date	Paying Record	High Credit	Now Owes	Past Due	Selling Terms	Last sale w/f (Mo.)
08/2020	Ppt	$2,500	$250	$0	--	1 mo
08/2020	Ppt	$2,500	$2,500	$0	--	1 mo
08/2020	Ppt-Slow 90	$900,000	$0	$0	--	6-12 mos
08/2020	Slow 30-60	$300,000	$0	$0	--	6-12 mos
07/2020	Ppt	--	$1,000	$0	--	1 mo
07/2020	Ppt	--	$2,500	$0	--	1 mo
07/2020	Ppt	--	$750	$0	--	1 mo
07/2020	Ppt	--	$2,500	$0	--	1 mo
07/2020	Ppt	$300,000	$100,000	$0	--	1 mo
07/2020	Ppt	$35,000	$10,000	$0	--	1 mo
07/2020	Ppt	$25,000	$25,000	$0	N30	1 mo
07/2020	Ppt	$15,000	$7,500	$0	--	1 mo
07/2020	Ppt	$15,000	$15,000	$0	--	1 mo
07/2020	Ppt	$15,000	$2,500	$0	--	1 mo
07/2020	Ppt	$7,500	$0	$0	--	6-12 mos
07/2020	Ppt	$7,500	$7,500	$0	--	1 mo
07/2020	Ppt	$5,000	$1,000	$0	--	1 mo
07/2020	Ppt	$5,000	$5,000	$0	--	1 mo
07/2020	Ppt	$5,000	$5,000	$0	--	1 mo
07/2020	Ppt	$5,000	$2,500	$750	N30	1 mo
07/2020	Ppt	$2,500	$0	$0	--	2-3 mos
07/2020	Ppt	$2,500	$0	$0	--	6-12 mos
07/2020	Ppt	$2,500	$2,500	$0	--	1 mo
07/2020	Ppt	$2,500	$2,500	$0	--	1 mo
07/2020	Ppt	$2,500	$2,500	$0	--	1 mo
07/2020	Ppt	$2,500	$1,000	$0	--	1 mo
07/2020	Ppt	$2,500	$0	$0	--	6-12 mos
07/2020	Ppt	$2,500	$0	$0	--	6-12 mos
07/2020	Ppt	$1,000	$0	$0	--	1 mo
07/2020	Ppt	$500	$0	$0	--	6-12 mos
07/2020	Ppt	$250	$0	$0	--	2-3 mos
07/2020	Ppt	$250	$0	$0	--	2-3 mos
07/2020	Ppt	--	$0	$0	--	1 mo

Date	Paying Record	High Credit	Now Owes	Past Due	Selling Terms	Last sale w/f (Mo.)
07/2020	Ppt-Slow 30	--	$20,000	$10,000	--	1 mo
07/2020	Ppt-Slow 30	$50,000	$15,000	$0	--	1 mo
07/2020	Ppt-Slow 60	$100	$0	$0	--	6-12 mos
07/2020	Ppt-Slow 90	$100	$50	$50	--	1 mo
07/2020	Slow 30	$55,000	$40,000	$40,000	--	2-3 mos
07/2020	Slow 30-60	$1,000	$0	$0	--	1 mo
07/2020	(040)	$250	$0	$0	--	1 mo
07/2020	(041)	$50	--	--	Cash account	1 mo
06/2020	Ppt	$55,000	$55,000	$0	--	1 mo
06/2020	Ppt	$15,000	$15,000	$2,500	--	1 mo
06/2020	Ppt	$2,500	$0	$0	--	6-12 mos
06/2020	Ppt	$50	$50	$0	--	1 mo
06/2020	Ppt-Slow 30	$25,000	$0	$0	--	4-5 mos
06/2020	Ppt-Slow 60	$100,000	$100,000	$30,000	--	1 mo
06/2020	Slow 120	$5,000	$0	$0	--	6-12 mos
06/2020	(049)	$35,000	$0	$0	--	4-5 mos
06/2020	(050)	$50	--	--	Cash account	2-3 mos
05/2020	(051)	$500	--	--	Cash account	1 mo
05/2020	(052)	$250	--	--	Cash account	1 mo
05/2020	(053)	$100	$0	$0	Cash account	4-5 mos
05/2020	(054)	$50	--	--	Cash account	1 mo
05/2020	(055)	$50	--	--	Cash account	1 mo
04/2020	(056)	$100	--	--	Cash account	1 mo
04/2020	(057)	$100	--	--	Cash account	1 mo
04/2020	(058)	$50	--	--	Cash account	1 mo
04/2020	(059)	$50	--	--	Cash account	2-3 mos
04/2020	(060)	$50	--	--	Cash account	2-3 mos
04/2020	(061)	$50	--	--	Cash account	1 mo
03/2020	(062)	$50	--	--	Cash account	1 mo
03/2020	(063)	$50	--	--	Cash account	1 mo
02/2020	Ppt	$7,500	$0	$0	--	1 mo
02/2020	Ppt	$2,500	$0	$0	--	6-12 mos
02/2020	Ppt	$2,500	$2,500	$0	--	1 mo
02/2020	Ppt	$1,000	$0	$0	--	6-12 mos
02/2020	Ppt	$500	$0	$0	--	6-12 mos
02/2020	(069)	$100	--	--	Cash account	1 mo
02/2020	(070)	$50	--	--	Cash account	1 mo
01/2020	Ppt	$5,000	$0	$0	--	6-12 mos
11/2019	(072)	$500	--	--	Cash account	4-5 mos

Date	Paying Record	High Credit	Now Owes	Past Due	Selling Terms	Last sale w/f (Mo.)
09/2019	Ppt	$5,000	$0	$0	N30	6-12 mos
09/2019	Ppt	$1,000	$0	$0	N30	6-12 mos
05/2019	Slow 15-120	$750	$750	$750	--	--
09/2018	Ppt-Slow 30	$35,000	$0	$0	--	6-12 mos
09/2018	(077)	$50	--	--	Cash account	2-3 mos
08/2018	Ppt-Slow 30	$1,000	$1,000	$500	--	1 mo
08/2018	Ppt-Slow 60	$1,000	$1,000	$250	--	1 mo
08/2018	Ppt-Slow 60	$250	$100	$0	--	1 mo

Payments Detail Key: 30 or more days beyond terms

Accounts are sometimes placed for collection even though the existence or amount of the debt is disputed.

Payment experiences reflect how bills are met in relation to the terms granted. In some instances payment beyond terms can be the result of disputes over merchandise, skipped invoices etc.

Each experience shown is from a separate supplier. Updated trade experiences replace those previously reported.

Banking and Finance

Statement Update

Key Business Ratios from D&B

We currently do not have enough information to generate the graphs for the selected Key Business Ratio.

- This Company

Key Financial Comparisons

	($)	($)	($)
This Company's Operating Results Year Over Year			
Net Sales	NA	NA	NA
Gross Profit	NA	NA	NA
Net Profit	NA	NA	NA
Dividends / Withdrawals	NA	NA	NA
Working Capital	NA	NA	NA
This Company's Assets Year Over Year			
Cash	NA	NA	NA
Accounts Receivable	NA	NA	NA
Notes Receivable	NA	NA	NA
Inventories	NA	NA	NA
Other Current	NA	NA	NA
Total Current	NA	NA	NA
Fixed Assets	NA	NA	NA
Other Non Current	NA	NA	NA
Total Assets	NA	NA	NA
This Company's Liabilities Year Over Year			
Accounts Payable	NA	NA	NA
Bank Loan	NA	NA	NA
Notes Payable	NA	NA	NA
Other Current Liabilities	NA	NA	NA
Total Current Liabilities	NA	NA	NA
Other Long Term and Short Term Liabilities	NA	NA	NA
Defferred Credit	NA	NA	NA
Net Worth	NA	NA	NA
Total Liabilities and Net Worth	NA	NA	NA

We currently do not have any recent financial statements on file for your business. Submitting financial statements can help improve your D&B scores. To submit a financial statement, please call customer service at 800-333-0505.

Key Business Ratios

	This Company	Industry Median	Industry Quartile
Solvency			
Quick Ratio	NA	NA	NA
Current Ratio	NA	NA	NA
Current Liabilities to Net Worth	NA	NA	NA
Current Liabilities to Inventory	NA	NA	NA
Total Current	NA	NA	NA
Fixed Assets to Net Worth	NA	NA	NA
Efficiency			
Collection Period	NA	NA	NA
Inventory Turn Over	NA	NA	NA
Sales to NWC	NA	NA	NA
Acct Pay to Sales	NA	NA	NA
Profitability			
Return on Sales	NA	NA	NA
Return on Assets	NA	NA	NA
Return on NetWorth	NA	NA	NA

Public Filings

Summary

The following data includes both open and closed filings found in D&B's database on this company.

Record Type	# of Records	Most Recent Filing Date
Bankruptcy Proceedings	0	-
Judgments	0	-
Liens	2	04/18/19
Suits	0	-
UCCs	119	01/23/20

The following Public Filing data is for information purposes only and is not the official record.
Certified copies can only be obtained from the official source.

Judgments

We currently don't have enough data to display this section

Liens

A lien holder can file the same lien in more than one filing location. The appearance of multiple liens filed by the same lien holder against a debtor may be indicative of such an occurrence..

Amount:	1064
Status:	Open
FILING NO.	RP-2019-157275
Type State:	State Tax

Filed By:	TEXAS WORKFORCE COMMISSION, STATE OF TEXAS
Against:	AVIDXCHANGE, INC.
Where Filed:	HARRIS COUNTY RECORDERS OFFICE, HOUSTON, TX
Date Status Attained:	04/18/19
Date Filed:	04/18/19
Latest Info Received:	05/24/19

Amount:	701
Status:	Open
BOOK/PAGE	2286/2206
Type State:	State Tax
Filed By:	SOUTH CAROLINA DEPARTMENT OF REVENUE
Against:	AVIDXCHANGE INC
Where Filed:	RICHLAND COUNTY REGISTER OF DEEDS, COLUMBIA, SC
Date Status Attained:	03/14/18
Date Filed:	03/14/18
Latest Info Received:	04/26/18

Suits

We currently don't have enough data to display this section

UCC Filings

Collateral:	All Assets including proceeds and products
Type:	Original
Sec.Party:	TPG SPECIALTY LENDING, INC., AS COLLATERAL AGENT, NEW YORK, NY
Debtor:	AVIDXCHANGE FINANCIAL SERVICES, INC. (THE "CORPORATION"), SOMERSET, NJ
Filing No.:	2016 6437980
Filed With:	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed:	10/19/16
Latest Info Received:	11/28/16

Collateral:	All Assets including proceeds and products
Type:	Original
Sec.Party:	TPG SPECIALTY LENDING, INC., AS COLLATERAL AGENT, NEW YORK, NY
Debtor:	AVIDXCHANGE FINANCIAL SERVICES, INC., SOMERSET, NJ
Filing No.:	2016 6437907
Filed With:	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed:	10/19/16
Latest Info Received:	11/28/16

Collateral:	All Assets including proceeds and products
Type:	Original
Sec.Party:	TPG SPECIALTY LENDING, INC., AS COLLATERAL AGENT, NEW YORK, NY
Debtor:	AVIDXCHANGE, INC.
Filing No.:	2016 6437733
Filed With:	SECRETARY OF STATE/UCC DIVISION, DOVER, DE

Date Filed:	10/19/16
Latest Info Received:	11/28/16

Type:	Amendment
Sec.Party:	TPG SPECIALTY LENDING, INC., AS COLLATERAL AGENT
Debtor:	AVIDXCHANGE, INC.
Filing No.:	2017 3456917
Filed With:	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed:	05/25/17
Latest Info Received:	07/07/17
Original Filing No.:	2016 6437733

Type:	Termination
Sec.Party:	TPG SPECIALTY LENDING, INC., AS COLLATERAL AGENT, NEW YORK, NY
Debtor:	AVIDXCHANGE, INC.
Filing No.:	2019 6869072
Filed With:	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed:	10/02/19
Latest Info Received:	11/04/19
Original Filing No.:	2016 6437733
Original UCC Filed Date:	10/19/16

Collateral:	All Assets including proceeds and products
Type:	Original
Sec.Party:	TPG SPECIALTY LENDING, INC., AS COLLATERAL AGENT, NEW YORK, NY
Debtor:	AVIDXCHANGE, INC. (THE "CORPORATION")
Filing No.:	2016 6437725
Filed With:	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed:	10/19/16
Latest Info Received:	11/28/16

Type:	Amendment
Sec.Party:	TPG SPECIALTY LENDING, INC., AS COLLATERAL AGENT
Debtor:	AVIDXCHANGE, INC. (THE "CORPORATION")
Filing No.:	2017 3456941
Filed With:	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed:	05/25/17
Latest Info Received:	07/07/17
Original Filing No.:	2016 6437725

Type:	Termination
Sec.Party:	TPG SPECIALTY LENDING, INC., AS COLLATERAL AGENT, NEW YORK, NY
Debtor:	AVIDXCHANGE, INC. (THE "CORPORATION")
Filing No.:	2019 6868926
Filed With:	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed:	10/02/19
Latest Info Received:	11/04/19
Original Filing No.:	2016 6437725

Original UCC Filed Date: 10/19/16

Collateral: All Assets including proceeds and products
Type: Original
Sec.Party: TPG SPECIALTY LENDING, INC., AS COLLATERAL AGENT, NEW YORK, NY
Debtor: AVIDXCHANGE FINANCIAL SERVICES, INC., SOMERSET, NJ
Filing No.: 2015 3569414
Filed With: SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed: 08/07/15
Latest Info Received: 09/18/15

Collateral: All Assets including proceeds and products
Type: Original
Sec.Party: TPG SPECIALTY LENDING, INC., AS COLLATERAL AGENT, NEW YORK, NY
Debtor: AVIDXCHANGE FINANCIAL SERVICES, INC. (THE "CORPORATION"), SOMERSET, NJ
Filing No.: 2015 3569380
Filed With: SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed: 08/07/15
Latest Info Received: 09/18/15

Collateral: All Assets including proceeds and products
Type: Original
Sec.Party: TPG SPECIALTY LENDING, INC., AS COLLATERAL AGENT, NEW YORK, NY
Debtor: AVIDXCHANGE, INC.
Filing No.: 2015 3569240
Filed With: SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed: 08/07/15
Latest Info Received: 09/18/15

Type: Amendment
Sec.Party: TPG SPECIALTY LENDING, INC., AS COLLATERAL AGENT
Debtor: AVIDXCHANGE, INC.
Filing No.: 2017 3456909
Filed With: SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed: 05/25/17
Latest Info Received: 07/07/17
Original Filing No.: 2015 3569240

Type: Termination
Sec.Party: TPG SPECIALTY LENDING, INC., AS COLLATERAL AGENT, NEW YORK, NY
Debtor: AVIDXCHANGE, INC.
Filing No.: 2019 6869270
Filed With: SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed: 10/02/19
Latest Info Received: 11/04/19
Original Filing No.: 2015 3569240
Original UCC Filed Date: 08/07/15

Collateral:	All Assets including proceeds and products
Type:	Original
Sec.Party:	TPG SPECIALTY LENDING, INC., AS COLLATERAL AGENT, NEW YORK, NY
Debtor:	AVIDXCHANGE, INC. (THE "CORPORATION")
Filing No.:	2015 3569141
Filed With:	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed:	08/07/15
Latest Info Received:	09/18/15

Type:	Amendment
Sec.Party:	TPG SPECIALTY LENDING, INC., AS COLLATERAL AGENT
Debtor:	AVIDXCHANGE, INC. (THE "CORPORATION")
Filing No.:	2017 3456925
Filed With:	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed:	05/25/17
Latest Info Received:	07/07/17
Original Filing No.:	2015 3569141

Type:	Termination
Sec.Party:	TPG SPECIALTY LENDING, INC., AS COLLATERAL AGENT, NEW YORK, NY
Debtor:	AVIDXCHANGE, INC. (THE "CORPORATION")
Filing No.:	2019 6869163
Filed With:	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed:	10/02/19
Latest Info Received:	11/04/19
Original Filing No.:	2015 3569141
Original UCC Filed Date:	08/07/15

Collateral:	Negotiable instruments and proceeds - General intangibles(s) and proceeds
Type:	Original
Sec.Party:	FINANCIAL TECHNOLOGY PARTNERS LP, SAN FRANCISCO, CA
Debtor:	PRAEGER, MICHAEL SCOTT
Filing No.:	20120094000K
Filed With:	SECRETARY OF STATE/UCC DIVISION, RALEIGH, NC
Date Filed:	10/08/12
Latest Info Received:	10/23/12

Collateral:	Inventory and proceeds - Equipment and proceeds
Type:	Original
Sec.Party:	WESTERN EQUIPMENT FINANCE, INC., DEVILS LAKE, ND
Debtor:	AVIDXCHANGE, INC.
Filing No.:	2017 1174215
Filed With:	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed:	02/21/17
Latest Info Received:	04/04/17

The public record items contained herein may have been paid, terminated, vacated or released prior to today's date.

Government Activity

Summary

Borrower (Dir/Guar):	NO
Administrative Debt:	NO
Contractor:	NO
Grantee:	NO
Party excluded from federal program(s):	NO
Possible Candidate:	
Labor Surplus Area:	N/A
Small Business:	N/A
8(A) Firm:	N/A

The public record items contained herein may have been paid, terminated, vacated, or released prior to today's date

The public record items contained herein may have been paid, terminated, vacated or released prior to today's date.

Special Events

05/22/2020

FUNDING/INVESTMENT:
According to published reports, AvidXchange, DUNS 1902371110, (Charlotte, NC) announced that it has raised $127 million in a round of funding. The round drew from 52 investors across 12 states. This comes after the company raised $260 million in January with contributions from TPG Sixth Street Partners and others.
01/24/2020

FUNDING/INVESTMENT:
According to published reports, AvidXchange, DUNS 190237110, (Charlotte, NC) announced that it has raised $260m in equity funding. Backers included TPG Sixth Street Partners and other investors.
08/29/2019

ANNOUNCED MERGER/ACQUISITION:
According to published reports, AvidXchange, Inc., DUNS 190237110, (Charlotte, NC) announced that the company has agreed to acquire BankTEL Systems, DUNS 039524370, (Columbus, MS).
06/28/2018

WORK FORCE CHANGES:
According to published reports, AvidXchange announced the opening of its new operations center in Sandy, Utah.
04/18/2018

OFFICER CHANGE:
According to published reports, AvidXchange announced that Dan Drees has joined the company as Chief Growth Officer.
11/21/2017

MERGER/ACQUISITION:
According to published reports, AvidXchange, DUNS 190237110, (Charlotte, NC) announced that it has acquired Ariett.
09/19/2017

Business address has changed from 1111 Metropolitan Ave Ste 650, Charlotte, NC, 28204 to 1210 Avidxchange Ln, Charlotte, NC, 28206.
06/28/2017

BOARD OF DIRECTORS UPDATE:
According to published reports, AvidXchange announced the appointment of Colleen Taylor and Nicolas Westphal to its board of directors.
04/03/2017

OFFICER CHANGE:
According to published reports, AvidXchange announced that it has joined AvidXchange as Senior Vice President and Chief Operating Officer.
02/09/2017

OFFICER CHANGE:
According to published reports, AvidXchange announced the addition of Joel Wilhite as Chief Financial Officer.

Corporate Linkage

Parent

Company Name	DUNS #	City, State
AVIDXCHANGE, INC.	19-023-7110	CHARLOTTE, NORTH CAROLINA

Headquarters (US)

Company Name	DUNS #	City, State
AVIDXCHANGE, INC.	19-023-7110	CHARLOTTE, NORTH CAROLINA

US Linkages

Company Name	DUNS #	City, State
Subsidiaries		
PIRACLE, INC.	78-680-8709	SALT LAKE CITY, UTAH
ARIETT BUSINESS SOLUTIONS, INC.	62-295-3115	PEMBROKE, MASSACHUSETTS
Branches		
AVIDXCHANGE, INC.	04-721-0954	CHARLOTTE, NORTH CAROLINA
AVIDXCHANGE, INC.	09-979-2041	HOUSTON, TEXAS
AVIDXCHANGE, INC.	14-759-2104	CHARLOTTE, NORTH CAROLINA
AVIDXCHANGE, INC.	03-266-0449	SOMERSET, NEW JERSEY

C-4. Credit rating

Provide a credit opinion disclosing the applicant's credit rating as reported by at least one of the following ratings agencies: Moody's Investors Service, Standard & Poor's Financial Services, Fitch Ratings or the National Association of Insurance Commissioners. If the applicant does not have its own credit ratings, substitute the credit ratings of a parent or an affiliate organization and submit a statement signed by a principal officer of the applicant's parent or affiliate organization that guarantees the obligations of the applicant. If an applicant or its parent does not have such a credit rating, enter "Not Rated".

Not rated.

Corporate Organizational Chart

Last updated 10/6/2020

AvidXchange, Inc.
(DE CORP)
1210 AvidXchange Lane
Charlotte, NC 28206
(704) 971-8160

- **AvidXchange Financial Services , Inc.**
  (DE CORP)
  One Executive Drive, Suite 401
  Somerset, NJ 08873
  (732) 748-9600

- **Piracle, Inc.**
  (UT CORP)
  111 E Sego Lily Dr. #300
  Sandy, UT 84070
  (800) 621-5720

- **Strongroom Solutions, Inc.**
  (TX CORP)
  2100 Travis, Suite #300
  Houston, TX 77002
  (713) 547-0900

- **AFV Holdings II, LLC**
  (NC CORP)
  1210 AvidXchange Lane
  Charlotte, NC 28206
  (704) 971-8160

- **Ariett Business Solutions, Inc.**
  (MA CORP)
  33 Riverside Drive, Suite 100
  Pembroke, MA 02359
  (781) 826-1120

- **AFV Holdings One, Inc.**
  (NC CORP)
  1210 AvidXchange Lane
  Charlotte, NC 28206
  (704) 971-8160

- **BTS Alliance, LLC**
  (DE CORP)
  319 Park Creek Drive,
  Columbus, MS, 39705
  (662) 245-1007
  2 Perimeter Park S, #535
  Birmingham, AL 35243