

HENRY JACK & ASSOCIATES INC  
Form 10-K/A  
June 25, 2015

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K/A  
Amendment No. 1

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

(Mark One)

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

For the fiscal year ended June 30, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-14112

JACK HENRY & ASSOCIATES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of Incorporation)

43-1128385

(I.R.S Employer Identification No.)

663 Highway 60, P.O. Box 807, Monett, MO 65708

(Address of Principle Executive Offices)

(Zip Code)

417-235-6652

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Common Stock (\$0.01 par value)

Name of each exchange on which registered

NASDAQ Global Select Market

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

Yes  No

Edgar Filing: HENRY JACK & ASSOCIATES INC - Form 10-K/A

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [ ] No [ X ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

---

Yes  No

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

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

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

Yes  No

As of August 20, 2014, the Registrant had 82,481,908 shares of Common Stock outstanding (\$0.01 par value). On December 31, 2013, the aggregate market value of the Common Stock held by persons other than those who may be deemed affiliates of Registrant was \$4,998,746,579 (based on the average of the reported high and low sales prices on NASDAQ on December 31, 2013).

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Notice of Annual Meeting of Stockholders and Proxy Statement for its 2014 Annual Meeting of Stockholders (the "Proxy Statement") are incorporated by reference into Part II, Item 5 and into Part III of this Report.

---

TABLE OF CONTENTS

	Page Reference
EXPLANATORY NOTE	<u>4</u>
PART I	
ITEM 1A. RISK FACTORS	<u>5</u>
PART II	
ITEM 6. SELECTED FINANCIAL DATA	<u>9</u>
ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	<u>10</u>
ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA	<u>24</u>
ITEM 9A. CONTROLS AND PROCEDURES	<u>65</u>
PART IV	
ITEM 15 EXHIBITS AND FINANCIAL STATEMENT SCHEDULES	<u>66</u>

#### Explanatory Note

##### Restatement of Consolidated Financial Statements

On May 6, 2015, Jack Henry & Associates, Inc. (the "Company") announced that it had identified historical accounting errors relating to its accounting for certain software license and maintenance agreements.

The Company has corrected these errors in the accompanying restated consolidated financial statements, as well as in the quarterly financial information (unaudited).

See Note 15 - Restatement of Consolidated Financial Statements which is included in "Financial Statements and Supplementary Data" in Item 8 of this 2014 Amended Annual Report on Form 10-K/A.

##### Internal Control over Financial Reporting

Management reassessed its evaluation of the effectiveness of its internal control over financial reporting as of June 30, 2014 based on the framework established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). As a result of that reassessment, management confirmed the existence of a material weakness and, accordingly, has concluded that the Company did not maintain effective internal control over financial reporting as of June 30, 2014. For a description of the material weakness in internal control over financial reporting and actions taken and to be taken to remediate the material weakness, see "Part II - Item 9A - Controls and Procedures."

This 2014 Amended Annual Report on Form 10-K/A does not reflect events occurring after the Original Filing on August 27, 2014 or modify or update those disclosures affected by subsequent events, except for the effects of the restatement. Disclosures not affected by the restatement are unchanged and reflect the disclosures made at the time of Original Filing.

The following items in the Original Filing have been amended:

Part I, Item 1A Risk Factors

Part II, Item 6 Selected Financial Data

Part II, Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations

Part II, Item 8. Financial Statements and Supplementary Data

Part II, Item 9A. Controls and Procedures

Part IV, Item 15. Exhibits and Financial Statement Schedules

The Company's Chief Executive Officer and Chief Financial Officer are providing currently dated certifications in connection with this 2014 Amended Annual Report on Form 10-K/A; the certifications are filed as Exhibits 31.1, 31.2 and 32.1.

The Company is concurrently filing an amended Quarterly Report on Form 10-Q/A for the fiscal quarter ended September 30, 2014 and its Quarterly Reports on Form 10-Q for the fiscal quarters ended December 31, 2014 and March 31, 2015 to reflect the effects of the restatement therein.

In this report, all references to “JHA”, the “Company”, “we”, “us”, and “our”, refer to Jack Henry & Associates, Inc., and its wholly owned subsidiaries.

#### FORWARD LOOKING STATEMENTS

Certain statements in this report, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements may appear throughout this report, including without limitation, in Management's Discussion and Analysis of Financial Condition and Results of Operations. Forward-looking statements generally are identified by the words “believe,” “project,” “expect,” “anticipate,” “estimate,” and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. A detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in the section titled “Risk Factors” (Part I, Item 1A of this Form 10-K/A). We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

#### PART I

##### ITEM 1A. RISK FACTORS

The Company's business and the results of its operations are affected by numerous factors and uncertainties, some of which are beyond our control. The following is a description of some of the important risks and uncertainties that may cause the actual results of the Company's operations in future periods to differ from those expected or desired.

We have restated our prior consolidated financial statements, which may lead to additional risks and uncertainties, including loss of investor confidence and negative impacts on our stock price. As discussed in Note 15 to our consolidated financial statements included in Item 8 of this Form 10-K/A, we have restated our consolidated financial statements as of and for the years ended June 30, 2014, 2013 and 2012 and for the quarterly periods within the fiscal years ended June 30, 2014 and 2013 (the "Restated Periods"). The determination to restate the financial statements for the Restated Periods was made by our Audit Committee upon management's recommendation following the identification of errors related to our method of accounting for revenue from certain bundled software multi-element agreements. Due to the errors, our management concluded that the Company's previously issued financial statements for the Restated Periods should no longer be relied upon. Our Annual Report on Form 10-K for the year ended June 30, 2014 has been amended by this Amendment No. 1 on Form 10-K/A to, among other things, reflect the restatement of our financial statements for the Restated Periods, as discussed in Note 15 to our consolidated financial statements included in Item 8 of this Amendment No. 1 to Form 10-K.

As a result of these events, we have become subject to a number of additional costs and risks, including unanticipated costs for accounting and legal fees in connection with or related to the restatement and the risk of potential stockholder litigation. If lawsuits are filed, we may incur additional substantial defense costs regardless of the outcome of such litigation. Likewise, such events might cause a diversion of our management's time and attention. If we do not prevail in any such litigation, we could be required to pay substantial damages or settlement costs. In addition, the restatement may lead to a loss of investor confidence and have negative impacts on the trading price of our common stock.

We have identified a material weakness in our internal control over financial reporting which could, if not remediated, result in additional material misstatements in our financial statements. Our management is responsible for establishing and maintaining adequate internal control over our financial reporting, as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended. As disclosed in Item 9A of this Form 10-K/A, management identified a material weakness in our internal control over financial reporting based upon our identification of certain errors related to our method of accounting for revenue from certain bundled software multi-element agreements. A material

weakness is defined as a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. As a result of this material weakness, our management concluded that the Company did not maintain effective internal control over financial reporting as of June 30, 2014. Our Annual Report on Form 10-K for the year ended June 30, 2014 has been amended by this Amendment No. 1 on Form 10-K/A to, among other things, reflect the change in management's conclusion regarding the

effectiveness of our disclosure controls and procedures and internal control over financial reporting as of June 30, 2014, as discussed in Item 8 and Item 9A of this Form 10-K/A.

We are actively engaged in developing a remediation plan designed to address this material weakness. If our remedial measures are insufficient to address the material weakness, or if additional material weaknesses or significant deficiencies in our internal control are discovered or occur in the future, our consolidated financial statements may contain material misstatements and we could be required to restate our financial results, which could materially and adversely affect the Company's business and results of operations or financial condition, restrict its ability to access the capital markets, require the Company to expend significant resources to correct the weaknesses or deficiencies, subject it to fines, penalties or judgments, harm its reputation or otherwise cause a decline in investor confidence. Operational failure in our outsourcing facilities could expose us to damage claims, increase regulatory scrutiny and cause us to lose customers. Damage or destruction that interrupts our outsourcing operations could cause delays and failures in customer processing which could hurt our relationship with customers, expose us to damage claims, and cause us to incur substantial additional expense to relocate operations and repair or replace damaged equipment. Our back-up systems and procedures may not prevent disruption, such as a prolonged interruption of our transaction processing services. In the event that an interruption extends for more than several hours, we may experience data loss or a reduction in revenues by reason of such interruption. In 2012, we experienced a disruption to our operations at our Lyndhurst, NJ processing center as a result of Super Storm Sandy. Any significant interruption of service could reduce revenue, have a negative impact on our reputation, result in damage claims, lead our present and potential customers to choose other service providers, and lead to increased regulatory scrutiny of the critical services we provide to financial institutions, with resulting increases in compliance burdens and costs.

Failures associated with payment transactions could result in financial loss. The volume and dollar amount of payment transactions that we process is very large and continues to grow. We settle funds on behalf of financial institutions, other businesses and consumers and receive funds from clients, card issuers, payment networks and consumers on a daily basis for a variety of transaction types. Transactions facilitated by us include debit card, credit card, electronic bill payment transactions, Automated Clearing House ("ACH") payments and check clearing that supports consumers, financial institutions and other businesses. If the continuity of operations, integrity of processing, or ability to detect or prevent fraudulent payments were compromised in connection with payments transactions, this could result in financial as well as reputational loss to us. In addition, we rely on various financial institutions to provide ACH services in support of funds settlement for certain of our products. If we are unable to obtain such ACH services in the future, that could have a material adverse effect on our business, financial position and results of operations. In addition, we may issue credit to consumers, financial institutions or other businesses as part of the funds settlement. A default on this credit by a counterparty could result in a financial loss to us.

Security problems could damage our reputation and business. We rely on industry-standard encryption, network and Internet security systems, most of which we license from third parties, to provide the security and authentication necessary to effect secure transmission of data. Our services and infrastructure are increasingly reliant on the Internet. Computer networks and the Internet are vulnerable to unauthorized access, computer viruses and other disruptive problems such as denial of service attacks and other forms of cyber-terrorism. Individual personal computers can be stolen, and customer data media can be lost in shipment. Under state and proposed federal laws requiring consumer notification of security breaches, the costs to remediate security breaches can be substantial. Advances in computer capabilities, new discoveries in the field of cryptography or other events or developments may render our security measures inadequate. Security risks may result in liability to our customers, damage to our reputation, and may deter financial institutions from purchasing our products. We will continue to expend significant capital and other resources protecting against the threat of security breaches, and we may need to expend resources alleviating problems caused by breaches. Eliminating computer viruses and addressing other security problems may result in interruptions, delays or cessation of service to users, any of which could harm our business.

Our business may be adversely impacted by U.S. and global market and economic conditions. We derive most of our revenue from products and services we provide to the financial services industry. If the economic environment worsens, we could face a reduction in demand from current and potential clients for our products and services, which could have a material adverse effect on our business, results of operations and financial condition. In addition, a growing portion of our revenue is derived from transaction processing fees, which depend heavily on levels of



consumer and business spending. Deterioration in general economic conditions could reduce transaction volumes and the Company's related revenues.

Changes in the banking and credit union industry could reduce demand for our products. Cyclical fluctuations in economic conditions affect profitability and revenue growth at commercial banks and credit unions. Unfavorable economic conditions negatively affect the spending of banks and credit unions, including spending on computer software

and hardware. Such conditions could reduce both our sales to new customers and upgrade/complementary product sales to existing customers. The Company could also experience the loss of customers due to their acquisition or financial failure.

Competition or general economic conditions may result in decreased demand or require price reductions or other concessions to customers which could result in lower margins and reduce income. We vigorously compete with a variety of software vendors and service providers in all of our major product lines. We compete on the basis of product quality, reliability, performance, ease of use, quality of support and services, integration with other products and pricing. Some of our competitors may have advantages over us due to their size, product lines, greater marketing resources, or exclusive intellectual property rights. If competitors offer more favorable pricing, payment or other contractual terms, warranties, or functionality, or if general economic conditions decline such that customers are less willing or able to pay the cost of our products and services, we may need to lower prices or offer favorable terms in order to successfully compete.

The loss of key employees could adversely affect our business. We depend on the contributions and abilities of our senior management and other key employees. Our Company has grown significantly in recent years and our management remains concentrated in a small number of highly qualified individuals. If we lose one or more of our key employees, we could suffer a loss of sales and delays in new product development, and management resources would have to be diverted from other activities to compensate for this loss. We do not have employment agreements with any of our executive officers.

The services we provide to our customers are subject to government regulation that could hinder the development of our business, increase costs, or impose constraints on the way we conduct our operations. The financial services industry is subject to extensive and complex federal and state regulation. As a supplier of services to financial institutions, portions of our operations are examined by the Office of the Comptroller of the Currency, the Federal Reserve Board, the Federal Deposit Insurance Corporation, and the National Credit Union Association, among other regulatory agencies. These agencies regulate services we provide and the manner in which we operate, and we are required to comply with a broad range of applicable laws and regulations.

In December 2013 we entered into an agreement with The Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Reserve Bank of St. Louis, which together regulate the Company's operations as the Federal Financial Institutions Examination Council ("FFIEC"). In 2012, operations at the Company's Lyndhurst, NJ processing center were temporarily but significantly disrupted by Super Storm Sandy, impacting the financial institutions served by that facility until the Company was able to return to normal operations. The agreement commits the Company to a process of assessing, improving and monitoring its disaster recovery and business continuity plans and the management of related risks across the Company. The agreement also commits the Company to a process of reporting on corrective actions and to monitoring of its compliance with applicable regulations and guidance from the Regulators and the FFIEC. Regular reports of progress have been made to clients and to the regulators. The Company has met all of the deadlines stipulated in the agreement and continues to mature the identified processes with the objective of achieving full compliance. We are unable to predict what effect, if any, this agreement will have on our business. Failure to comply with the agreement could have a material adverse effect on our business.

In addition, existing laws, regulations, and policies could be amended or interpreted differently by regulators in a manner that imposes additional costs and has a negative impact on our existing operations or that limits our future growth or expansion. The Dodd-Frank Wall Street Reform and Consumer Protection Act, signed into law in 2010, significantly changed the regulation of the financial services industry, producing new regulatory agencies and voluminous new regulations, many of which are still being written. These new regulations may require additional programming or other costly changes in our processes or personnel. Our customers are also regulated entities, and actions by regulatory authorities could determine both the decisions they make concerning the purchase of data processing and other services and the timing and implementation of these decisions. Concerns are growing with respect to the use, confidentiality, and security of private customer information. Regulatory agencies, Congress and state legislatures are considering numerous regulatory and statutory proposals to protect the interests of consumers and to require compliance with standards and policies that have not been defined.

The software we provide to our customers is also affected by government regulation. We are generally obligated to our customers to provide software solutions that comply with applicable federal and state regulations. In particular,

numerous new regulations have been proposed and are still being written to implement the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Substantial software research and development and other corporate resources have been and will continue to be applied to adapt our software products to this evolving, complex and often unpredictable regulatory environment. Our failure to provide compliant solutions could result in significant fines or consumer liability on our customers, for which we may bear ultimate liability.

7

---

Our failure to comply with regulations or to meet regulatory expectations could adversely affect our business and results of operations. While much of our operations are not directly subject to regulations applicable to financial institutions, as a provider of processing services to such institutions, we are examined on a regular basis by various regulatory authorities. If we fail to comply with applicable regulations or guidelines, we could be subject to regulatory actions or rating changes and suffer harm to our customer relationships and reputation. Such failures could require significant expenditures to correct and could negatively affect our ability to retain customers and obtain new customers.

If we fail to adapt our products and services to changes in technology and the markets we serve, we could lose existing customers and be unable to attract new business. The markets for our software and hardware products and services are characterized by changing customer and regulatory requirements and rapid technological changes. These factors and new product introductions by our existing competitors or by new market entrants could reduce the demand for our existing products and services and we may be required to develop or acquire new products and services. Our future success is dependent on our ability to enhance our existing products and services in a timely manner and to develop or acquire new products and services. If we are unable to develop or acquire new products and services as planned, or if we fail to sell our new or enhanced products and services, we may incur unanticipated expenses or fail to achieve anticipated revenues.

Our growth may be affected if we are unable to find or complete suitable acquisitions. We have augmented the growth of our business with a number of acquisitions and we plan to continue to acquire appropriate businesses, products and services. This strategy depends on our ability to identify, negotiate and finance suitable acquisitions. Substantial recent merger and acquisition activity in our industry has affected the availability and pricing of such acquisitions. If we are unable to acquire suitable acquisition candidates, we may experience slower growth.

If others claim that we have infringed their intellectual property rights, we could be liable for significant damages or could be required to change our processes. We have agreed to indemnify many of our customers against claims that our products and services infringe on the proprietary rights of others. Infringement claims have been and will in the future be asserted with regard to our software solutions and services. Such claims, whether with or without merit, are time-consuming, may result in costly litigation and may not be resolved on terms favorable to us. If our defense of such claims is not successful, we could be forced to pay damages or could be subject to injunctions that would cause us to cease making or selling certain applications or force us to redesign applications.

Consolidation and failures of financial institutions will continue to reduce the number of our customers and potential customers. Our primary market consists of approximately 6,800 commercial and savings banks and 6,800 credit unions. The number of commercial banks and credit unions has decreased because of failures over the last few years and mergers and acquisitions over the last several decades and is expected to continue to decrease as more consolidation occurs.

Acquisitions may be costly and difficult to integrate. We have acquired a number of businesses in the last decade and will continue to explore acquisitions in the future. We may not be able to successfully integrate acquired companies. We may encounter problems with the integration of new businesses including: financial control and computer system compatibility; unanticipated costs; unanticipated quality or customer problems with acquired products or services; differing regulatory and industry standards; diversion of management's attention; adverse effects on existing business relationships with suppliers and customers; loss of key employees; and significant amortization expenses related to acquired assets. To finance future acquisitions, we may have to increase our borrowing or sell equity or debt securities to the public. If we fail to integrate our acquisitions, our business, financial condition and results of operations could be materially and adversely affected. Failed acquisitions could also produce material and unpredictable impairment charges as we periodically review our acquired assets.

We may not be able to manage growth. We have grown both internally and through acquisitions. Our expansion has and will continue to place significant demands on our administrative, operational, financial and management personnel and systems. We may not be able to enhance and expand our product lines, manage costs, adapt our infrastructure and modify our systems to accommodate future growth.

Expansion of services to non-traditional customers could expose us to new risks. Some of our recent acquisitions include business lines that are marketed outside our traditional, regulated, and litigation-averse base of financial institution customers. These non-regulated customers may entail greater operational, credit and litigation risks than we

have faced before and could result in increases in bad debts and litigation costs.

Failure to achieve favorable renewals of service contracts could negatively affect our outsourcing business. Our contracts with our customers for outsourced data processing services generally run for a period of five or more years. Because of the rapid growth of our outsourcing business over the last five years, we will experience greater numbers of these contracts coming up for renewal over the next few years. Renewal time presents our customers with

8

---

the opportunity to consider other providers or to renegotiate their contracts with us. If we are not successful in achieving high renewal rates upon favorable terms, our outsourcing revenues and profit margins will suffer.

## PART II

### ITEM 6. SELECTED FINANCIAL DATA

The selected financial information for the fiscal years ended June 30, 2014, 2013, and 2012 and as of June 30, 2014 and 2013, was derived from audited consolidated financial statements included in this amended filing and has been revised for the effects of the restatement more fully described in Note 15 - Restatement of Consolidated Financial Statements which is included in "Financial Statements and Supplementary Data" in Item 8 of this 2014 Amended Annual Report on Form 10-K/A. The selected financial information for the years ended June 30, 2011 and 2010 and as of June 30, 2012, 2011 and 2010 was derived from previously audited consolidated financial statements not included in this filing; however, such financial information has been similarly revised for the effects of the restatement.

The following selected financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements and related notes thereto, especially as the information pertains to 2012, 2011 and 2010 activity.

#### Selected Financial Data

(In Thousands, Except Per Share Data)

	YEAR ENDED JUNE 30,				
	2014	2013	2012	2011	2010
Income Statement Data	As Restated	As Restated	As Restated	As Restated	As Restated
	(2)	(2)	(2) (3)	(3)	(3)
Revenue (1)	\$1,173,173	\$1,107,524	\$1,017,667	\$946,394	\$832,777
Income from continuing operations	\$186,715	\$167,610	\$152,040	\$128,394	\$116,722
Basic net income per share, continuing operations	\$2.20	\$1.95	\$1.76	\$1.49	\$1.38
Diluted net income per share, continuing operations	\$2.19	\$1.94	\$1.74	\$1.48	\$1.37
Dividends declared per share	\$0.840	\$0.560	\$0.440	\$0.400	\$0.360
Balance Sheet Data					
Total deferred revenue	\$492,868	\$439,596	\$409,139	\$398,800	\$358,811
Total assets	\$1,680,703	\$1,672,386	\$1,655,652	\$1,537,158	\$1,586,168
Long-term debt	\$3,729	\$7,366	\$106,166	\$127,939	\$272,732
Stockholders' equity	\$967,387	\$1,015,816	\$935,738	\$835,403	\$715,076

(1) Revenue includes license sales, support and service revenues, and hardware sales, less returns and allowances.

(2) The effects of the restatement on the Company's consolidated balance sheets as of June 30, 2014 and 2013 and consolidated statements of income for the fiscal years ended June 30, 2014, 2013 and 2012 are described in the "Explanatory Note" immediately preceding Part I, Item 1A and Note 15, "Restatement of Consolidated Financial Statements," in Notes to Consolidated Financial Statements of this Form 10-K/A.

(3) Selected Financial Data for the fiscal years ended June 30, 2012, 2011 and 2010 has also been restated to reflect adjustments related to the errors described in the "Explanatory Note" immediately preceding Part I, Item 1A of this Form 10-K. The effects of the restatement on the Company's consolidated balance sheets as of June 30, 2012, 2011 and 2010 and consolidated statements of income for the fiscal years ended June 30, 2011 and 2010 are shown below.

	YEAR ENDED JUNE 30, 2012		
	As Reported	Effect of Restatement	As Restated
Balance Sheet Data			
Total deferred revenue	\$296,000	\$113,139	\$409,139
Total assets	\$1,619,492	\$36,160	\$1,655,652
Long-term debt	\$106,166	\$—	\$106,166
Stockholders' equity	\$983,056	\$(47,318)	\$935,738



Table of Contents

	YEAR ENDED JUNE 30, 2011		
Income Statement Data	As Reported	Effect of Restatement	As Restated
Revenue (1)	\$966,897	\$(20,503)	) \$946,394
Income from continuing operations	\$137,471	\$(9,077)	) \$128,394
Basic net income per share, continuing operations	\$1.60	\$(0.11)	) \$1.49
Diluted net income per share, continuing operations	\$1.59	\$(0.10)	) \$1.48
Dividends declared per share	\$0.400	\$—	\$0.400
Balance Sheet Data			
Total deferred revenue	\$295,104	\$103,696	\$398,800
Total assets	\$1,505,797	\$31,361	\$1,537,158
Long-term debt	\$127,939	\$—	\$127,939
Stockholders' equity	\$879,776	\$(44,373)	) \$835,403
	YEAR ENDED JUNE 30, 2010		
Income Statement Data	As Reported	Effect of Restatement	As Restated
Revenue (1)	\$836,586	\$(3,809)	) \$832,777
Income from continuing operations	\$117,870	\$(1,148)	) \$116,722
Basic net income per share, continuing operations	\$1.39	\$(0.01)	) \$1.38
Diluted net income per share, continuing operations	\$1.38	\$(0.01)	) \$1.37
Dividends declared per share	\$0.360	\$—	\$0.360
Balance Sheet Data			
Total deferred revenue	\$275,617	\$83,194	\$358,811
Total assets	\$1,560,560	\$25,608	\$1,586,168
Long-term debt	\$272,732	\$—	\$272,732
Stockholders' equity	\$750,372	\$(35,296)	) \$715,076

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following section provides management's view of the financial condition and results of operations and should be read in conjunction with the Selected Financial Data, the audited Consolidated Financial Statements, and related notes included elsewhere in this report.

All of the financial information presented in this Item 7 has been revised to reflect the restatement of our consolidated financial statements more fully described in Note 15 - Restatement of Consolidated Financial Statements which is included in "Financial Statements and Supplementary Data" in Item 8 of this 2014 Amended Annual Report on Form 10-K/A.

**OVERVIEW**

Jack Henry & Associates, Inc. (JHA) is headquartered in Monett, Missouri, employs approximately 5,600 associates nationwide, and is a leading provider of technology solutions and payment processing services primarily for financial services organizations. Its solutions serve nearly 11,300 customers and are marketed and supported through three primary brands. Jack Henry Banking® supports banks ranging from community to mid-tier, multi-billion dollar institutions with information and transaction processing solutions. Symitar® is a leading provider of information and transaction processing solutions for credit unions of all sizes. ProfitStars® provides specialized products and services that enable financial institutions of every asset size and charter, and diverse corporate entities outside the financial services industry, to mitigate and control risks, optimize revenue and growth opportunities, and contain costs. JHA's integrated solutions are available for in-house installation and outsourced and hosted delivery.

Each of our brands share the fundamental commitment to provide high quality business solutions, service levels that consistently exceed customer expectations, integration of solutions and practical new technologies. The quality of our





## Table of Contents

solutions, our high service standards, and the fundamental way we do business typically foster long-term customer relationships, attract prospective customers, and have enabled us to capture substantial market share. Through internal product development, disciplined acquisitions, and alliances with companies offering niche solutions that complement our proprietary solutions, we regularly introduce new products and services and generate new cross-sales opportunities across our three business brands. We provide compatible computer hardware for our in-house installations and secure processing environments for our outsourced and hosted solutions. We perform data conversions, software implementations, initial and ongoing customer training, and ongoing customer support services. Our primary competitive advantage is customer service. Our support infrastructure and strict standards provide service levels we believe to be the highest in the markets we serve and generate high levels of customer satisfaction and retention. We consistently measure customer satisfaction using comprehensive annual surveys and random surveys we receive in our everyday business. Dedicated surveys are also used to grade specific aspects of our customer experience, including product implementation, education, and consulting services.

The majority of our revenue is derived from recurring outsourcing fees and transaction processing fees that predominantly have contract terms of five years or greater at inception. Support and service fees also include in-house maintenance fees on primarily annual contract terms. Less predictable software license fees and hardware sales complement our primary revenue sources. We continually seek opportunities to increase revenue while at the same time containing costs to expand margins.

During the last five fiscal years, our revenues have grown from \$832,777 in fiscal 2010 to \$1,173,173 in fiscal 2014. Income from continuing operations has grown from \$116,722 in fiscal 2010 to \$186,715 in fiscal 2014. This growth has resulted primarily from internal expansion.

We have two reportable segments: bank systems and services and credit union systems and services. The respective segments include all related license, support and service, and hardware sales along with the related cost of sales. We continue to focus on our objective of providing the best integrated solutions, products and customer service to our clients. We are cautiously optimistic regarding ongoing economic improvement and expect our clients to continue investing in our products and services to improve their operating efficiencies and performance. We anticipate that consolidation within the financial services industry will continue. Regulatory conditions and legislation such as the Dodd-Frank Wall Street Reform and Consumer Protection Act will continue to impact the financial services industry and could motivate some financial institutions to postpone discretionary spending.

A detailed discussion of the major components of the results of operations follows. All dollar amounts are in thousands and discussions compare fiscal 2014 to fiscal 2013 and compare fiscal 2013 to fiscal 2012.

## RESULTS OF OPERATIONS

### FISCAL 2014 COMPARED TO FISCAL 2013

In fiscal 2014, revenues increased 6% or \$65,649 compared to the prior year due primarily to strong growth in all components of support and service revenues, particularly our electronic payment services and our outsourcing services. The growth in revenue and the Company's continued focus on cost management continued to drive up gross margins, which has resulted in a 7% increase in gross profit.

Operating expenses decreased 2% for the year mainly due to \$12,436 of expenses in the prior year related to the impact of Hurricane Sandy flooding on our Lyndhurst, New Jersey item processing center. Provision for income taxes increased over the prior year. The prior year provision for income tax was low due to the tax impact of the Lyndhurst, New Jersey expenses and the release of previously unrecognized tax benefits. Increased revenue and gross margin, coupled with the above changes, resulted in a combined 11% increase in net income for fiscal 2014.

We move into fiscal 2015 following record revenue achieved in fiscal 2014. Significant portions of our business continue to come from recurring revenue and our healthy sales pipeline is also encouraging. Our customers continue to face regulatory and operational challenges which our products and services address, and in these times they have an even greater need for our solutions that directly address institutional profitability and efficiency. Our strong balance sheet, access to extensive lines of credit, the strength of our existing product line and an unwavering commitment to superior customer service position us well to address current and future opportunities.

REVENUE

11

---

Table of Contents

License Revenue	Year Ended June 30,		% Change
	2014	2013	
License	\$2,184	\$5,366	(59 )%
Percentage of total revenue	<1%	<1%	

License revenue represents the sale and delivery of application software systems contracted with us by the customer, that are not part of a bundled arrangement. We license our proprietary software products under standard license agreements that typically provide the customer with a non-exclusive, non-transferable right to use the software on a single computer and for a single financial institution.

Non-bundled license revenue decreased due mainly to a decrease in standalone license sales in our banking segment. Such license fees will fluctuate as non-bundled license sales are sporadic in nature.

Support and Service Revenue	Year Ended June 30,		% Change
	2014	2013	
Support and service	\$1,112,331	\$1,042,801	7 %
Percentage of total revenue	95 %	94 %	%

	Year over Year		
	\$ Change	% Change	
In-House Support & Other Services	\$11,762	4	%
Electronic Payment Services	37,158	9	%
Outsourcing Services	21,408	10	%
Implementation Services	2,792	4	%
Bundled Products & Services	(3,590 )	(6 )	%
Total Increase	\$69,530		

Support and service revenues are generated from annual support to assist the customer in operating their systems and to enhance and update the software, electronic payment services, outsourced data processing services, implementation services (including conversion, installation, configuration and training) and revenue from our bundled software multi-element agreements.

In-house support and other services revenue increased due to annual maintenance renewal fee increases for both core and complementary products as our customers' assets grow. The increase compared to the prior year was consistent across all four fiscal quarters.

Electronic payment services continue to experience the largest dollar growth. The revenue increases are attributable to strong performance across debit/credit card transaction processing services, online bill payment services and ACH processing. The increase compared to the prior year was consistent across all four fiscal quarters.

Outsourcing services for banks and credit unions continue to drive revenue growth as customers continue to show a preference for outsourced delivery of our solutions. We expect the trend towards outsourced product delivery to benefit outsourcing services revenue for the foreseeable future. Revenues from outsourcing services are typically earned under multi-year service contracts and therefore provide a long-term stream of recurring revenues.

Implementation services include implementation services for our outsourcing and electronic payment services customers as well as standalone customization services, merger conversion services, image conversion services and network monitoring services. Implementation services revenue increased due mainly to increased implementations of our credit union core products, particularly in the second and third quarters of the fiscal year.

Bundled products and services revenue is combined revenue from the multiple elements in our bundled arrangements, including license, implementation services and maintenance, which cannot be recognized separately due to a lack of vendor-specific objective evidence of fair value. Bundled products and services revenue decreased from last year mainly due to decreased revenues from our core and complementary banking products, particularly image solutions, throughout the fiscal year. Additionally, the decrease was furthered due to a decrease in core credit union products in the fourth quarter compared to the same quarter in the prior year.



Table of Contents

Hardware Revenue	Year Ended June 30,		% Change
	2014	2013	
Hardware	\$58,658	\$59,357	(1 )%
Percentage of total revenue	5	% 5	%

The Company has entered into remarketing agreements with several hardware manufacturers under which we sell computer hardware, hardware maintenance and related services to our customers. Revenue related to hardware sales is recognized when the hardware is shipped to our customers.

Hardware revenue decreased slightly. Although there will be continuing quarterly fluctuations, we expect there to be an overall decreasing trend in hardware sales due to the change in sales mix towards outsourcing contracts, which typically do not include hardware, and the general deflationary trend of computer prices.

**COST OF SALES AND GROSS PROFIT**

Cost of license represented the cost of software from third party vendors through remarketing agreements associated with non-bundled application software licenses. These costs were recognized when license revenue was recognized. Cost of support and service represented costs associated with conversion and implementation efforts, ongoing support for our in-house customers, operation of our data and item centers providing services for our outsourced customers, electronic payment services and direct operating costs. These costs were recognized as they were incurred or, for direct costs associated with obtaining and implementing our bundled arrangements, deferred and recognized ratably as the related revenues for these arrangements are recognized, which typically begins when PCS is the only remaining undelivered element, and ends at the end of the initial bundled PCS term. Cost of hardware consisted of the direct and indirect costs of purchasing the equipment from the manufacturers and delivery to our customers. These costs were recognized at the same time as the related hardware revenue was recognized. Ongoing operating costs to provide support to our customers were recognized as they were incurred.

	Year Ended June 30,		% Change
	2014	2013	
Cost of License	\$908	\$860	6 %
Percentage of total revenue	<1%	<1%	
License Gross Profit	\$1,276	\$4,506	(72 )%
Gross Profit Margin	58	% 84	%
Cost of support and service	\$634,756	\$601,620	6 %
Percentage of total revenue	54	% 54	%
Support and Service Gross Profit	\$477,575	\$441,181	8 %
Gross Profit Margin	43	% 42	%
Cost of hardware	\$43,708	\$43,650	— %
Percentage of total revenue	5	% 5	%
Hardware Gross Profit	\$14,950	\$15,707	(5 )%
Gross Profit Margin	25	% 26	%
<b>TOTAL COST OF SALES</b>	\$679,372	\$646,130	5 %
Percentage of total revenue	58	% 58	%
<b>TOTAL GROSS PROFIT</b>	\$493,801	\$461,394	7 %
Gross Profit Margin	42	% 42	%

Cost of license consists of the direct costs of third party software. Sales of third party software products increased compared to last year, causing a decrease in gross profit margins.

Gross profit margins in support and service increased due to economies of scale realized from increased revenues, particularly in electronic payment services. Although margins fluctuated slightly throughout the quarters of the current

fiscal year due to sales mix, the trend in electronic payment services was consistent through all four quarters.

Table of Contents

In general, changes in cost of hardware trend consistently with hardware revenue. For the fiscal year, margins are slightly lower due to decreased sales of higher margin hardware upgrade products.

## OPERATING EXPENSES

Selling and Marketing	Year Ended June 30,		% Change	
	2014	2013		%
Selling and marketing	\$85,443	\$80,811	6	%
Percentage of total revenue	7	% 7	%	

Dedicated sales forces, inside sales teams, technical sales support teams and channel partners conduct our sales efforts for our two reportable segments, and are overseen by regional sales managers. Our sales executives are responsible for pursuing lead generation activities for new core customers. Our account executives nurture long-term relationships with our client base and cross sell our many complementary products and services.

Selling and marketing expenses for the year increased mainly due to higher commission expenses and a general increase in sales headcount and related salaries. This is in line with increased sales volume of long term service contracts on which commissions are paid as a percentage of total revenue, and was consistent across all quarters of the fiscal year.

Research and Development	Year Ended June 30,		% Change	
	2014	2013		%
Research and development	\$66,748	\$63,202	6	%
Percentage of total revenue	6	% 6	%	

We devote significant effort and expense to develop new software, service products and continually upgrade and enhance our existing offerings. Typically, we upgrade our various core and complementary software applications once per year. We believe our research and development efforts are highly efficient because of the extensive experience of our research and development staff and because our product development is highly customer-driven.

Research and development expenses increased primarily due to increased headcount and related salaries, with all quarters in the fiscal year being driven by a 6% increase in headcount in the first quarter.

General and Administrative	Year Ended June 30,		% Change	
	2014	2013		%
General and administrative	\$53,312	\$66,624	(20)	)%
Percentage of total revenue	5	% 6	%	

General and administrative costs include all expenses related to finance, legal, human resources, plus all administrative costs.

General and administrative expenses in the current year includes \$2,900 in the second quarter for insurance recoveries of costs related to the impact of Hurricane Sandy flooding on our Lyndhurst, New Jersey item processing center, whereas the prior year (mostly the second quarter) includes \$12,436 of expenses related to the same event. General and administrative expenses, excluding the Lyndhurst expenses and subsequent insurance recoveries, increased slightly year-over-year due to additional headcount and related salaries.

INTEREST INCOME AND EXPENSE	Year Ended June 30,		% Change	
	2014	2013		%
Interest Income	\$377	\$640	(41)	)%
Interest Expense	\$(1,105)	\$(6,337)	(83)	)%

Interest income fluctuated due to changes in invested balances and yields on invested balances. Interest expense decreased due to full repayment of our term loan in the fourth quarter of fiscal 2013.





Table of Contents**PROVISION FOR INCOME TAXES**

The provision for income taxes was \$100,855 or 35.1% of income before income taxes in fiscal 2014 compared with \$77,450 or 31.6% of income before income taxes in fiscal 2013. The increase in the effective tax rate was primarily due to the recognition of previously unrecognized tax benefits during the prior year following the close of an Internal Revenue Service audit of fiscal years 2010 and 2011, as well as the retroactive extension of the research and experimentation credit during the prior year.

**NET INCOME**

Net income increased from \$167,610, or \$1.94 per diluted share, in fiscal 2013 to \$186,715, or \$2.19 per diluted share, in fiscal 2014.

**FISCAL 2013 COMPARED TO FISCAL 2012**

In fiscal 2013, revenues increased 9% or \$89,857 compared to the prior year due primarily to strong growth in all components of support and service revenues, particularly our electronic payment services and our outsourcing services. The growth in revenue and the Company's continued focus on cost management continued to drive up gross margins, which resulted in a 10% increase in gross profit.

Operating expenses increased 13% for the year mainly due to expenses related to the impact of widespread flooding caused by Hurricane Sandy on our Lyndhurst, New Jersey item processing center. Expenses related to this event totaled \$12,475 for fiscal 2013, net of \$2,390 insurance recoveries received in the year.

Increased revenue and gross margins, partially offset by increased operating expenses, resulted in a combined 10% increase in net income for fiscal 2013.

**REVENUE**

License Revenue	Year Ended		% Change	
	June 30,	2012		
	2013			
License	\$5,366	\$5,652	(5	)%
Percentage of total revenue	<1%	1	%	

License revenue represents the sale and delivery of application software systems contracted with us by the customer, that are not part of a bundled arrangement. We license our proprietary software products under standard license agreements that typically provide the customer with a non-exclusive, non-transferable right to use the software on a single computer and for a single financial institution.

Non-bundled license revenue decreased due mainly to a small decrease in standalone license sales in our credit union segment. Such license fees will fluctuate as non-bundled license sales are sporadic in nature.

Support and Service Revenue	Year Ended		% Change	
	June 30,	2012		
	2013			
Support and service	\$1,042,801	\$948,893	10	%
Percentage of total revenue	94	% 93	%	

	Year over Year Change		
	\$ Change	% Change	
In-House Support & Other Services	\$9,710	3	%
Electronic Payment Services	58,052	17	%
Outsourcing Services	23,017	12	%
Implementation Services	12,796	25	%
Bundled Products & Services	(9,667	) (13	)%
Total Increase	\$93,908		

Support and service revenues are generated from annual support to assist the customer in operating their systems and to enhance and update the software, electronic payment services, outsourced data processing services, implementation services (including conversion, installation, configuration and training) and revenue from our bundled



Table of Contents

software multi-element agreements. There was growth in most components of support and service revenue in fiscal 2013.

In-house support and other services revenue increased due to annual maintenance fee increases as our customers' assets grew. Revenue from our complementary products also grew as the total number of supported in-house products grew. Electronic payment services continued to experience the largest growth. The revenue increases were attributable to strong performance across debit/credit card processing services, online bill payment services and ACH processing. Outsourcing services for banks and credit unions continued to drive revenue growth as customers continue to show a preference for outsourced delivery of our solutions. Revenues from outsourcing services are typically earned under multi-year service contracts and therefore provide a long-term stream of recurring revenues.

Implementation services include implementation services for our outsourcing and electronic payment services customers as well as standalone customization services, merger conversion services, image conversion services and network monitoring services. Implementation services revenue increased due mainly to increased implementations of our core Banking and Credit Union platform products and related complementary products, coupled with higher merger conversion revenues from our core banking platform and outsourcing products.

Bundled products and services revenue is combined revenue from the multiple elements in our bundled arrangements, including license, implementation services and maintenance, which cannot be recognized separately due to a lack of vendor-specific objective evidence of fair value. Bundled products and services decreased from last year mainly due to decreased revenues from our core and complementary banking products (consistent across all quarters of the fiscal year) and decreased revenues from our suite of remote deposit capture, particularly in the third and fourth quarters compared to the prior fiscal year.

Hardware Revenue	Year Ended		% Change
	June 30, 2013	2012	
Hardware	\$59,357	\$63,122	(6)%
Percentage of total revenue	7%	8%	

The Company has entered into remarketing agreements with several hardware manufacturers under which we sell computer hardware, hardware maintenance and related services to our customers. Revenue related to hardware sales is recognized when the hardware is shipped to our customers.

Hardware revenue decreased due to a decrease in the number of third party hardware systems and components delivered.

**COST OF SALES AND GROSS PROFIT**

Cost of license represented the cost of software from third party vendors through remarketing agreements associated with non-bundled application software licenses. These costs were recognized when license revenue was recognized. Cost of support and service represented costs associated with conversion and implementation efforts, ongoing support for our in-house customers, operation of our data and item centers providing services for our outsourced customers, electronic payment services and direct operating costs. These costs were recognized as they were incurred or, for direct costs associated with obtaining and implementing our bundled arrangements, deferred and recognized ratably as the related revenues for these arrangements are recognized, which typically begins when PCS is the only remaining undelivered element, and ends at the end of the initial bundled PCS term. Cost of hardware consisted of the direct and indirect costs of purchasing the equipment from the manufacturers and delivery to our customers. These costs were recognized at the same time as the related hardware revenue was recognized. Ongoing operating costs to provide support to our customers were recognized as they were incurred.

Table of Contents

	Year Ended		% Change	
	June 30, 2013	2012		
Cost of License	\$860	\$2,291	(62	)%
Percentage of total revenue	<1%	<1%		
License Gross Profit	\$4,506	\$3,361	34	%
Gross Profit Margin	84	% 59	%	
Cost of support and service	\$601,620	\$550,570	9	%
Percentage of total revenue	54	% 54	%	
Support and Service Gross Profit	\$441,181	\$398,323	11	%
Gross Profit Margin	42	% 42	%	
Cost of hardware	\$43,650	\$45,983	(5	)%
Percentage of total revenue	4	% 5	%	
Hardware Gross Profit	\$15,707	\$17,139	(8	)%
Gross Profit Margin	26	% 27	%	
TOTAL COST OF SALES	\$646,130	\$598,844	8	%
Percentage of total revenue	58	% 59	%	
TOTAL GROSS PROFIT	\$461,394	\$418,823	10	%
Gross Profit Margin	42	% 41	%	

Cost of license consisted of the direct costs of third party software. Sales of third party software products decreased compared to the prior year, leading to lower related costs and increased gross profit margins.

Gross profit margins in support and service remained consistent with the prior year.

In general, changes in cost of hardware trended consistently with hardware revenue. For the fiscal year, margins decreased slightly, impacted by reduced sales of higher margin products related to hardware upgrades.

**OPERATING EXPENSES**

	Year Ended		% Change	
	June 30, 2013	2012		
Selling and Marketing				
Selling and marketing	\$80,811	\$76,236	6	%
Percentage of total revenue	7	% 7	%	

Dedicated sales forces, inside sales teams, technical sales support teams and channel partners conducted our sales efforts for our two reportable segments, and were overseen by regional sales managers. Our sales executives were responsible for pursuing lead generation activities for new core customers. Our account executives nurtured long-term relationships with our client base and cross sold our many complementary products and services.

Selling and marketing expenses for the year increased mainly due to higher commission expenses. This is in line with increased sales volume of long term service contracts on which commissions were paid as a percentage of total revenue.

	Year Ended		% Change	
	June 30, 2013	2012		
Research and Development				
Research and development	\$63,202	\$60,876	4	%
Percentage of total revenue	6	% 6	%	

We devote significant effort and expense to develop new software, service products and continually upgrade and enhance our existing offerings. Typically, we upgrade our various core and complementary software applications once

Table of Contents

per year. We believe our research and development efforts are highly efficient because of the extensive experience of our research and development staff and because our product development is highly customer-driven.

Research and development expenses increased primarily due to increased salary costs.

General and Administrative	Year Ended		% Change	
	June 30, 2013	2012	33	%
General and administrative	\$66,624	\$50,119	33	%
Percentage of total revenue	6	% 5		%

General and administrative costs included all expenses related to finance, legal, human resources, plus all administrative costs. General and administrative expenses increased compared to the prior year due mainly to \$12,475 of expenses (mostly incurred in the second quarter), net of \$2,390 insurance recoveries received, related to the impact of widespread flooding caused by Hurricane Sandy on our Lyndhurst, New Jersey item processing center.

INTEREST INCOME AND EXPENSE	Year Ended		% Change	
	June 30, 2013	2012	(46)	)%
Interest Income	\$640	\$1,176	(46)	)%
Interest Expense	\$(6,337)	\$(5,743)	10	%

Interest income was unusually high in the prior year, mainly from contractual interest income on previously uncollected deconversion revenues. Interest expense increased from the prior year due to costs related to the early payment of the term loan during fiscal 2013.

**PROVISION FOR INCOME TAXES**

The provision for income taxes was \$77,450 or 31.6% of income before income taxes in fiscal 2013 compared with \$74,985 or 33.0% of income before income taxes in fiscal 2012. The decrease in the effective tax rate was primarily due to the completion of the Internal Revenue Service audit of the tax returns for the fiscal years June 30, 2010 and 2011 which resulted in the recognition of previously-unrecognized tax benefits, and the retroactive extension of the Research and Experimentation Tax Credit through December 31, 2013.

**NET INCOME**

Net income increased from \$152,040, or \$1.74 per diluted share in fiscal 2012 to \$167,610 or \$1.94 per diluted share in fiscal 2013.

**REPORTABLE SEGMENT DISCUSSION**

The Company is a provider of integrated computer systems that perform data processing (available for in-house installations or outsourced services) for banks and credit unions. The Company's operations are classified into two reportable segments: bank systems and services ("Bank") and credit union systems and services ("Credit Union"). The Company evaluates the performance of its segments and allocates resources to them based on various factors, including prospects for growth, return on investment, and return on revenue.

**Bank Systems and Services**

	2014	% Change	2013	% Change	2012	
Revenue	\$897,671	7	% \$840,380	8	% \$779,814	
Gross profit	\$372,473	7	% \$348,309	8	% \$323,081	
Gross profit margin	41	%	41	%	41	%

In fiscal 2014, revenue increased 7% overall in the Bank systems and services reportable segment compared to the prior year. The increase was due mainly to increased support and service revenue. Within support and service revenue, the increase was driven by 12% year-over-year growth in electronic payment services revenues from transaction processing and a 10% increase in outsourcing services revenue. Gross profit margins remain consistent year-over-year.

Table of Contents

In fiscal 2013, revenue increased 8% overall in the Bank systems and services reportable segment compared to the prior year. The increase was due mainly to 17% growth in electronic transaction processing services and an 11% increase in outsourcing services. Gross profit margins remained consistent year-over-year.

## Credit Union Systems and Services

	2014	% Change	2013	% Change	2012
Revenue	\$275,502	3	\$267,144	12	\$237,853
Gross profit	\$121,328	7	\$113,085	18	\$95,742
Gross profit margin	44	%	42	%	40

In fiscal 2014, revenue in the Credit Union segment increased 3% over the prior year, driven by support & service revenue. In particular, electronic payment services increased due to the continuing growth of our transaction processing and debit/credit card processing services and in-house maintenance renewal revenues also increased. Gross profit margins for the Credit Union segment increased mainly due to economies of scale realized from growing transaction volume in our payment processing services.

In fiscal 2013, revenue in the Credit Union systems and services reportable segment increased due to increases in support & service revenue. Support & service revenues grew 13% through increases in all components, particularly electronic payment services due to the continuing growth of our transaction processing and debit/credit card processing services and outsourcing services. Gross profit margins for the Credit Union segment increased mainly due to increased support and service margins due to economies of scale realized.

## LIQUIDITY AND CAPITAL RESOURCES

We have historically generated positive cash flow from operations and have generally used funds generated from operations and short-term borrowings on our revolving credit facility to meet capital requirements. We expect this trend to continue in the future.

The Company's cash and cash equivalents decreased to \$70,377 at June 30, 2014 from \$127,905 at June 30, 2013. The decrease from June 30, 2013 is primarily due to the Banno acquisition and ongoing purchases of treasury stock.

The following table summarizes net cash from operating activities in the statement of cash flows:

	Year Ended	
	June 30,	
	2014	2013
Net income	\$186,715	\$167,610
Non-cash expenses	126,424	127,579
Change in receivables	7,498	(12,739)
Change in deferred revenue	51,952	30,459
Change in other assets and liabilities	(30,930)	(3,735)
Net cash provided by operating activities	\$341,659	\$309,174

Cash provided by operating activities increased 11% compared to last year. Cash from operations is primarily used to repay debt, pay dividends, repurchase stock and other capital expenditures.

Cash used in investing activities for the fiscal year ended June 30, 2014 totaled \$131,780 and included capital expenditures on facilities and equipment of \$33,185, which mainly included the purchase of aircraft and computer equipment. Other uses of cash included \$27,894 of payments for the acquisition of Banno, \$62,194 for the development of software and \$16,288 for the purchase and development of internal use software. These expenditures have been partially offset by \$7,781 proceeds received primarily from sale of aircraft. Cash used in investing activities for the fiscal year ended June 30, 2013 totaled \$97,244 and included capital expenditures on facilities and equipment totaled \$46,256, which included spending on our online bill payment data center migration and an aircraft purchase. Other uses of cash included \$51,332 for the development of software and \$186 for the acquisition of customer contracts. These expenditures were partially offset by \$530 proceeds from sale of assets.

Financing activities used cash of \$267,407 during the fiscal year ended June 30, 2014. Cash used was mainly dividends paid to stockholders of \$71,251, \$175,699 for the purchase of treasury shares, and repayments of capital leases of \$22,158. Cash used was partially offset by \$1,701 net proceeds from the issuance of stock and tax related to

stock-based compensation. During the fourth quarter, the Company also borrowed \$25,000 against its revolving line of credit

19

---



## Table of Contents

and the full amount of the borrowing was repaid in the same period. Financing activities used cash of \$241,338 during fiscal 2013. There were cash outflows to repay long and short term borrowings on our credit facilities of \$145,180, dividends paid to stockholders of \$48,202 and repurchases of treasury shares of \$58,126. Cash used was partially offset by \$10,170 net proceeds from the issuance of stock and tax related to stock-based compensation.

At June 30, 2014, the Company had negative working capital of \$56,303; however, the largest component of current liabilities was deferred revenue of \$337,493, which primarily relates to our annual in-house maintenance agreements and deferred bundled product and service arrangements. The cash outlay necessary to provide the services related to these deferred revenues is significantly less than this recorded balance. In addition, we continue to have access to unused lines of credit in excess of \$150,000 and continue to generate substantial cash inflows from operations. Therefore, we do not anticipate any liquidity problems arising from this condition.

The Company generally uses existing resources and funds generated from operations to meet its capital requirements. Capital expenditures in the fiscal year were made primarily for additional equipment and the improvement of existing facilities. These additions were funded from cash generated by operations. At June 30, 2014, the Company had \$24,223 of purchase commitments related to property and equipment. We anticipate that these commitments will be funded by cash generated by operations.

The Board of Directors has authorized the Company to repurchase shares of its common stock. Under this authorization, the Company may finance its share repurchases with available cash reserves or short-term borrowings on its existing credit facilities. The share repurchase program does not include specific price targets or timetables and may be suspended at any time. At June 30, 2014, there were 19,795 shares in treasury stock and the Company had the remaining authority to repurchase up to 5,196 additional shares. The total cost of treasury shares at June 30, 2014 is \$577,781. During fiscal 2014, the Company repurchased 3,041 treasury shares for \$175,699. At June 30, 2013, there were 16,754 shares in treasury stock and the Company had authority to repurchase up to 8,237 additional shares. On August 22, 2014, the Company's Board of Directors declared a cash dividend of \$0.22 per share on its common stock, payable on September 26, 2014 to shareholders of record on September 5, 2014. Current funds from operations are adequate for this purpose. The Board has indicated that it plans to continue paying dividends as long as the Company's financial picture continues to be favorable.

### Capital leases

The Company has entered into various capital lease obligations for the use of certain computer equipment. Long term capital lease obligations were entered into of which \$7,757 remains outstanding at June 30, 2014 and \$4,028 will be maturing within the next twelve months. The Company also has short term capital lease obligations totaling \$1,379 at June 30, 2014. Included in property and equipment are assets under capital leases totaling \$37,316, which have accumulated depreciation totaling \$7,994.

### Other lines of credit

The long term revolving credit facility allows for borrowings of up to \$150,000, which may be increased by the Company at any time until maturity to \$250,000. The credit facility bears interest at a variable rate equal to (a) a rate based on LIBOR or (b) an alternate base rate (the greater of (a) the Federal Funds Rate plus 0.5%, (b) the Prime Rate or (c) LIBOR plus 1.0%), plus an applicable percentage in each case determined by the Company's leverage ratio. The credit facility is secured by pledges of capital stock of certain subsidiaries of the Company and also guaranteed by certain subsidiaries of the Company. The credit facility is subject to various financial covenants that require the Company to maintain certain financial ratios as defined in the agreement. As of June 30, 2014, the Company was in compliance with all such covenants. The revolving loan terminates June 4, 2015 and at June 30, 2014, there was no outstanding revolving loan balance.

The Company renewed an unsecured bank credit line on March 3, 2014 which provides for funding of up to \$5,000 and bears interest at the prime rate less 1%. The credit line was renewed through April 30, 2017. At June 30, 2014, no amount was outstanding.

## OFF BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

At June 30, 2014, the Company's total off balance sheet contractual obligations were \$55,370. This balance consists of \$31,147 of long-term operating leases for various facilities and equipment which expire from 2015 to 2021 and

\$24,223 of purchase commitments related to property and equipment. The contractual obligations table below excludes \$8,620 of liabilities for uncertain tax positions as we are unable to reasonably estimate the ultimate amount or timing of settlement.

Table of Contents

Contractual obligations by period as of June 30, 2014	Less than 1 year	1-3 years	3-5 years	More than 5 years	TOTAL
Operating lease obligations	\$7,851	\$14,024	\$7,469	\$1,803	\$31,147
Capital lease obligations	5,407	3,729	—	—	9,136
Purchase obligations	24,223	—	—	—	24,223
Total	\$37,481	\$17,753	\$7,469	\$1,803	\$64,506

**RECENT ACCOUNTING PRONOUNCEMENTS**

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers in May 2014. The new standard will supersede much of the existing authoritative literature for revenue recognition. The standard and related amendments will be effective for the Company for its annual reporting period beginning July 1, 2017, including interim periods within that reporting period. Early application is not permitted. Entities are allowed to transition to the new standard by either recasting prior periods or recognizing the cumulative effect. The Company is currently evaluating the newly issued guidance, including which transition approach will be applied and the estimated impact it will have on our consolidated financial statements.

**CRITICAL ACCOUNTING POLICIES**

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The significant accounting policies are discussed in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements in accordance with U.S. GAAP requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, as well as disclosure of contingent assets and liabilities. We base our estimates and judgments upon historical experience and other factors believed to be reasonable under the circumstances. Changes in estimates or assumptions could result in a material adjustment to the consolidated financial statements.

We have identified several critical accounting estimates. An accounting estimate is considered critical if both: (a) the nature of the estimates or assumptions is material due to the levels of subjectivity and judgment involved, and (b) the impact of changes in the estimates and assumptions would have a material effect on the consolidated financial statements.

**Revenue Recognition**

We recognize revenue in accordance with generally accepted accounting principles and with guidance provided within Staff Accounting Bulletins issued by the Securities and Exchange Commission. The application of these pronouncements requires judgment, including whether a software arrangement includes multiple elements, whether any elements are essential to the functionality of any other elements, and whether vendor-specific objective evidence ("VSOE") of fair value exists for those elements. Customers receive certain elements of our products and services over time. Changes to the elements in a software arrangement or in our ability to identify VSOE for those elements could materially impact the amount of earned and deferred revenue reflected in the financial statements.

**License Arrangements:** For software license agreements, the Company recognizes revenue when persuasive evidence of an arrangement exists, delivery of the product or service has occurred, the fee is fixed and determinable and collection is probable. For arrangements where the fee is not fixed or determinable, revenue is deferred until payments become due. The Company's software license agreements generally include multiple products and services or "elements." Generally, none of these elements are deemed to be essential to the functionality of the other elements.

For multiple element arrangements, which contain software elements and non-software elements, we allocate revenue to the software deliverables and the non-software deliverables as a group based on the relative selling prices of all of the deliverables in the arrangement. For our non-software deliverables, we allocate the arrangement consideration based on the relative selling price of the deliverables using estimated selling price ("ESP"). For our software elements, we use VSOE for this allocation when it can be established and ESP when VSOE cannot be established.

The selling price for each element is based upon the following selling price hierarchy: VSOE if available, third party evidence ("TPE") if VSOE is not available, or ESP if neither VSOE or TPE are available. Generally, we are not able

to determine TPE because our go-to-market strategy differs from that of our peers and our offerings contain a significant level of differentiation such that the comparable pricing of products with similar functionality cannot be obtained. ESP is determined after considering both market conditions (such as the sale of similar products in the market place) and entity-specific factors (such as pricing practices and the specifics of each transaction).

## Table of Contents

For our non-software deliverables, a delivered item is accounted for as a separate unit of accounting if the delivered item has standalone value and if the customer has a general right of return relative to the delivered item, delivery or performance of the undelivered item is probable and substantially within the vendor's control.

For our software licenses and related services, including the software elements of multiple-element software and non-software arrangements, U.S. GAAP generally require revenue earned on software arrangements involving multiple elements to be allocated to each element based on VSOE of fair value. VSOE of fair value is determined for implementation services based on a rate per hour for stand-alone professional services and the estimated hours for the bundled implementation, if the hours can be reasonably estimated. VSOE of fair value is determined for post-contract support ("PCS") based upon the price charged when sold separately. For a majority of the elements within our software arrangements, we have determined that VSOE cannot be established; therefore, revenue on our software arrangements is generally deferred until the only remaining element is PCS. At that point, the entire arrangement fee is recognized ratably over the remaining PCS period, assuming that all other criteria for revenue recognition have been met. The amounts deferred are included in the balance sheet as deferred revenue and recognized to Bundled Products & Services revenue within Support & Service revenue in the income statement.

For arrangements that include specified upgrades, such upgrades are accounted for as a separate element of the arrangement. For those specified upgrades for which VSOE of fair value cannot be determined, revenue related to the software elements within the arrangement is deferred until such specified upgrades have been delivered.

Support and Service Fee Revenue (Non-software): Maintenance support revenue contracted for outside of a license arrangement is recognized pro-rata over the contract period, typically one year.

Outsourced data processing and ATM, debit card, and other transaction processing services revenue is recognized in the month the transactions are processed or the services are rendered.

Hardware Revenue: Hardware revenue is recognized upon delivery to the customer, when title and risk of loss are transferred. In most cases, we do not stock in inventory the hardware products we sell, but arrange for third-party suppliers to drop-ship the products to our customers on our behalf. The Company also remarkets maintenance contracts on hardware to our customers. Hardware maintenance revenue is recognized ratably over the agreement period.

Revenue-based taxes collected from customers and remitted to governmental authorities are presented on a net basis (i.e. excluded from revenues).

### Depreciation and Amortization Expense

The calculation of depreciation and amortization expense is based on the estimated economic lives of the underlying property, plant and equipment and intangible assets, which have been examined for their useful life and determined that no impairment exists. We believe it is unlikely that any significant changes to the useful lives of our tangible and intangible assets will occur in the near term, but rapid changes in technology or changes in market conditions could result in revisions to such estimates that could materially affect the carrying value of these assets and the Company's future consolidated operating results. All long lived assets are tested for valuation and potential impairment on a scheduled annual basis.

### Capitalization of software development costs

We capitalize certain costs incurred to develop commercial software products. Significant estimates and assumptions include: establishing when technological feasibility has been met and costs should be capitalized, determining the appropriate period over which to amortize the capitalized costs based on the estimated useful lives, estimating the marketability of the commercial software products and related future revenues, and assessing the unamortized cost balances for impairment. The appropriate amortization period is based on estimates of future revenues from sales of the products. We consider various factors to project marketability and future revenues, including an assessment of alternative solutions or products, current and historical demand for the product, and anticipated changes in technology that may make the product obsolete. A significant change in an estimate related to one or more software products could result in a material change to our results of operations.

### Estimates used to determine current and deferred income taxes

We make certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments occur in the calculation of certain tax assets and liabilities, which arise from differences in

the timing of recognition of revenue and expense for tax and financial statement purposes. We also must determine the likelihood of recoverability of deferred tax assets, and adjust any valuation allowances accordingly. Considerations include the period of expiration of the tax asset, planned use of the tax asset, and historical and projected taxable income as well as tax liabilities for the tax jurisdiction to which the tax asset relates. Valuation allowances are evaluated periodically and will be subject to change in each future reporting period as a result of changes in one or more of these factors. Also, liabilities for uncertain tax positions require significant judgment in determining what constitutes an

Table of Contents

individual tax position as well as assessing the outcome of each tax position. Changes in judgment as to recognition or measurement of tax positions can materially affect the estimate of the effective tax rate and consequently, affect our financial results.

Assumptions related to purchase accounting and goodwill

We account for our acquisitions using the purchase method of accounting. This method requires estimates to determine the fair values of assets and liabilities acquired, including judgments to determine any acquired intangible assets such as customer-related intangibles, as well as assessments of the fair value of existing assets such as property and equipment. Liabilities acquired can include balances for litigation and other contingency reserves established prior to or at the time of acquisition, and require judgment in ascertaining a reasonable value. Third party valuation firms may be used to assist in the appraisal of certain assets and liabilities, but even those determinations would be based on significant estimates provided by us, such as forecast revenues or profits on contract-related intangibles. Numerous factors are typically considered in the purchase accounting assessments, which are conducted by Company professionals from legal, finance, human resources, information systems, program management and other disciplines. Changes in assumptions and estimates of the acquired assets and liabilities would result in changes to the fair values, resulting in an offsetting change to the goodwill balance associated with the business acquired.

As goodwill is not amortized, goodwill balances are regularly assessed for potential impairment. Such assessments require an analysis of future cash flow projections as well as a determination of an appropriate discount rate to calculate present values. Cash flow projections are based on management-approved estimates, which involve the input of numerous Company professionals from finance, operations and program management. Key factors used in estimating future cash flows include assessments of labor and other direct costs on existing contracts, estimates of overhead costs and other indirect costs, and assessments of new business prospects and projected win rates. The Company's most recent assessment indicates that no reporting units are currently at risk of impairment; however, significant changes in the estimates and assumptions used in purchase accounting and goodwill impairment testing could have a material effect on the consolidated financial statements.

Table of Contents

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Financial Statements

Report of Independent Registered Public Accounting Firm 25

Management's Annual Report on Internal Control over Financial Reporting (Revised) 26

Report of Independent Registered Public Accounting Firm 27

Financial Statements

Consolidated Statements of Income,  
Years Ended June 30, 2014 (Restated), 2013 (Restated), and 2012 (Restated) 29

Consolidated Balance Sheets,  
June 30, 2014 (Restated) and 2013 (Restated) 30

Consolidated Statements of Changes in Stockholders' Equity,  
Years Ended June 30, 2014 (Restated), 2013 (Restated), and 2012 (Restated) 31

Consolidated Statements of Cash Flows,  
Years Ended June 30, 2014 (Restated), 2013 (Restated), and 2012 (Restated) 32

Notes to Consolidated Financial Statements 34

Financial Statement Schedules

There are no schedules included because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.



Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of  
Jack Henry & Associates, Inc.  
Monett, Missouri

We have audited the accompanying consolidated balance sheets of Jack Henry & Associates, Inc. and subsidiaries (the "Company") as of June 30, 2014 and 2013, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the three years in the period ended June 30, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Jack Henry & Associates, Inc. and subsidiaries as of June 30, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2014, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 15 to the consolidated financial statements, the accompanying 2014, 2013 and 2012 consolidated financial statements have been restated to correct an error.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of June 30, 2014, based on the criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated August 26, 2014 (June 25, 2015 as to the effects of the material weakness described in Management's Annual Report on Internal Control over Financial Reporting (Revised)) expressed an adverse opinion on the Company's internal control over financial reporting because of a material weakness.

/s/ DELOITTE & TOUCHE LLP

Kansas City, Missouri

August 26, 2014 (June 25, 2015 as to the effects of the restatement discussed in Note 15)

Table of Contents

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING (Revised)

The management of Jack Henry & Associates, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America.

The Company's internal control over financial reporting includes policies and procedures pertaining to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurance transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements. All internal controls, no matter how well designed, have inherent limitations. Therefore, even where internal control over financial reporting is determined to be effective, it can provide only reasonable assurance. Projections of any evaluation of effectiveness to future periods are subject to the risk controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

In connection with the Original Filing on August 27, 2014, management conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the framework established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO Framework"). Based on this assessment, management had determined the Company's internal control over financial reporting as of June 30, 2014 was effective.

In connection with the restatement discussed elsewhere in this 2014 Amended Annual Report on Form 10-K/A, management reevaluated the effectiveness of the Company's internal control over financial reporting as of June 30, 2014. As a result of the reevaluation and based on the criteria in the COSO Framework, management concluded, based upon the identification of a material weakness (the description of which is set forth below), that the Company did not maintain effective internal control over financial reporting as of June 30, 2014.

There are a number of deficiencies in the design and operating effectiveness of internal control over financial reporting that, in the aggregate, constitute a material weakness. The identified deficiencies noted below stem from a failure in the Company's risk assessment process wherein the risk assessment process did not identify or evaluate the inherent risks and complexities associated with accounting for revenue arrangements with software elements.

The lack of training and continuing education related to multiple element software arrangements led to a lack of knowledge of the individuals tasked with understanding various technical accounting matters associated with the Company's multiple element arrangement revenue recognition policies.

• Appropriate accounting and reporting policies and procedures related to bundled multiple element arrangements were not designed and implemented.

• Appropriate internal controls over financial reporting for bundled multiple element arrangements were not designed and implemented.

• Monitoring, including use of internal audit, was not appropriately designed to identify errors in accounting for revenue recognition for multiple element software arrangements.

These deficiencies in internal controls over financial reporting resulted in accounting errors in revenue recognition and delayed regulatory filings. See Note 15 - Restatement of Consolidated Financial Statements which is included in

"Financial Statements and Supplementary Data" in Item 8 of this 2014 Amended Annual Report on Form 10-K/A for additional information.

The Company's internal control over financial reporting as of June 30, 2014 has been audited by the Company's independent registered public accounting firm, as stated in their report appearing on the next page.

26

---

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of  
Jack Henry & Associates, Inc.  
Monett, Missouri

We have audited the internal control over financial reporting of Jack Henry & Associates Inc. and subsidiaries (the "Company") as of June 30, 2014, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting (Revised). Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our report dated August 26, 2014, we expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting. As described in the following paragraph, a material weakness was subsequently identified as a result of the restatement of the previously issued financial statements. Accordingly, management has revised its assessment about the effectiveness of the Company's internal control over financial reporting and our present opinion on the effectiveness of the Company's internal control over financial reporting as of June 30, 2014, as expressed herein, is different from that expressed in our previous report.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment:

There are a number of deficiencies in the design and operating effectiveness of internal control over financial reporting that, in aggregate, constitute a material weakness. The identified deficiencies stem from a failure in the

Company's risk assessment process wherein the risk assessment process did not identify or evaluate the inherent risks and complexities associated with accounting for revenue arrangements with software elements. As a result of this failure, the following deficiencies were identified:

27

---

Table of Contents

The lack of training and continuing education related to multiple element software arrangements led to a lack of competence with individuals tasked with understanding various technical accounting matters associated with the Company's multiple element arrangement revenue recognition policies.

Appropriate accounting and reporting policies and procedures related to bundled multiple element arrangements were not designed and implemented.

Appropriate internal control over financial reporting for bundled multiple element arrangements was not designed and implemented.

Monitoring, including use of internal audit, was not appropriately designed to identify errors in accounting for revenue recognition for multiple element software arrangements.

These deficiencies in internal control over financial reporting resulted in accounting errors in revenue recognition and delayed regulatory filings.

This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements as of and for the year ended June 30, 2014, of the Company and this report does not affect our report on such financial statements.

In our opinion, because of the effect of the material weakness identified above on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of June 30, 2014, based on the criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended June 30, 2014 of the Company, and our report dated August 26, 2014 (June 25, 2015 as to the effects of the restatement discussed in Note 15 to the consolidated financial statements) expressed an unqualified opinion on those financial statements and included an explanatory paragraph regarding the restatement of the consolidated financial statements.

/s/ DELOITTE & TOUCHE LLP

Kansas City, Missouri

August 26, 2014 (June 25, 2015 as to the effects of the material weakness described in Management's Annual Report on Internal Control over Financial Reporting (Revised))

Table of Contents

JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME  
(In Thousands, Except Per Share Data)

	Year Ended		
	June 30,		
	2014 As	2013 As	2012 As
	Restated, See	Restated, See	Restated, See
	Note 15	Note 15	Note 15
<b>REVENUE</b>			
License	\$2,184	\$5,366	\$5,652
Support and service	1,112,331	1,042,801	948,893
Hardware	58,658	59,357	63,122
Total revenue	1,173,173	1,107,524	1,017,667
<b>COST OF SALES</b>			
Cost of license	908	860	2,291
Cost of support and service	634,756	601,620	550,570
Cost of hardware	43,708	43,650	45,983
Total cost of sales	679,372	646,130	598,844
<b>GROSS PROFIT</b>	493,801	461,394	418,823
<b>OPERATING EXPENSES</b>			
Selling and marketing	85,443	80,811	76,236
Research and development	66,748	63,202	60,876
General and administrative	53,312	66,624	50,119
Total operating expenses	205,503	210,637	187,231
<b>OPERATING INCOME</b>	288,298	250,757	231,592
<b>INTEREST INCOME (EXPENSE)</b>			
Interest income	377	640	1,176
Interest expense	(1,105)	) (6,337	) (5,743
Total interest income (expense)	(728)	) (5,697	) (4,567
<b>INCOME BEFORE INCOME TAXES</b>	287,570	245,060	227,025
<b>PROVISION FOR INCOME TAXES</b>	100,855	77,450	74,985
<b>NET INCOME</b>	\$186,715	\$167,610	\$152,040
Diluted earnings per share	\$2.19	\$1.94	\$1.74
Diluted weighted average shares outstanding	85,396	86,619	87,287
Basic earnings per share	\$2.20	\$1.95	\$1.76
Basic weighted average shares outstanding	84,866	86,040	86,599

See notes to consolidated financial statements





Table of Contents

JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(In Thousands, Except Share and Per Share Data)

	2014 As Restated, See Note 15	2013 As Restated, See Note 15
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$70,377	\$127,905
Receivables, net	224,041	231,263
Income tax receivable	7,937	6,107
Prepaid expenses and other	61,074	60,843
Deferred costs	27,077	30,001
Total current assets	390,506	456,119
<b>PROPERTY AND EQUIPMENT, net</b>	<b>291,675</b>	<b>300,511</b>
<b>OTHER ASSETS:</b>		
Non-current deferred costs	78,458	57,836
Computer software, net of amortization	160,391	132,612
Other non-current assets	44,657	35,470
Customer relationships, net of amortization	136,602	147,167
Other intangible assets, net of amortization	25,653	9,380
Goodwill	552,761	533,291
Total other assets	998,522	915,756
Total assets	\$1,680,703	\$1,672,386
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$10,516	\$11,701
Accrued expenses	63,299	68,528
Deferred income tax liability	30,094	22,366
Notes payable and current maturities of long term debt	5,407	7,929
Deferred revenues	337,493	323,678
Total current liabilities	446,809	434,202
<b>LONG TERM LIABILITIES:</b>		
Non-current deferred revenues	155,375	115,918
Non-current deferred income tax liability	97,720	93,498
Debt, net of current maturities	3,729	7,366
Other long-term liabilities	9,683	5,586
Total long term liabilities	266,507	222,368
Total liabilities	713,316	656,570
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock - \$1 par value; 500,000 shares authorized, none issued	—	—
Common stock - \$0.01 par value; 250,000,000 shares authorized; 102,429,926 shares issued at June 30, 2014; 101,993,808 shares issued at June 30, 2013	1,024	1,020
Additional paid-in capital	412,512	400,710
Retained earnings	1,131,632	1,016,168
Less treasury stock at cost 19,794,559 shares at June 30, 2014;	(577,781	) (402,082 )

16,753,889 shares at June 30, 2013

Total stockholders' equity	967,387	1,015,816
Total liabilities and equity	\$1,680,703	\$1,672,386

See notes to consolidated financial statements

30

---

Table of Contents

JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
(In Thousands, Except Share and Per Share Data)

	Year Ended June 30,		
	2014 As Restated, See Note 15	2013 As Restated, See Note 15	2012 As Restated, See Note 15
PREFERRED SHARES:	—	—	—
COMMON SHARES:			
Shares, beginning of year	101,993,808	101,482,461	100,766,173
Shares issued for equity-based payment arrangements	344,372	405,270	594,428
Shares issued for Employee Stock Purchase Plan	91,746	106,077	121,860
Shares, end of year	102,429,926	101,993,808	101,482,461
COMMON STOCK - PAR VALUE \$0.01 PER SHARE:			
Balance, beginning of year	\$1,020	\$1,015	\$1,008
Shares issued for equity-based payment arrangements	3	4	6
Shares issued for Employee Stock Purchase Plan	1	1	1
Balance, end of year	\$1,024	\$1,020	\$1,015
ADDITIONAL PAID-IN CAPITAL:			
Balance, beginning of year	\$400,710	\$381,919	\$361,131
Shares issued upon exercise of stock options	606	6,771	10,998
Tax withholding related to share based compensation	(6,598	) (3,926	) (4,112
Shares issued for Employee Stock Purchase Plan	4,283	3,699	3,321
Tax benefits from share-based compensation	3,420	3,632	3,631
Stock-based compensation expense	10,091	8,615	6,950
Balance, end of year	\$412,512	\$400,710	\$381,919
RETAINED EARNINGS:			
Balance, beginning of year	\$1,016,168	\$896,760	\$782,848
Net income	186,715	167,610	152,040
Dividends	(71,251	) (48,202	) (38,128
Balance, end of year	\$1,131,632	\$1,016,168	\$896,760
TREASURY STOCK:			
Balance, beginning of year	\$(402,082	) \$(343,956	) \$(309,585
Purchase of treasury shares	(175,699	) (58,126	) (34,371
Balance, end of year	\$(577,781	) \$(402,082	) \$(343,956
TOTAL STOCKHOLDERS' EQUITY	\$967,387	\$1,015,816	\$935,738
See notes to consolidated financial statements.			

Table of Contents

JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(In Thousands)

	Year Ended		
	June 30,		
	2014 As	2013 As	2012 As
	Restated, See	Restated, See	Restated, See
	Note 15	Note 15	Note 15
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net Income	\$186,715	\$167,610	\$152,040
Adjustments to reconcile net income from operations to net cash from operating activities:			
Depreciation	52,935	51,967	45,322
Amortization	54,836	48,374	49,297
Change in deferred income taxes	12,752	18,336	20,911
Excess tax benefits from stock-based compensation	(3,406)	) (3,621	) (3,465
Expense for stock-based compensation	10,091	8,615	6,950
(Gain)/loss on disposal of assets	(784	) 3,908	1,198
Changes in operating assets and liabilities:			
Change in receivables	7,498	(12,739	) (10,795
Change in prepaid expenses, deferred costs and other	(28,565	) (11,502	) (27,761
Change in accounts payable	(1,252	) (4,582	) 3,488
Change in accrued expenses	(6,364	) 7,774	7,770
Change in income taxes	5,251	4,575	9,257
Change in deferred revenues	51,952	30,459	10,338
Net cash from operating activities	341,659	309,174	264,550
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Payment for acquisitions, net of cash acquired	(27,894	) —	—
Capital expenditures	(33,185	) (46,256	) (41,441
Proceeds from sale of assets	7,781	530	2,772
Customer contracts acquired	—	(186	) (720
Internal use software	(16,288	) —	—
Computer software developed	(62,194	) (51,332	) (37,873
Proceeds from investments	—	—	3,000
Purchase of investments	—	—	(2,000
Net cash from investing activities	(131,780	) (97,244	) (76,262
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Borrowings on credit facilities	25,000	—	—
Repayments on credit facilities	(47,158	) (145,180	) (35,280
Purchase of treasury stock	(175,699	) (58,126	) (34,371
Dividends paid	(71,251	) (48,202	) (38,128
Excess tax benefits from stock-based compensation	3,406	3,621	3,465
Proceeds from issuance of common stock upon exercise of stock options	609	6,775	11,004
Minimum tax withholding payments related to share based compensation	(6,598	) (3,926	) (4,112
Proceeds from sale of common stock, net	4,284	3,700	3,322
Net cash from financing activities	(267,407	) (241,338	) (94,100

Edgar Filing: HENRY JACK & ASSOCIATES INC - Form 10-K/A

NET CHANGE IN CASH AND CASH EQUIVALENTS	\$ (57,528	)	\$ (29,408	)	\$ 94,188
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	\$ 127,905		\$ 157,313		\$ 63,125
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 70,377		\$ 127,905		\$ 157,313

32

---

Table of Contents

See notes to consolidated financial statements

33

---

Table of Contents

JACK HENRY & ASSOCIATES, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(In Thousands, Except Per Share Amounts)

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Restated)

DESCRIPTION OF THE COMPANY

Jack Henry & Associates, Inc. and subsidiaries (“JHA” or the “Company”) is a provider of integrated computer systems and services that has developed and acquired a number of banking and credit union software systems. The Company's revenues are predominately earned by marketing those systems to financial institutions nationwide together with computer equipment (hardware), by providing the conversion and software implementation services for financial institutions to utilize JHA software systems, and by providing other related services. JHA also provides continuing support and services to customers using in-house or outsourced systems.

CONSOLIDATION

The consolidated financial statements include the accounts of JHA and all of its subsidiaries, which are wholly-owned, and all intercompany accounts and transactions have been eliminated.

USE OF ESTIMATES

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

REVENUE RECOGNITION

The Company derives revenue from the following sources: license arrangements, support and service fees (non-software) and hardware sales. There are no rights of return, condition of acceptance or price protection in the Company's sales contracts.

License Arrangements: For software license agreements, the Company recognizes revenue when persuasive evidence of an arrangement exists, delivery of the product or service has occurred, the fee is fixed and determinable and collection is probable. For arrangements where the fee is not fixed or determinable, revenue is deferred until payments become due. The Company's software license agreements generally include multiple products and services or “elements.” Generally, none of these elements are deemed to be essential to the functionality of the other elements.

For multiple element arrangements, which contain software elements and non-software elements, we allocate revenue to the software deliverables and the non-software deliverables as a group based on the relative selling prices of all of the deliverables in the arrangement. For our non-software deliverables, we allocate the arrangement consideration based on the relative selling price of the deliverables using estimated selling price (“ESP”). For our software elements, we use VSOE for this allocation when it can be established and ESP when VSOE cannot be established.

The selling price for each element is based upon the following selling price hierarchy: VSOE if available, third party evidence (“TPE”) if VSOE is not available, or ESP if neither VSOE or TPE are available. Generally, we are not able to determine TPE because our go-to-market strategy differs from that of our peers and our offerings contain a significant level of differentiation such that the comparable pricing of products with similar functionality cannot be obtained. ESP is determined after considering both market conditions (such as the sale of similar products in the market place) and entity-specific factors (such as pricing practices and the specifics of each transaction).

For our non-software deliverables, a delivered item is accounted for as a separate unit of accounting if the delivered item has standalone value and if the customer has a general right of return relative to the delivered item, delivery or performance of the undelivered item is probable and substantially within the vendor's control.

For our software licenses and related services, including the software elements of multiple-element software and non-software arrangements, U.S. GAAP generally require revenue earned on software arrangements involving multiple elements to be allocated to each element based on vendor-specific objective evidence (“VSOE”) of fair value. VSOE of fair value is determined for implementation services based on a rate per hour for stand-alone professional

services and the estimated hours for the bundled implementation, if the hours can be reasonably estimated. VSOE of fair value is determined for post-contract support ("PCS") based upon the price charged when sold separately. For a majority of the elements within our software arrangements, we have determined that VSOE cannot be established; therefore, revenue on our software arrangements is generally deferred until the only remaining element is post-contract support ("PCS"). At that point, the entire arrangement fee is recognized ratably over the remaining PCS period, assuming that

34

---



## Table of Contents

all other criteria for revenue recognition have been met. The amounts deferred are included in the balance sheet as deferred revenue and recognized to Bundled Products & Services revenue within Support & Service revenue in the income statement.

For arrangements that include specified upgrades, such upgrades are accounted for as a separate element of the arrangement. For those specified upgrades for which VSOE of fair value cannot be determined, revenue related to the software elements within the arrangement is deferred until such specified upgrades have been delivered.

Total revenue recognized ratably related to our Bundled Products & Services was \$60,685, \$64,275 and \$73,942 for the years ended June 30, 2014, 2013, and 2012, respectively.

Support and Service Fee Revenue (Non-software): Maintenance support revenue contracted for outside of a license arrangement is recognized pro-rata over the contract period, typically one year.

Outsourced data processing and ATM, debit card, and other transaction processing services revenue is recognized in the month the transactions are processed or the services are rendered.

Hardware Revenue: Hardware revenue is recognized upon delivery to the customer, when title and risk of loss are transferred. In most cases, we do not stock in inventory the hardware products we sell, but arrange for third-party suppliers to drop-ship the products to our customers on our behalf. The Company also remarkets maintenance contracts on hardware to our customers. Hardware maintenance revenue is recognized ratably over the agreement period.

Revenue-based taxes collected from customers and remitted to governmental authorities are presented on a net basis (i.e. excluded from revenues).

### DEFERRED COSTS

Costs for certain software and hardware maintenance contracts with third parties, which are prepaid, are recognized ratably over the life of the maintenance contract, generally one to five years, with the related revenue amortized from deferred revenues.

Direct and incremental costs associated with arrangements subject to Accounting Standards Codification ("ASC") 985-605 (for which VSOE of fair value cannot be established) are deferred until the only remaining element in the revenue arrangement is PCS at which point the costs are recognized ratably over the remaining PCS period with the related revenue. Direct and incremental costs associated with arrangements not subject to ASC 985-605 consist primarily of certain up-front costs incurred in connection with our software hosting arrangements and are recognized ratably over the contract period which typically ranges from 5-7 years. These costs include commissions, costs of third-party licenses and the direct costs of our implementation services, consisting of payroll and other fringe benefits.

### DEFERRED REVENUES

Deferred revenues consist primarily of prepaid annual software support fees, deferred bundled software arrangements revenue, and prepaid hardware maintenance fees. Deferred bundled software arrangements revenue and hardware maintenance contracts may be recognized over multiple years; therefore, the related deferred revenue and maintenance are classified in accordance with the terms of the contract. Software and hardware deposits received are also reflected as deferred revenues.

The vast majority of our maintenance (PCS) renews annually and runs from July 1 to June 30. Renewal billings are submitted to customers each June and the Company has the right to bill at that date; therefore we include those billings as gross in deferred revenue and as a receivable on our balance sheet at the end of each fiscal year.

### COMPUTER SOFTWARE DEVELOPMENT

The Company capitalizes new product development costs incurred from the point at which technological feasibility has been established through the point at which the product is ready for general availability. Software development costs that are capitalized are evaluated on a product-by-product basis annually and are assigned an estimated economic life based on the type of product, market characteristics, and maturity of the market for that particular product. These costs are amortized based on current and estimated future revenue from the product or on a straight-line basis, whichever yields greater amortization expense. All of this amortization expense is included within Cost of support and service.

### CASH EQUIVALENTS

The Company considers all highly liquid investments with maturities of three months or less at the time of acquisition to be cash equivalents.

35

---

## Table of Contents

### PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

Property and equipment is stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets.

Intangible assets consist of goodwill, customer relationships, computer software, and trade names acquired in business acquisitions in addition to internally developed computer software. The amounts are amortized, with the exception of those with an indefinite life (such as goodwill), over an estimated economic benefit period, generally five to twenty years.

The Company reviews its long-lived assets and identifiable intangible assets with finite lives for impairment whenever events or changes in circumstances have indicated that the carrying amount of its assets might not be recoverable. The Company evaluates goodwill and other indefinite-lived intangible assets for impairment of value on an annual basis as of January 1 and between annual tests if events or changes in circumstances indicate that the asset might be impaired.

### COMPREHENSIVE INCOME

Comprehensive income for each of the years ended June 30, 2014, 2013, and 2012 equals the Company's net income.

### REPORTABLE SEGMENT INFORMATION

In accordance with U.S. GAAP, the Company's operations are classified as two reportable segments: bank systems and services and credit union systems and services (see Note 13). Revenue by type of product and service is presented on the face of the consolidated statements of income. Substantially all the Company's revenues are derived from operations and assets located within the United States of America.

### COMMON STOCK

The Board of Directors has authorized the Company to repurchase shares of its common stock. Under this authorization, the Company may finance its share repurchases with available cash reserves or short-term borrowings on its existing credit facilities. The share repurchase program does not include specific price targets or timetables and may be suspended at any time. At June 30, 2014, there were 19,795 shares in treasury stock and the Company had the remaining authority to repurchase up to 5,196 additional shares. The total cost of treasury shares at June 30, 2014 is \$577,781. During fiscal 2014, the Company repurchased 3,041 treasury shares for \$175,699. At June 30, 2013, there were 16,754 shares in treasury stock and the Company had authority to repurchase up to 8,237 additional shares. Dividends declared per share were \$0.84, \$0.56, and \$0.44 for the years ended June 30, 2014, 2013, and 2012, respectively.

### EARNINGS PER SHARE

Per share information is based on the weighted average number of common shares outstanding during the year. Stock options have been included in the calculation of income per diluted share to the extent they are dilutive. The difference between basic and diluted weighted average shares outstanding is the dilutive effect of outstanding stock options (see Note 10).

### INCOME TAXES

Deferred tax liabilities and assets are recognized for the tax effects of differences between the financial statement and tax bases of assets and liabilities. A valuation allowance would be established to reduce deferred tax assets if it is more likely than not that a deferred tax asset will not be realized.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based upon the technical merits of the position. The tax benefits recognized in the financial statements from such a position is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Also, interest and penalties expense are recognized on the full amount of deferred benefits for uncertain tax positions. Our policy is to include interest and penalties related to unrecognized tax benefits in income tax expense.

### RECENT ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers in May 2014. The new standard will supersede much of the existing authoritative literature for revenue recognition. The standard and related amendments will be effective for the Company for its annual reporting period beginning July 1, 2017, including interim periods within that reporting period. Early application is not permitted. Entities are allowed to transition to the new standard by either recasting

prior periods or

36

---

Table of Contents

recognizing the cumulative effect. The Company is currently evaluating the newly issued guidance, including which transition approach will be applied and the estimated impact it will have on our consolidated financial statements.

**NOTE 2. FAIR VALUE OF FINANCIAL INSTRUMENTS**

For cash equivalents, amounts receivable or payable and short-term borrowings, fair values approximate carrying value, based on the short-term nature of the assets and liabilities. The fair value of long term debt also approximates carrying value as estimated using discounted cash flows based on the Company's current incremental borrowing rates or quoted prices in active markets.

The Company's estimates of the fair value for financial assets and financial liabilities are based on the framework established in the fair value accounting guidance. The framework is based on the inputs used in valuation, gives the highest priority to quoted prices in active markets, and requires that observable inputs be used in the valuations when available. The three levels of the hierarchy are as follows:

Level 1: inputs to the valuation are quoted prices in an active market for identical assets

Level 2: inputs to the valuation include quoted prices for similar assets in active markets that are observable either directly or indirectly

Level 3: valuation is based on significant inputs that are unobservable in the market and the Company's own estimates of assumptions that we believe market participants would use in pricing the asset

Fair value of financial assets, included in cash and cash equivalents, is as follows:

	Estimated Fair Value Measurements			Total Fair Value
	Level 1	Level 2	Level 3	
June 30, 2014				
Financial Assets:				
Money market funds	\$28,877	\$—	\$—	\$28,877
June 30, 2013				
Financial Assets:				
Money market funds	\$101,576	\$—	\$—	\$101,576

**NOTE 3. PROPERTY AND EQUIPMENT**

The classification of property and equipment, together with their estimated useful lives is as follows:

	June 30, 2014	2013	Estimated Useful Life
Land	\$24,987	\$25,003	
Land improvements	25,411	25,385	5 - 20 years
Buildings	143,733	142,350	20 - 30 years
Leasehold improvements	28,962	24,037	5 - 20 years (1)
Equipment and furniture	316,064	293,044	3 - 10 years
Aircraft and equipment	27,246	45,179	5 - 15 years
Construction in progress	12,199	18,099	
	578,602	573,097	
Less accumulated depreciation	286,927	272,586	
Property and equipment, net	\$291,675	\$300,511	

(1) Lesser of lease term or estimated useful life

Property and equipment included \$523 and \$2,179 that was in accrued liabilities at June 30, 2014 and 2013, respectively. Also, the Company acquired \$16,119 and \$29,131 of computer equipment through capital leases for the years ended June 30, 2014 and 2013, respectively. These amounts were excluded from capital expenditures on the statement of cash flows.



Table of Contents

## NOTE 4. OTHER ASSETS

## Goodwill

The carrying amount of goodwill for the years ended June 30, 2014 and 2013, by reportable segments, is as follows:

	June 30,	
	2014	2013
Banking		
Beginning balance	\$403,720	\$403,949
Goodwill, acquired during the year	19,470	—
Goodwill, written off related to sale	—	(229 )
Ending balance	\$423,190	\$403,720

## Credit Union

Beginning balance	\$129,571	\$129,571
Goodwill, acquired during the year	—	—
Ending balance	\$129,571	\$129,571

## Other Intangible Assets

Information regarding other identifiable intangible assets is as follows:

	June 30,	
	2014	2013
Customer relationships	\$276,337	\$272,391
Less accumulated amortization	(139,735 )	(125,224 )
Customer relationships, net	\$136,602	\$147,167
Other intangible assets	\$29,660	\$10,735
Less accumulated amortization	(4,007 )	(1,355 )
Other intangible assets, net	\$25,653	\$9,380
Computer software	\$345,248	\$288,095
Less accumulated amortization	(184,857 )	(155,483 )
Computer software, net	\$160,391	\$132,612

Customer relationships have lives ranging from 5 to 20 years. Our other intangible assets have useful lives ranging from 3 to 20 years.

Computer software includes the unamortized cost of commercial software products developed or acquired by the Company, which are capitalized and amortized over useful lives ranging from 5 to 10 years. Amortization expense for computer software totaled \$37,720, \$33,145, and \$32,807 for the fiscal years ended June 30, 2014, 2013, and 2012, respectively. There were no material impairments in any of the fiscal years presented.

Amortization expense for all intangible assets was \$54,836, \$48,374, and \$49,297 for the fiscal years ended June 30, 2014, 2013, and 2012, respectively. The estimated aggregate future amortization expense for each of the next five years for all intangible assets remaining as of June 30, 2014, is as follows:

Years Ending June 30,	Computer Software	Customer Relationships	Other Intangible Assets	Total
2015	\$39,051	\$14,398	\$4,493	\$57,942
2016	31,820	13,814	4,267	49,901
2017	23,006	13,585	2,761	39,352
2018	15,496	13,050	894	29,440
2019	7,151	12,829	697	20,677

Table of Contents

## NOTE 5. DEBT

The Company's outstanding long and short term debt is as follows:

	June 30, 2014	June 30, 2013
<b>LONG TERM DEBT</b>		
Capital leases	\$7,757	\$14,161
Other borrowings	—	120
	7,757	14,281
Less current maturities	4,028	6,915
Debt, net of current maturities	\$3,729	\$7,366
<b>SHORT TERM DEBT</b>		
Capital leases	\$1,379	\$1,014
Current maturities of long-term debt	4,028	6,915
Notes payable and current maturities of long term debt	\$5,407	\$7,929
The following table summarizes the annual principal payments required as of June 30, 2014:		
Years ended June 30,		
2015		\$5,407
2016		3,729
2017		—
2018		—
2019		—
Thereafter		—
		\$9,136

## Capital leases

The Company has entered into various capital lease obligations for the use of certain computer equipment. Long term capital lease obligations were entered into of which \$7,757 remains outstanding at June 30, 2014 and \$4,028 will be maturing within the next twelve months. The Company also has short term capital lease obligations totaling \$1,379 at June 30, 2014. Included in property and equipment are assets under capital leases totaling \$37,316, which have accumulated depreciation totaling \$7,994.

## Other lines of credit

The long term revolving credit facility allows for borrowings of up to \$150,000, which may be increased by the Company at any time until maturity to \$250,000. The credit facility bears interest at a variable rate equal to (a) a rate based on LIBOR or (b) an alternate base rate (the greater of (a) the Federal Funds Rate plus 0.5%, (b) the Prime Rate or (c) LIBOR plus 1.0%), plus an applicable percentage in each case determined by the Company's leverage ratio. The credit facility is secured by pledges of capital stock of certain subsidiaries of the Company and also guaranteed by certain subsidiaries of the Company. The credit facility is subject to various financial covenants that require the Company to maintain certain financial ratios as defined in the agreement. As of June 30, 2014, the Company was in compliance with all such covenants. The revolving loan terminates June 4, 2015 and at June 30, 2014, there was no outstanding revolving loan balance.

The Company renewed an unsecured bank credit line on March 3, 2014 which provides for funding of up to \$5,000 and bears interest at the prime rate less 1%. The credit line was renewed through April 30, 2017. At June 30, 2014, no amount was outstanding.

## Interest

The Company paid interest of \$620, \$3,549, and \$3,899 in 2014, 2013, and 2012 respectively.



Table of Contents

## NOTE 6. COMMITMENTS AND CONTINGENCIES

## Litigation

We are subject to various routine legal proceedings and claims, including the following:

In May 2013 a patent infringement lawsuit entitled DataTreasury Corporation v. Jack Henry & Associates, Inc. et. al. was filed against the Company, several subsidiaries and a number of customer financial institutions in the US District Court for the Eastern District of Texas. The complaint seeks damages, interest, injunctive relief, and attorneys' fees for the alleged infringement of two patents, as well as trebling of damage awards for alleged willful infringement. We believe we have strong defenses and intend to defend the lawsuit vigorously. At this stage, we cannot make a reasonable estimate of possible loss or range of loss, if any, arising from this lawsuit.

## Property and Equipment

The Company had \$14,293 of material commitments at June 30, 2014 to purchase property and equipment related mainly to the purchase of aircraft. There were \$18,779 material commitments at June 30, 2013.

## Leases

The Company leases certain property under operating leases which expire over the next 7 years, but certain of the leases contain options to extend the lease term. All lease payments are based on the lapse of time but include, in some cases, payments for operating expenses and property taxes. There are no purchase options on real estate leases at this time. Certain leases on real estate are subject to annual escalations for increases in operating expenses and property taxes.

As of June 30, 2014, net future minimum lease payments are as follows:

Years Ending June 30,	Lease Payments
2015	\$7,851
2016	7,587
2017	6,437
2018	5,016
2019	2,453
Thereafter	1,803
Total	\$31,147

Rent expense was \$8,609, \$8,124, and \$8,410 in 2014, 2013, and 2012 respectively.

## NOTE 7. INCOME TAXES

The provision for income taxes from continuing operations consists of the following:

	Year Ended June 30,		
	2014	2013	2012
Current:			
Federal	\$77,937	\$54,574	\$48,053
State	10,166	4,540	6,021
Deferred:			
Federal	10,636	14,689	19,063
State	2,116	3,647	1,848
	\$100,855	\$77,450	\$74,985

Table of Contents

The tax effects of temporary differences related to deferred taxes shown on the balance sheets were:

	June 30,	
	2014	2013
Deferred tax assets:		
Deferred revenue	\$71,383	\$57,867
Expense reserves (bad debts, insurance, franchise tax and vacation)	14,776	12,515
Net operating loss carryforwards	4,218	6,363
Other, net	1,122	1,383
	91,499	78,128
Deferred tax liabilities:		
Accelerated tax depreciation	(29,247	) (35,046
Accelerated tax amortization	(125,054	) (106,147
Prepaid expenses	(50,955	) (42,385
Other, net	(13,357	) (9,714
	(218,613	) (193,292
Net deferred tax liability before valuation allowance	(127,114	) (115,164
Valuation allowance	(700	) (700
Net deferred tax liability	\$(127,814	) \$(115,864
The deferred taxes are classified on the balance sheets as follows:		
	2014	2013
Deferred income taxes (current)	\$(30,094	) \$(22,366
Deferred income taxes (long-term)	(97,720	) (93,498
	\$(127,814	) \$(115,864

The following analysis reconciles the statutory federal income tax rate to the effective income tax rates reflected above:

	Year Ended June 30,		
	2014	2013	2012
Computed "expected" tax expense	35.0	% 35.0	% 35.0
Increase (reduction) in taxes resulting from:			
State income taxes, net of federal income tax benefits	2.8	% 2.2	% 2.2
Research and development credit	(0.8	)% (3.5	)% (1.8
Domestic production activities deduction	(2.2	)% (2.3	)% (2.2
Other (net)	0.3	% 0.2	% (0.2
	35.1	% 31.6	% 33.0

As of June 30, 2014, we have \$8,761 of net operating loss ("NOL") carryforwards pertaining to the acquisition of Goldleaf Financial Solutions, Inc., which are expected to be utilized after the application of IRC Section 382.

Separately, as of June 30, 2014, we had state NOL carryforwards of \$1,705. The federal and state losses have varying expiration dates, ranging from 2014 to 2034. Based on state tax rules which restrict our utilization of these losses, we believe it is more likely than not that \$700 of these losses will expire unutilized. Accordingly, a valuation allowance of \$700 and \$700 has been recorded against these assets as of June 30, 2014 and 2013, respectively.

The Company paid income taxes of \$83,014, \$54,815, and \$44,962 in 2014, 2013, and 2012 respectively.

At June 30, 2013, the Company had \$4,890 of unrecognized tax benefits. At June 30, 2014, the Company had \$7,834 of gross unrecognized tax benefits, \$5,366 of which, if recognized, would affect our effective tax rate. We had accrued interest and penalties of \$1,315 and \$597 related to uncertain tax positions at June 30, 2014 and 2013, respectively.

Table of Contents

A reconciliation of the unrecognized tax benefits for the years ended June 30, 2014 and 2013 follows:

	Unrecognized Tax Benefits	
Balance at July 1, 2012	\$6,202	
Additions for current year tax positions	1,087	
Reductions for current year tax positions	—	
Additions for prior year tax positions	510	
Reductions for prior year tax positions	(2,720)	)
Settlements	—	
Reductions related to expirations of statute of limitations	(189)	)
Balance at June 30, 2013	4,890	
Additions for current year tax positions	1,380	
Reductions for current year tax positions	—	
Additions for prior year tax positions	1,662	
Reductions for prior year tax positions	(1)	)
Settlements	—	
Reductions related to expirations of statute of limitations	(97)	)
Balance at June 30, 2014	\$7,834	

The U.S. federal and state income tax returns for June 30, 2011 and all subsequent years remain subject to examination as of June 30, 2014 under statute of limitations rules. We anticipate potential changes could reduce the unrecognized tax benefits balance by \$1,700 - \$2,300 within twelve months of June 30, 2014.

**NOTE 8. INDUSTRY AND SUPPLIER CONCENTRATIONS**

The Company sells its products to banks, credit unions, and financial institutions throughout the United States and generally does not require collateral. All billings to customers are due 30 days from date of billing. Reserves (which are insignificant at June 30, 2014, 2013, and 2012) are maintained for potential credit losses.

In addition, the Company purchases most of its computer hardware and related maintenance for resale in relation to installation of JHA software systems from two suppliers. There are a limited number of hardware suppliers for these required items. If these relationships were terminated, it could have a negative impact on the operations of the Company.

**NOTE 9. STOCK-BASED COMPENSATION**

Our pre-tax operating income for the years ended June 30, 2014, 2013 and 2012 includes \$10,091, \$8,615 and \$6,950 of equity-based compensation costs, respectively, of which \$9,335, \$7,962 and \$6,364 relates to the restricted stock plan, respectively.

**2005 NSOP and 1996 SOP**

The Company previously issued options to employees under the 1996 Stock Option Plan ("1996 SOP") and to outside directors under the 2005 Non-Qualified Stock Option Plan ("2005 NSOP").

The 1996 SOP was adopted by the Company on October 29, 1996, for its employees. Terms and vesting periods of the options were determined by the Compensation Committee of the Board of Directors when granted and for options outstanding include vesting periods up to four years. Shares of common stock were reserved for issuance under this plan at the time of each grant, which must be at or above fair market value of the stock at the grant date. The options terminate 30 days after termination of employment, 3 months after retirement, one year after death or 10 years after the date of grant. The plan terminated by its terms on October 29, 2006, although options previously granted under the 1996 SOP are still outstanding and vested.

The 2005 NSOP was adopted by the Company on September 23, 2005, for its outside directors. Generally, options are exercisable beginning 6 months after grant at an exercise price equal to the fair market value of the stock at the grant date. For individuals who have served less than 4 continuous years, 25% of all options will vest after one year of service, 50% shall vest after two years, and 75% shall vest after three years of service on the Board. The options

terminate upon surrender of the option, upon the expiration of 1 year following notification of a deceased optionee, or 10 years after grant. 700 shares of common stock have been reserved for issuance under this plan with a maximum of 100 for each director.

Table of Contents

A summary of option plan activity under the plan is as follows:

	Number of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding July 1, 2011	990	\$15.65	
Granted	—	—	
Forfeited	—	—	
Exercised	(526	) 15.17	
Outstanding July 1, 2012	464	16.19	
Granted	—	—	
Forfeited	—	—	
Exercised	(320	) 13.68	
Outstanding July 1, 2013	144	21.79	
Granted	—	—	
Forfeited	—	—	
Exercised	(19	) 18.42	
Outstanding June 30, 2014	125	\$22.29	\$4,633
Vested June 30, 2014	125	\$22.29	\$4,633
Exercisable June 30, 2014	125	\$22.29	\$4,633

There were no options granted during any period presented. As of June 30, 2014, there was no unrecognized compensation costs related to stock options since all options have now vested. The weighted average remaining contractual term on options currently exercisable as of June 30, 2014 was 3.49 years.

The income tax benefits from stock option exercises totaled \$3,420, \$3,632 and \$3,631 for the years ended June 30, 2014, 2013, and 2012, respectively.

The total intrinsic value of options exercised was \$704, \$8,254 and \$9,654 for the fiscal years ended June 30, 2014, 2013, and 2012, respectively.

**Restricted Stock Plan**

The Restricted Stock Plan was adopted by the Company on November 1, 2005, for its employees. Up to 3,000 shares of common stock are available for issuance under the plan. Upon issuance, shares of restricted stock are subject to forfeiture and to restrictions which limit the sale or transfer of the shares during the restriction period. The restrictions will be lifted over periods ranging from 3 years to 7 years years from grant date. On certain awards, the restrictions may be lifted sooner if certain targets for shareholder return are met.

The following table summarizes non-vested share awards activity:

Share awards	Shares	Weighted Average Grant Date Fair Value
Outstanding July 1, 2011	416	\$22.34
Granted	42	31.50
Vested	(106	) 22.92
Forfeited	(20	) 25.49
Outstanding July 1, 2012	332	23.13
Granted	53	36.78
Vested	(125	) 23.17
Forfeited	(8	) 23.11
Outstanding July 1, 2013	252	25.92
Granted	30	54.13
Vested	(143	) 24.41
Forfeited	(1	) 22.17

Outstanding June 30, 2014

138

\$33.56

43

---

Table of Contents

The non-vested share awards will not participate in dividends during the restriction period. As a result, the weighted-average fair value of the non-vested share awards is based on the fair market value of the Company's equity shares on the grant date, less the present value of the expected future dividends to be declared during the restriction period.

At June 30, 2014, there was \$1,492 of compensation expense that has yet to be recognized related to non-vested restricted stock share awards, which will be recognized over a weighted-average period of 0.92 years.

An amendment to the Restricted Stock Plan was adopted by the Company on August 20, 2010, for its executive officers. Unit awards will be made to employees remaining in continuous employment throughout the performance period and vary based on the Company's percentile ranking in Total Shareholder Return ("TSR") over the performance period compared to a peer group of companies. TSR is defined as the change in the stock price through the performance period plus dividends per share paid during the performance period, all divided by the stock price at the beginning of the performance period. It is the intention of the Company to settle the unit awards in shares of the Company's stock.

The following table summarizes non-vested unit awards as of June 30, 2014, as well as activity for the year then ended:

Unit awards	Shares	Weighted Average Grant Date Fair Value
Outstanding July 1, 2011	293	\$ 15.77
Granted	391	19.69
Vested	—	—
Forfeited	(12	) 15.77
Outstanding July 1, 2012	672	18.05
Granted	174	42.39
Vested	—	—
Forfeited	(32	) 22.45
Outstanding July 1, 2013	814	23.08
Granted	164	48.21
Vested	(168	) 15.77
Forfeited	(101	) 15.77
Outstanding June 30, 2014	709	\$31.66

The weighted average assumptions used in this model to estimate fair value at the measurement date and resulting values are as follows:

	Year Ended June 30,			
	2014	2013	2012	
Volatility	21.6	% 23.3	% 34.2	%
Risk free interest rate	0.91	% 0.33	% 0.31	%
Dividend yield	1.6	% 1.2	% 1.5	%
Stock Beta	0.837	0.864	0.903	

At June 30, 2014, there was \$8,193 of compensation expense that has yet to be recognized related to non-vested restricted stock unit awards, which will be recognized over a weighted-average period of 0.91 years.

Table of Contents

## NOTE 10. EARNINGS PER SHARE

The following table reflects the reconciliation between basic and diluted earnings per share, as well as cash dividends paid per share:

	Year Ended June 30,		
	2014	2013	2012
Net Income	\$186,715	\$167,610	\$152,040
Common share information:			
Weighted average shares outstanding for basic earnings per share	84,866	86,040	86,599
Dilutive effect of stock options and restricted stock	530	579	688
Weighted average shares outstanding for diluted earnings per share	85,396	86,619	87,287
Basic earnings per share	\$2.20	\$1.95	\$1.76
Diluted earnings per share	\$2.19	\$1.94	\$1.74

Per share information is based on the weighted average number of common shares outstanding for each of the fiscal years. Stock options and restricted stock have been included in the calculation of earnings per share to the extent they are dilutive. There were 24 anti-dilutive stock options and restricted stock excluded from the computation of diluted earnings per share for fiscal 2014, with no shares excluded for fiscal 2013 and no shares excluded for fiscal 2012.

## NOTE 11. EMPLOYEE BENEFIT PLANS

The Company established an employee stock purchase plan in 2006. The plan allows the majority of employees the opportunity to directly purchase shares of the Company at a 15% discount. The plan does not meet the criteria as a non-compensatory plan. As a result, the Company records the total dollar value of the stock discount given to employees under the plan as expense. Total expense recorded by the Company under the plan for the year ended June 30, 2014, 2013 and 2012 was \$756, \$653 and \$586, respectively.

The Company has a defined contribution plan for its employees: the 401(k) Retirement Savings Plan (the "Plan"). The Plan is subject to the Employee Retirement Income Security Act of 1975 ("ERISA") as amended. Under the Plan, the Company matches 100% of full time employee contributions up to 5% of compensation subject to a maximum of \$5 per year. In order to receive matching contributions, employees must be 18 years of age and be employed for at least six months. The Company has the option of making a discretionary contribution; however, none has been made for any of the three most recent fiscal years. The total matching contributions for the Plan were \$13,617, \$12,426, and \$11,376 for fiscal 2014, 2013 and 2012, respectively.

## NOTE 12. BUSINESS ACQUISITION

## Banno, LLC

Effective March 1, 2014, the Company acquired all of the equity interests of Banno, an Iowa-based company that provides Web and transaction marketing services with a focus on the mobile medium, for \$27,910 paid in cash. This acquisition was funded using existing operating cash. The acquisition of Banno expanded the Company's presence in online and mobile technologies within the industry.

Management has completed a preliminary purchase price allocation of Banno and its assessment of the fair value of acquired assets and liabilities assumed. The recognized amounts of identifiable assets acquired and liabilities assumed, based upon their preliminary fair values as of March 1, 2014 are set forth below:



Table of Contents

Current assets	\$610	
Long-term assets	87	
Identifiable intangible assets	9,255	
Total liabilities assumed	(1,512	)
Total identifiable net assets	8,440	
Goodwill	19,470	
Net assets acquired	27,910	

The amounts shown above may change in the near term as management continues to assess the fair value of acquired assets and liabilities and evaluate the income tax implications of this business combination.

The goodwill of \$19,470 arising from this acquisition consists largely of the growth potential, synergies and economies of scale expected from combining the operations of the Company with those of Banno, together with the value of Banno's assembled workforce. Goodwill from this acquisition has been allocated to our Banking Systems and Services segment. Approximately 95% of the goodwill is expected to be deductible for income tax purposes.

Identifiable intangible assets from this acquisition consists of customer relationships of \$3,946, \$3,546 of computer software and other intangible assets of \$1,763. The weighted average amortization period for acquired customer relationships, acquired computer software, and other intangible assets is 15 years, 8 years, and 20 years, respectively.

Current assets is inclusive of cash acquired of \$16. The fair value of current assets acquired included accounts receivable of \$476. The gross amount receivable is \$501, of which \$25 is expected to be uncollectible.

During fiscal year 2014, the Company incurred \$30 in costs related to the acquisition of Banno. These costs included fees for legal, valuation and other fees. These costs were included within general and administrative expenses.

The results of Banno's operations included in the Company's consolidated statement of operations from the acquisition date to June 30, 2014 included revenue of \$848 and after-tax net loss of \$1,121.

The accompanying consolidated statements of income for the three and twelve month periods ended June 30, 2014 do not include any revenues and expenses related to this acquisition prior to the acquisition date. The impact of this acquisition was considered immaterial to our both the current and prior periods of our consolidated financial statements and pro forma financial information has not been provided.

Table of Contents

## NOTE 13. REPORTABLE SEGMENT INFORMATION

The Company is a provider of integrated computer systems that perform data processing (available for in-house installations or outsourced services) for banks and credit unions. The Company's operations are classified into two reportable segments: bank systems and services ("Bank") and credit union systems and services ("Credit Union"). The Company evaluates the performance of its segments and allocates resources to them based on various factors, including prospects for growth, return on investment, and return on revenue.

	Year Ended June 30, 2014		
	Bank	Credit Union	Total
REVENUE			
License	\$1,514	\$670	\$2,184
Support and service	853,500	258,831	1,112,331
Hardware	42,657	16,001	58,658
Total revenue	897,671	275,502	1,173,173
COST OF SALES			
Cost of license	555	353	908
Cost of support and service	492,777	141,979	634,756
Cost of hardware	31,866	11,842	43,708
Total cost of sales	525,198	154,174	679,372
GROSS PROFIT	\$372,473	\$121,328	493,801
OPERATING EXPENSES			205,503
INTEREST INCOME (EXPENSE)			(728 )
INCOME BEFORE INCOME TAXES			\$287,570

Table of Contents

	Year Ended		
	June 30, 2013		
	Bank	Credit Union	Total
REVENUE			
License	\$4,895	\$471	\$5,366
Support and service	794,433	248,368	1,042,801
Hardware	41,052	18,305	59,357
Total revenue	840,380	267,144	1,107,524
COST OF SALES			
Cost of license	765	95	860
Cost of support and service	461,370	140,250	601,620
Cost of hardware	29,936	13,714	43,650
Total cost of sales	492,071	154,059	646,130
GROSS PROFIT	\$348,309	\$113,085	461,394
OPERATING EXPENSES			210,637
INTEREST INCOME (EXPENSE)			(5,697 )
INCOME BEFORE INCOME TAXES			\$245,060
	Year Ended		
	June 30, 2012		
	Bank	Credit Union	Total
REVENUE			
License	\$4,984	\$668	\$5,652
Support and service	729,779	219,114	948,893
Hardware	45,051	18,071	63,122
Total revenue	779,814	237,853	1,017,667
COST OF SALES			
Cost of license	1,938	353	2,291
Cost of support and service	422,672	127,898	550,570
Cost of hardware	32,123	13,860	45,983
Total cost of sales	456,733	142,111	598,844
GROSS PROFIT	\$323,081	\$95,742	418,823
OPERATING EXPENSES			187,231
INTEREST INCOME (EXPENSE)			(4,567 )
INCOME BEFORE INCOME TAXES			\$227,025

Table of Contents

	Year Ended June 30,		
	2014	2013	2012
Depreciation expense, net			
Bank systems and services	\$48,382	\$47,789	\$41,053
Credit Unions systems and services	4,553	4,178	4,269
Total	\$52,935	\$51,967	\$45,322
Amortization expense, net			
Bank systems and services	\$39,152	\$32,959	\$35,492
Credit Unions systems and services	15,684	15,415	13,805
Total	\$54,836	\$48,374	\$49,297
Capital expenditures			
Bank systems and services	\$32,736	\$44,976	\$34,963
Credit Unions systems and services	449	1,280	6,478
Total	\$33,185	\$46,256	\$41,441
		June 30,	June 30,
		2014	2013
Property and equipment, net			
Bank systems and services		\$258,437	\$265,595
Credit Union systems and services		33,238	34,916
Total		\$291,675	\$300,511
Intangible assets, net			
Bank systems and services		\$643,972	\$589,891
Credit Union systems and services		231,435	232,559
Total		\$875,407	\$822,450

The Company has not disclosed any additional asset information by segment, as the information is not produced internally and its preparation is impracticable.

**NOTE 14. SUBSEQUENT EVENTS**

On August 22, 2014, the Company's Board of Directors declared a cash dividend of \$0.22 per share on its common stock, payable on September 26, 2014 to shareholders of record on September 5, 2014.

**NOTE 15. RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS****Correction of Accounting Errors**

Subsequent to the filing of the Annual Report on Form 10-K for the fiscal year ended June 30, 2014 on August 27, 2014, management identified historical accounting errors relating to its accounting for certain software license, maintenance and service agreements. The prior period errors primarily relate to the Company's accounting for its bundled software multi-element arrangements.

More specifically, the Company concluded it had improperly accounted for contracts containing multiple software products delivered at different points in time as separate arrangements within a contract versus as a single arrangement with multiple elements, resulting in revenue being recognized on these contracts before all licenses, for which no VSOE exists, had been delivered. Furthermore, the Company concluded that its mechanisms for tracking and estimating implementation hours was not capable of producing reliable estimates in support of its assertion of VSOE for its implementation services and that its pricing for stand-alone sales of post-contract support ("PCS") was not consistent enough to support its assertion of VSOE for PCS during the current and prior periods.

Our previous accounting resulted in revenue being recognized earlier than would be appropriate for bundled software multi-element arrangements where VSOE does not exist for any of the software elements. Our current conclusions result in the deferral of revenue on such arrangements until the only undelivered element is PCS. The total arrangement revenue is then recognized ratably over the remaining initial bundled PCS period provided all other

revenue recognition criteria have been met. Direct and incremental costs, including direct labor and sales commissions, related to obtaining

Table of Contents

and implementing these contracts have also been deferred until the only undelivered element is PCS and are recognized ratably over the remaining initial bundled PCS period.

Due to the above errors, including the related tax impact, net income for the fiscal years ended June 30, 2014, 2013 and 2012 was overstated by \$14,421, \$9,035, and \$2,944 respectively. On the balance sheet, total assets as of June 30, 2014 and 2013 increased \$56,411 and \$43,231, respectively; total liabilities increased \$127,185 and \$99,584 respectively; and stockholders' equity decreased \$70,774 and \$56,353 respectively.

The adjustments related to the years prior to 2012 are reflected in the beginning retained earnings for 2012. The cumulative impact of these adjusting entries decreased retained earnings by \$44,373, net of tax, at the beginning of 2012.

The following tables present the effects of the restatement on each line of the Company's previously issued consolidated financial statements as of June 30, 2014 and 2013 and for the fiscal years ended June 30, 2014, 2013 and 2012.

Table of ContentsConsolidated Statements of Income:  
(In Thousands, Except Per Share Data)

	Year Ended June 30, 2014 As Previously Reported	Effect of Restatement	As Restated
<b>REVENUE</b>			
License	\$53,009	\$(50,825	) \$2,184
Support and service	1,098,386	13,945	1,112,331
Hardware	58,658	—	58,658
Total revenue	1,210,053	(36,880	) 1,173,173
<b>COST OF SALES</b>			
Cost of license	4,273	(3,365	) 908
Cost of support and service	643,443	(8,687	) 634,756
Cost of hardware	43,708	—	43,708
Total cost of sales	691,424	(12,052	) 679,372
<b>GROSS PROFIT</b>	518,629	(24,828	) 493,801
<b>OPERATING EXPENSES</b>			
Selling and marketing	86,570	(1,127	) 85,443
Research and development	66,748	—	66,748
General and administrative	53,312	—	53,312
Total operating expenses	206,630	(1,127	) 205,503
<b>OPERATING INCOME</b>	311,999	(23,701	) 288,298
<b>INTEREST INCOME (EXPENSE)</b>			
Interest income	377	—	377
Interest expense	(1,105	) —	(1,105
Total interest income (expense)	(728	) —	(728
<b>INCOME BEFORE INCOME TAXES</b>	311,271	(23,701	) 287,570
<b>PROVISION FOR INCOME TAXES</b>	110,135	(9,280	) 100,855
<b>NET INCOME</b>	\$201,136	\$(14,421	) \$186,715
Diluted earnings per share	\$2.36	\$(0.17	) \$2.19
Diluted weighted average shares outstanding	85,396	85,396	85,396
Basic earnings per share	\$2.37	\$(0.17	) \$2.20
Basic weighted average shares outstanding	84,866	84,866	84,866

Table of Contents

	Year Ended June 30, 2013		
	As Previously Reported	Effect of Restatement	As Restated
<b>REVENUE</b>			
License	\$54,818	\$(49,452	) \$5,366
Support and service	1,015,211	27,590	1,042,801
Hardware	59,357	—	59,357
Total revenue	1,129,386	(21,862	) 1,107,524
<b>COST OF SALES</b>			
Cost of license	4,824	(3,964	) 860
Cost of support and service	603,920	(2,300	) 601,620
Cost of hardware	43,650	—	43,650
Total cost of sales	652,394	(6,264	) 646,130
<b>GROSS PROFIT</b>	476,992	(15,598	) 461,394
<b>OPERATING EXPENSES</b>			
Selling and marketing	81,619	(808	) 80,811
Research and development	63,202	—	63,202
General and administrative	66,624	—	66,624
Total operating expenses	211,445	(808	) 210,637
<b>OPERATING INCOME</b>	265,547	(14,790	) 250,757
<b>INTEREST INCOME (EXPENSE)</b>			
Interest income	640	—	640
Interest expense	(6,337	) —	(6,337
Total interest income (expense)	(5,697	) —	(5,697
<b>INCOME BEFORE INCOME TAXES</b>	259,850	(14,790	) 245,060
<b>PROVISION FOR INCOME TAXES</b>	83,205	(5,755	) 77,450
<b>NET INCOME</b>	\$176,645	\$(9,035	) \$167,610
Diluted earnings per share	\$2.04	\$(0.10	) \$1.94
Diluted weighted average shares outstanding	86,619	86,619	86,619
Basic earnings per share	\$2.05	\$(0.11	) \$1.95
Basic weighted average shares outstanding	86,040	86,040	86,040



Table of Contents

	Year Ended June 30, 2012 As Previously Reported	Effect of Restatement	As Restated	
<b>REVENUE</b>				
License	\$54,811	\$(49,159	) \$5,652	
Support and service	909,176	39,717	948,893	
Hardware	63,122	—	63,122	
Total revenue	1,027,109	(9,442	) 1,017,667	
<b>COST OF SALES</b>				
Cost of license	6,111	(3,820	) 2,291	
Cost of support and service	551,285	(715	) 550,570	
Cost of hardware	45,983	—	45,983	
Total cost of sales	603,379	(4,535	) 598,844	
<b>GROSS PROFIT</b>	423,730	(4,907	) 418,823	
<b>OPERATING EXPENSES</b>				
Selling and marketing	76,500	(264	) 76,236	
Research and development	60,876	—	60,876	
General and administrative	50,119	—	50,119	
Total operating expenses	187,495	(264	) 187,231	
<b>OPERATING INCOME</b>	236,235	(4,643	) 231,592	
<b>INTEREST INCOME (EXPENSE)</b>				
Interest income	1,176	—	1,176	
Interest expense	(5,743	) —	(5,743	)
Total interest income (expense)	(4,567	) —	(4,567	)
<b>INCOME BEFORE INCOME TAXES</b>	231,668	(4,643	) 227,025	
<b>PROVISION FOR INCOME TAXES</b>	76,684	(1,699	) 74,985	
<b>NET INCOME</b>	\$154,984	\$(2,944	) \$152,040	
Diluted earnings per share	\$1.78	\$(0.03	) \$1.74	
Diluted weighted average shares outstanding	87,287	87,287	87,287	
Basic earnings per share	\$1.79	\$(0.03	) \$1.76	
Basic weighted average shares outstanding	86,599	86,599	86,599	

Table of Contents

## Consolidated Balance Sheets:

(In Thousands, Except Share and Per Share Data)

	June 30, 2014		
	As Previously	Effect of	As Restated
	Reported	Restatement	
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$70,377	\$—	\$70,377
Receivables, net	224,041	—	224,041
Income tax receivable	7,937	—	7,937
Prepaid expenses and other	59,824	1,250	61,074
Deferred costs	22,202	4,875	27,077
Total current assets	384,381	6,125	390,506
PROPERTY AND EQUIPMENT, net	291,675	—	291,675
<b>OTHER ASSETS:</b>			
Non-current deferred costs	34,708	43,750	78,458
Computer software, net of amortization	160,391	—	160,391
Other non-current assets	38,121	6,536	44,657
Customer relationships, net of amortization	136,602	—	136,602
Other intangible assets, net of amortization	25,653	—	25,653
Goodwill	552,761	—	552,761
Total other assets	948,236	50,286	998,522
Total assets	\$1,624,292	\$56,411	\$1,680,703
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$10,516	\$—	\$10,516
Accrued expenses	63,299	—	63,299
Deferred income tax liability	37,592	(7,498	) 30,094
Notes payable and current maturities of long term debt	5,407	—	5,407
Deferred revenues	312,002	25,491	337,493
Total current liabilities	428,816	17,993	446,809
<b>LONG TERM LIABILITIES:</b>			
Non-current deferred revenues	8,985	146,390	155,375
Non-current deferred income tax liability	134,918	(37,198	) 97,720
Debt, net of current maturities	3,729	—	3,729
Other long-term liabilities	9,683	—	9,683
Total long term liabilities	157,315	109,192	266,507
Total liabilities	586,131	127,185	713,316
<b>STOCKHOLDERS' EQUITY</b>			
Preferred stock - \$1 par value; 500,000 shares authorized, none issued	—	—	—
Common stock - \$0.01 par value; 250,000,000 shares authorized; 102,429,926 shares issued at June 30, 2014	1,024	—	1,024
Additional paid-in capital	412,512	—	412,512
Retained earnings	1,202,406	(70,774	) 1,131,632
Less treasury stock at cost 19,794,559 shares at June 30, 2014	(577,781	) —	(577,781
Total stockholders' equity	1,038,161	(70,774	) 967,387
Total liabilities and equity	\$1,624,292	\$56,411	\$1,680,703



Table of Contents

## Consolidated Balance Sheets:

(In Thousands, Except Share and Per Share Data)

	June 30, 2013		
	As Previously	Effect of	As Restated
	Reported	Restatement	
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 127,905	\$—	\$ 127,905
Receivables, net	231,263	—	231,263
Income tax receivable	6,107	—	6,107
Prepaid expenses and other	59,244	1,599	60,843
Deferred costs	23,366	6,635	30,001
Total current assets	447,885	8,234	456,119
PROPERTY AND EQUIPMENT, net	300,511	—	300,511
<b>OTHER ASSETS:</b>			
Non-current deferred costs	27,898	29,938	57,836
Computer software, net of amortization	132,612	—	132,612
Other non-current assets	30,411	5,059	35,470
Customer relationships, net of amortization	147,167	—	147,167
Other intangible assets, net of amortization	9,380	—	9,380
Goodwill	533,291	—	533,291
Total other assets	880,759	34,997	915,756
Total assets	\$ 1,629,155	\$ 43,231	\$ 1,672,386
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ 11,701	\$—	\$ 11,701
Accrued expenses	68,528	—	68,528
Deferred income tax liability	30,845	(8,479	) 22,366
Notes payable and current maturities of long term debt	7,929	—	7,929
Deferred revenues	293,255	30,423	323,678
Total current liabilities	412,258	21,944	434,202
<b>LONG TERM LIABILITIES:</b>			
Non-current deferred revenues	11,342	104,576	115,918
Non-current deferred income tax liability	120,434	(26,936	) 93,498
Debt, net of current maturities	7,366	—	7,366
Other long-term liabilities	5,586	—	5,586
Total long term liabilities	144,728	77,640	222,368
Total liabilities	556,986	99,584	656,570
<b>STOCKHOLDERS' EQUITY</b>			
Preferred stock - \$1 par value; 500,000 shares authorized, none issued	—	—	—
Common stock - \$0.01 par value; 250,000,000 shares authorized; 101,993,808 shares issued at June 30, 2013	1,020	—	1,020
Additional paid-in capital	400,710	—	400,710
Retained earnings	1,072,521	(56,353	) 1,016,168
Less treasury stock at cost 16,753,889 shares at June 30, 2013	(402,082	) —	(402,082
Total stockholders' equity	1,072,169	(56,353	) 1,015,816
Total liabilities and equity	\$ 1,629,155	\$ 43,231	\$ 1,672,386



Table of ContentsConsolidated Statements of Cash Flows:  
(In Thousands)

	Year Ended June 30, 2014 As Previously Reported	Effect of Restatement	As Restated
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net Income	\$201,136	\$(14,421	) \$186,715
Adjustments to reconcile net income from operations to net cash from operating activities:			
Depreciation	52,935	—	52,935
Amortization	54,836	—	54,836
Change in deferred income taxes	22,032	(9,280	) 12,752
Excess tax benefits from stock-based compensation	(3,406	) —	(3,406
Expense for stock-based compensation	10,091	—	10,091
(Gain)/loss on disposal of assets	(784	) —	(784
Changes in operating assets and liabilities:			
Change in receivables	7,498	—	7,498
Change in prepaid expenses, deferred costs and other	(15,386	) (13,179	) (28,565
Change in accounts payable	(1,252	) —	(1,252
Change in accrued expenses	(6,364	) —	(6,364
Change in income taxes	5,251	—	5,251
Change in deferred revenues	15,072	36,880	51,952
Net cash from operating activities	341,659	—	341,659
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Payment for acquisitions, net of cash acquired	(27,894	) —	(27,894
Capital expenditures	(33,185	) —	(33,185
Proceeds from sale of assets	7,781	—	7,781
Customer contracts acquired	—	—	—
Internal use software	(16,288	) —	(16,288
Computer software developed	(62,194	) —	(62,194
Proceeds from investments	—	—	—
Purchase of investments	—	—	—
Net cash from investing activities	(131,780	) —	(131,780
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Borrowings on credit facilities	25,000	—	25,000
Repayments on credit facilities	(47,158	) —	(47,158
Purchase of treasury stock	(175,699	) —	(175,699
Dividends paid	(71,251	) —	(71,251
Excess tax benefits from stock-based compensation	3,406	—	3,406
Proceeds from issuance of common stock upon exercise of stock options	609	—	609
Minimum tax withholding payments related to share based compensation	(6,598	) —	(6,598
Proceeds from sale of common stock, net	4,284	—	4,284
Net cash from financing activities	(267,407	) —	(267,407
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>\$(57,528</b>	<b>) \$—</b>	<b>\$(57,528</b>
	<b>\$127,905</b>	<b>\$—</b>	<b>\$127,905</b>

CASH AND CASH EQUIVALENTS, BEGINNING OF  
PERIOD

CASH AND CASH EQUIVALENTS, END OF PERIOD	\$70,377	\$—	\$70,377
--	----------	-----	----------

Table of ContentsConsolidated Statements of Cash Flows:  
(In Thousands)

	Year Ended June 30, 2013		Effect of Restatement		As Restated
	As Previously Reported				
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Net Income	\$176,645		\$(9,035	)	\$167,610
Adjustments to reconcile net income from operations to net cash from operating activities:					
Depreciation	51,967		—		51,967
Amortization	48,374		—		48,374
Change in deferred income taxes	24,091		(5,755	)	18,336
Excess tax benefits from stock-based compensation	(3,621	)	—		(3,621
Expense for stock-based compensation	8,615		—		8,615
(Gain)/loss on disposal of assets	3,908		—		3,908
Changes in operating assets and liabilities:					
Change in receivables	(12,739	)	—		(12,739
Change in prepaid expenses, deferred costs and other	(4,430	)	(7,072	)	(11,502
Change in accounts payable	(4,582	)	—		(4,582
Change in accrued expenses	7,774		—		7,774
Change in income taxes	4,575		—		4,575
Change in deferred revenues	8,597		21,862		30,459
Net cash from operating activities	309,174		—		309,174
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Payment for acquisitions, net of cash acquired	—		—		—
Capital expenditures	(46,256	)	—		(46,256
Proceeds from sale of assets	530		—		530
Customer contracts acquired	(186	)	—		(186
Internal use software	—		—		—
Computer software developed	(51,332	)	—		(51,332
Proceeds from investments	—		—		—
Purchase of investments	—		—		—
Net cash from investing activities	(97,244	)	—		(97,244
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
Borrowings on credit facilities	—		—		—
Repayments on credit facilities	(145,180	)	—		(145,180
Purchase of treasury stock	(58,126	)	—		(58,126
Dividends paid	(48,202	)	—		(48,202
Excess tax benefits from stock-based compensation	3,621		—		3,621
Proceeds from issuance of common stock upon exercise of stock options	6,775		—		6,775
Minimum tax withholding payments related to share based compensation	(3,926	)	—		(3,926
Proceeds from sale of common stock, net	3,700		—		3,700
Net cash from financing activities	(241,338	)	—		(241,338
NET CHANGE IN CASH AND CASH EQUIVALENTS	\$(29,408	)	\$—		\$(29,408
	\$157,313		\$—		\$157,313



CASH AND CASH EQUIVALENTS, BEGINNING OF  
PERIOD

CASH AND CASH EQUIVALENTS, END OF PERIOD	\$127,905	\$—	\$127,905
--	-----------	-----	-----------

Table of ContentsConsolidated Statements of Cash Flows:  
(In Thousands)

	Year Ended June 30, 2012	Effect of Restatement	As Restated	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net Income	\$ 154,984	\$(2,944	) \$ 152,040	
Adjustments to reconcile net income from operations to net cash from operating activities:				
Depreciation	45,322	—	45,322	
Amortization	49,297	—	49,297	
Change in deferred income taxes	22,610	(1,699	) 20,911	
Excess tax benefits from stock-based compensation	(3,465	) —	(3,465	)
Expense for stock-based compensation	6,950	—	6,950	
(Gain)/loss on disposal of assets	1,198	—	1,198	
Changes in operating assets and liabilities:				
Change in receivables	(10,795	) —	(10,795	)
Change in prepaid expenses, deferred costs and other	(22,962	) (4,799	) (27,761	)
Change in accounts payable	3,488	—	3,488	
Change in accrued expenses	7,770	—	7,770	
Change in income taxes	9,257	—	9,257	
Change in deferred revenues	896	9,442	10,338	
Net cash from operating activities	264,550	—	264,550	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Payment for acquisitions, net of cash acquired	—	—	—	
Capital expenditures	(41,441	) —	(41,441	)
Proceeds from sale of assets	2,772	—	2,772	
Customer contracts acquired	(720	) —	(720	)
Internal use software	—	—	—	
Computer software developed	(37,873	) —	(37,873	)
Proceeds from investments	3,000	—	3,000	
Purchase of investments	(2,000	) —	(2,000	)
Net cash from investing activities	(76,262	) —	(76,262	)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Borrowings on credit facilities	—	—	—	
Repayments on credit facilities	(35,280	) —	(35,280	)
Purchase of treasury stock	(34,371	) —	(34,371	)
Dividends paid	(38,128	) —	(38,128	)
Excess tax benefits from stock-based compensation	3,465	—	3,465	
Proceeds from issuance of common stock upon exercise of stock options	11,004	—	11,004	
Minimum tax withholding payments related to share based compensation	(4,112	) —	(4,112	)
Proceeds from sale of common stock, net	3,322	—	3,322	
Net cash from financing activities	(94,100	) —	(94,100	)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>\$ 94,188</b>	<b>\$ —</b>	<b>\$ 94,188</b>	
	<b>\$ 63,125</b>	<b>\$ —</b>	<b>\$ 63,125</b>	

CASH AND CASH EQUIVALENTS, BEGINNING OF  
PERIOD

CASH AND CASH EQUIVALENTS, END OF PERIOD	\$157,313	\$—	\$157,313
--	-----------	-----	-----------

Table of Contents

## Prior Period Reclassification

Certain amounts included within the consolidated statements of cash flows for the years ended June 30, 2013 and 2012 have been restated to correct an error related to the presentation of excess tax benefits from stock based compensation within cash flows from operating activities. Such correction adjusted the cash flow statement for 2013 and 2012 by presenting excess tax benefits from stock based compensation as a separate line item and increasing the change in income taxes by \$3,621 and \$3,465 for the respective periods. There was no change in total cash flows from operating, investing or financing activities.

## QUARTERLY FINANCIAL INFORMATION

(unaudited)

The Company has restated the following quarterly financial information for the interim periods during the fiscal years ended June 30, 2014 and 2013 for the effects of the restatement more fully described in Note 15 - Restatement of Consolidated Financial Statements, as set forth below (in thousands, except for per share data):

As Previously Reported	For the Year Ended June 30, 2014				
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
<b>REVENUE</b>					
License	\$11,779	\$12,893	\$15,267	\$13,070	\$53,009
Support and service	269,544	274,276	270,931	283,635	1,098,386
Hardware	14,338	15,356	14,731	14,233	58,658
Total revenue	295,661	302,525	300,929	310,938	1,210,053
<b>COST OF SALES</b>					
Cost of license	1,412	947	1,167	747	4,273
Cost of support and service	154,583	157,893	164,223	166,744	643,443
Cost of hardware	10,941	10,867	11,008	10,892	43,708
Total cost of sales	166,936	169,707	176,398	178,383	691,424
<b>GROSS PROFIT</b>	<b>128,725</b>	<b>132,818</b>	<b>124,531</b>	<b>132,555</b>	<b>518,629</b>
<b>OPERATING EXPENSES</b>					
Selling and marketing	21,458	21,071	22,034	22,007	86,570
Research and development	15,673	16,142	17,486	17,447	66,748
General and administrative	14,250	12,132	13,629	13,301	53,312
Total operating expenses	51,381	49,345	53,149	52,755	206,630
<b>OPERATING INCOME</b>	<b>77,344</b>	<b>83,473</b>	<b>71,382</b>	<b>79,800</b>	<b>311,999</b>
<b>INTEREST INCOME (EXPENSE)</b>					
Interest income	131	129	84	33	377
Interest expense	(280)	) (267)	) (262)	) (296)	) (1,105)
Total interest income (expense)	(149)	) (138)	) (178)	) (263)	) (728)
<b>INCOME BEFORE INCOME TAXES</b>	<b>77,195</b>	<b>83,335</b>	<b>71,204</b>	<b>79,537</b>	<b>311,271</b>
<b>PROVISION FOR INCOME TAXES</b>	<b>27,407</b>	<b>29,353</b>	<b>24,447</b>	<b>28,928</b>	<b>110,135</b>
<b>NET INCOME</b>	<b>\$49,788</b>	<b>\$53,982</b>	<b>\$46,757</b>	<b>\$50,609</b>	<b>\$201,136</b>
Diluted earnings per share	\$0.58	\$0.63	\$0.55	\$0.60	\$2.36
Diluted weighted average shares outstanding	85,854	85,986	85,467	84,276	85,396

Basic earnings per share	\$0.58	\$0.63	\$0.55	\$0.60	\$2.37
Basic weighted average shares outstanding	85,294	85,450	84,981	83,740	84,866

59

---

Table of Contents

	For the Year Ended June 30, 2014				
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Effects of Restatement					
<b>REVENUE</b>					
License	\$(11,017	) \$(12,648	) \$(14,664	) \$(12,496	) \$(50,825
Support and service	(6,914	) (1,034	) 5,169	16,724	13,945
Hardware	—	—	—	—	—
Total revenue	(17,931	) (13,682	) (9,495	) 4,228	(36,880
<b>COST OF SALES</b>					
Cost of license	(1,067	) (759	) (940	) (599	) (3,365
Cost of support and service	(5,427	) (3,124	) (1,399	) 1,263	(8,687
Cost of hardware	—	—	—	—	—
Total cost of sales	(6,494	) (3,883	) (2,339	) 664	(12,052
<b>GROSS PROFIT</b>	(11,437	) (9,799	) (7,156	) 3,564	(24,828
<b>OPERATING EXPENSES</b>					
Selling and marketing	(720	) (568	) (315	) 476	(1,127
Research and development	—	—	—	—	—
General and administrative	—	—	—	—	—
Total operating expenses	(720	) (568	) (315	) 476	(1,127
<b>OPERATING INCOME</b>	(10,717	) (9,231	) (6,841	) 3,088	(23,701
<b>INTEREST INCOME (EXPENSE)</b>					
Interest income	—	—	—	—	—
Interest expense	—	—	—	—	—
Total interest income (expense)	—	—	—	—	—
<b>INCOME BEFORE INCOME TAXES</b>	(10,717	) (9,231	) (6,841	) 3,088	(23,701
<b>PROVISION FOR INCOME TAXES</b>	(4,149	) (3,609	) (2,690	) 1,168	(9,280
<b>NET INCOME</b>	\$(6,568	) \$(5,622	) \$(4,151	) \$1,920	\$(14,421
Diluted earnings per share	\$(0.08	) \$(0.07	) \$(0.05	) \$0.02	\$(0.17
Diluted weighted average shares outstanding	85,854	85,986	85,467	84,276	85,396
Basic earnings per share	\$(0.08	) \$(0.07	) \$(0.05	) \$0.02	\$(0.17
Basic weighted average shares outstanding	85,294	85,450	84,981	83,740	84,866

Table of Contents

	For the Year Ended June 30, 2014				
	Quarter 1 (As Restated)	Quarter 2 (As Restated)	Quarter 3 (As Restated)	Quarter 4 (As Restated)	Total (As Restated)
As Restated					
<b>REVENUE</b>					
License	\$762	\$245	\$603	\$574	\$2,184
Support and service	262,630	273,242	276,100	300,359	1,112,331
Hardware	14,338	15,356	14,731	14,233	58,658
Total revenue	277,730	288,843	291,434	315,166	1,173,173
<b>COST OF SALES</b>					
Cost of license	345	188	227	148	908
Cost of support and service	149,156	154,769	162,824	168,007	634,756
Cost of hardware	10,941	10,867	11,008	10,892	43,708
Total cost of sales	160,442	165,824	174,059	179,047	679,372
<b>GROSS PROFIT</b>	117,288	123,019	117,375	136,119	493,801
<b>OPERATING EXPENSES</b>					
Selling and marketing	20,738	20,503	21,719	22,483	85,443
Research and development	15,673	16,142	17,486	17,447	66,748
General and administrative	14,250	12,132	13,629	13,301	53,312
Total operating expenses	50,661	48,777	52,834	53,231	205,503
<b>OPERATING INCOME</b>	66,627	74,242	64,541	82,888	288,298
<b>INTEREST INCOME (EXPENSE)</b>					
Interest income	131	129	84	33	377
Interest expense	(280)	) (267)	) (262)	) (296)	) (1,105)
Total interest income (expense)	(149)	) (138)	) (178)	) (263)	) (728)
<b>INCOME BEFORE INCOME TAXES</b>	66,478	74,104	64,363	82,625	287,570
<b>PROVISION FOR INCOME TAXES</b>	23,258	25,744	21,757	30,096	100,855
<b>NET INCOME</b>	\$43,220	\$48,360	\$42,606	\$52,529	\$186,715
Diluted earnings per share	\$0.50	\$0.56	\$0.50	\$0.62	\$2.19
Diluted weighted average shares outstanding	85,854	85,986	85,467	84,276	85,396
Basic earnings per share	\$0.51	\$0.57	\$0.50	\$0.63	\$2.20
Basic weighted average shares outstanding	85,294	85,450	84,981	83,740	84,866

Table of Contents

As Previously Reported	For the Year Ended June 30, 2013				
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
REVENUE					
License	\$12,864	\$13,210	\$16,681	\$12,063	\$54,818
Support and service	244,585	250,310	250,415	269,901	1,015,211
Hardware	13,552	15,174	14,447	16,184	59,357
Total revenue	271,001	278,694	281,543	298,148	1,129,386
COST OF SALES					
Cost of license	1,077	1,251	1,360	1,136	4,824
Cost of support and service	143,418	144,683	155,012	160,807	603,920
Cost of hardware	10,578	10,523	10,581	11,968	43,650
Total cost of sales	155,073	156,457	166,953	173,911	652,394
GROSS PROFIT	115,928	122,237	114,590	124,237	476,992
OPERATING EXPENSES					
Selling and marketing	20,189	19,937	20,935	20,558	81,619
Research and development	14,645	15,691	15,996	16,870	63,202
General and administrative	13,578	27,181	11,950	13,915	66,624
Total operating expenses	48,412	62,809	48,881	51,343	211,445
OPERATING INCOME	67,516	59,428	65,709	72,894	265,547
INTEREST INCOME (EXPENSE)					
Interest income	187	190	133	130	640
Interest expense	(1,341)	) (1,261)	) (1,034)	) (2,701)	) (6,337)
Total interest income (expense)	(1,154)	) (1,071)	) (901)	) (2,571)	) (5,697)
INCOME BEFORE INCOME TAXES	66,362	58,357	64,808	70,323	259,850
PROVISION FOR INCOME TAXES	23,887	17,852	18,812	22,654	83,205
NET INCOME	\$42,475	\$40,505	\$45,996	\$47,669	\$176,645
Diluted net income per share	\$0.49	\$0.47	\$0.53	\$0.55	\$2.04
Diluted weighted average shares outstanding	86,605	86,639	86,705	86,525	86,619
Basic net income per share	\$0.49	\$0.47	\$0.53	\$0.56	\$2.05
Basic weighted average shares outstanding	86,109	86,084	86,120	85,845	86,040



Table of Contents

	For the Year Ended June 30, 2013				
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Effects of Restatement					
REVENUE					
License	\$(11,498	) \$(12,231	) \$(15,150	) \$(10,573	) \$(49,452
Support and service	(4,470	) 785	7,524	23,751	27,590
Hardware	—	—	—	—	—
Total revenue	(15,968	) (11,446	) (7,626	) 13,178	(21,862
COST OF SALES					
Cost of license	(1,004	) (1,025	) (1,132	) (803	) (3,964
Cost of support and service	(3,756	) (2,330	) (350	) 4,136	(2,300
Cost of hardware	—	—	—	—	—
Total cost of sales	(4,760	) (3,355	) (1,482	) 3,333	(6,264
GROSS PROFIT	(11,208	) (8,091	) (6,144	) 9,845	(15,598
OPERATING EXPENSES					
Selling and marketing	(697	) (532	) (469	) 890	(808
Research and development	—	—	—	—	—
General and administrative	—	—	—	—	—
Total operating expenses	(697	) (532	) (469	) 890	(808
OPERATING INCOME	(10,511	) (7,559	) (5,675	) 8,955	(14,790
INTEREST INCOME (EXPENSE)					
Interest income	—	—	—	—	—
Interest expense	—	—	—	—	—
Total interest income (expense)	—	—	—	—	—
INCOME BEFORE INCOME TAXES	(10,511	) (7,559	) (5,675	) 8,955	(14,790
PROVISION FOR INCOME TAXES	(3,996	) (2,956	) (2,179	) 3,376	(5,755
NET INCOME	\$(6,515	) \$(4,603	) \$(3,496	) \$5,579	\$(9,035
Diluted net income per share	\$(0.08	) \$(0.05	) \$(0.04	) \$0.06	\$(0.10
Diluted weighted average shares outstanding	86,605	86,639	86,705	86,525	86,619
Basic net income per share	\$(0.08	) \$(0.05	) \$(0.04	) \$0.06	\$(0.11
Basic weighted average shares outstanding	86,109	86,084	86,120	85,845	86,040

Table of Contents

	For the Year Ended June 30, 2013				
	Quarter 1 (As Restated)	Quarter 2 (As Restated)	Quarter 3 (As Restated)	Quarter 4 (As Restated)	Total (As Restated)
As Restated					
<b>REVENUE</b>					
License	\$1,366	\$979	\$1,531	\$1,490	\$5,366
Support and service	240,115	251,095	257,939	293,652	1,042,801
Hardware	13,552	15,174	14,447	16,184	59,357
Total revenue	255,033	267,248	273,917	311,326	1,107,524
<b>COST OF SALES</b>					
Cost of license	73	226	228	333	860
Cost of support and service	139,662	142,353	154,662	164,943	601,620
Cost of hardware	10,578	10,523	10,581	11,968	43,650
Total cost of sales	150,313	153,102	165,471	177,244	646,130
<b>GROSS PROFIT</b>	104,720	114,146	108,446	134,082	461,394
<b>OPERATING EXPENSES</b>					
Selling and marketing	19,492	19,405	20,466	21,448	80,811
Research and development	14,645	15,691	15,996	16,870	63,202
General and administrative	13,578	27,181	11,950	13,915	66,624
Total operating expenses	47,715	62,277	48,412	52,233	210,637
<b>OPERATING INCOME</b>	57,005	51,869	60,034	81,849	250,757
<b>INTEREST INCOME (EXPENSE)</b>					
Interest income	187	190	133	130	640
Interest expense	(1,341)	(1,261)	(1,034)	(2,701)	(6,337)
Total interest income (expense)	(1,154)	(1,071)	(901)	(2,571)	(5,697)
<b>INCOME BEFORE INCOME TAXES</b>	55,851	50,798	59,133	79,278	245,060
<b>PROVISION FOR INCOME TAXES</b>	19,891	14,896	16,633	26,030	77,450
<b>NET INCOME</b>	\$35,960	\$35,902	\$42,500	\$53,248	\$167,610
Diluted net income per share	\$0.42	\$0.41	\$0.49	\$0.62	\$1.94
Diluted weighted average shares outstanding	86,605	86,639	86,705	86,525	86,619
Basic net income per share	\$0.42	\$0.42	\$0.49	\$0.62	\$1.95
Basic weighted average shares outstanding	86,109	86,084	86,120	85,845	86,040

Table of Contents

ITEM 9A. CONTROLS AND PROCEDURES

In connection with the filing of the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2014 on August 27, 2014, an evaluation was carried out under the supervision and with the participation of our management, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rules 13a-15 and 15d-15. Based upon that evaluation, the CEO and CFO concluded that our disclosure controls and procedures were effective to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. For this purpose, disclosure controls and procedures include controls and procedures designed to ensure that information that is required to be disclosed under the Exchange Act is accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

In light of the restatement discussed elsewhere in this 2014 Amended Annual Report on Form 10-K/A ("Form 10-K/A"), management, under the supervision and with the participation of our CEO and CFO, reevaluated the effectiveness of the Company's disclosure controls and procedures as of June 30, 2014 and concluded that the Company's disclosure controls and procedures were not effective due to the existence of the material weakness described in Management's Report on Internal Control over Financial Reporting (Revised).

Notwithstanding the material weakness identified by Company management, each of the Company's CEO and CFO has concluded, based on his knowledge, that the consolidated financial statements included in this Form 10-K/A fairly present in all material respects the Company's financial condition, results of operations and cash flows of the Company as of, and for the periods presented in this report, in conformity with accounting principles generally accepted in the United States.

The Management's Report on Internal Control over Financial Reporting (Revised) required by this Item 9A is in Item 8, "Financial Statements and Supplementary Data." Deloitte & Touche LLP has audited our internal control over financial reporting as of June 30, 2014; their report is included in Item 8 of this Form 10-K/A.

Changes in Internal Control over Financial Reporting

During the fiscal quarter ending June 30, 2014, there was no change in internal control over financial reporting that has materially affected, or is reasonably likely to affect, the Company's internal control over financial reporting.

Remediation

The Company has implemented a number of remediation steps to address the material weakness discussed above and to improve its internal controls. With respect to the control deficiencies discussed in the Management's Report on Internal Control over Financial Reporting (Revised) the following steps have been initiated.

- i. Improve our risk assessment processes to identify inherent risks and complexities in accounting that could have financial reporting implications.
- ii. Increase training and knowledge development for the individuals tasked with understanding various technical accounting matters associated with the Company's multiple element arrangement revenue recognition policies. Additionally, engage and retain experienced external advisors for technical assistance.
- iii. Review and update our revenue recognition policies on a regular basis to incorporate changes in our business and accounting standards.
- iv. Redesign of our contract review controls, focusing on key areas that may significantly impact revenue recognition.

- v. Enhance the functionality of our systems and controls over reporting from the systems to account for bundled software arrangements properly.
- vi. Develop improved internal audit programs and training for individuals tasked with monitoring our accounting for revenue recognition for multiple element software arrangements.

The Company expects that the measures described above should remediate the material weakness identified and strengthen our internal control over financial reporting. Management is committed to improving the Company's internal control processes. As the Company continues to evaluate and improve its internal controls, additional measures to address the material weakness or modifications to certain of the remediation procedures described above may be

Table of Contents

identified, which will be subject to audit procedures. The Company expects to complete the required remedial actions during fiscal 2016.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Report:

(1) The following Consolidated Financial Statements of the Company and its subsidiaries and the Report of Independent Registered Public Accounting Firm thereon appear under Item 8 of this Report:

- Reports of Independent Registered Public Accounting Firm
- Consolidated Statements of Income for the years ended June 30, 2014 (Restated), 2013 (Restated) and 2012 (Restated)
- Consolidated Balance Sheets as of June 30, 2014 (Restated) and 2013 (Restated)
- Consolidated Statements of Changes in Stockholders' Equity for the years ended June 30, 2014 (Restated), 2013 (Restated) and 2012 (Restated)
- Consolidated Statements of Cash Flows for the years ended June 30, 2014 (Restated), 2013 (Restated) and 2012 (Restated)
- Notes to the Consolidated Financial Statements

(2) The following Financial Statement Schedules filed as part of this Report appear under Item 8 of this Report: There are no schedules included because they are not applicable or the required information is shown in the Consolidated Financial Statements or Notes thereto.

(3) See "Index to Exhibits" set forth below.

All exhibits not attached hereto are incorporated by reference to a prior filing as indicated.

Index to Exhibits

Exhibit No. Description

3.1.7 Restated Certificate of Incorporation, attached as Exhibit 3.1.7 to the Company's Annual Report on Form 10-K for the Year ended June 30, 2003.

3.2.3 Restated and Amended Bylaws, attached as Exhibit 3.1 to the Company's Current Report on Form 8-K filed August 28, 2013.

10.8 Form of Indemnity Agreement which has been entered into as of August 27, 1996, between the Company and each of its Directors and Executive Officers, attached as Exhibit 10.8 to the Company's Annual Report on Form 10-K for the Year Ended June 30, 1996.

10.29 Jack Henry & Associates, Inc. 2006 Employee Stock Purchase Plan, attached as Exhibit 10.29 to the Company's Current Report on Form 8-K filed November 6, 2006.

10.32 Form of Restricted Stock Agreement (executives), attached as Exhibit 10.32 to the Company's Current Report on Form 8-K filed September 10, 2007.

10.33 Form of Restricted Stock Agreement (Vice presidents and certain other managers), attached as Exhibit 10.33 to the Company's Current Report on Form 8-K filed September 10, 2007.

10.34

Edgar Filing: HENRY JACK & ASSOCIATES INC - Form 10-K/A

Amendment No. 2 to Jack Henry & Associates, Inc. 2006 Employee Stock Purchase Plan, attached as Exhibit 10.34 to the Company's Current Report on Form 8-K filed November 1, 2007.

10.36 Jack Henry & Associates, Inc. 1995 Non-Qualified Stock Option Plan, as amended May 9, 2008, attached as Exhibit 10.36 to the Company's Annual Report on Form 10-K filed August 29, 2008.

Table of Contents

- 10.38 Jack Henry & Associates, Inc. 2005 Non-Qualified Stock Option Plan, as amended and restated May 9, 2008, attached as Exhibit 10.38 to the Company's Annual Report on Form 10-K filed August 29, 2008.
- 10.39 Revised Form of Restricted Stock Agreement (executives), attached as Exhibit 10.39 to the Company's Quarterly Report on Form 10-Q filed November 6, 2009.
- 10.40 Amended and Restated Credit Agreement among Jack Henry & Associates, Inc., Wells Fargo Bank, National Association, Bank of America, N.A., regions Bank and U.S. Bank National Association, attached as Exhibit 10.1 to the Company's Current Report on Form 8-K filed June 9, 2010.
- 10.42 Form of Restricted Stock Unit Award Agreement, attached as Exhibit 10.2 to the Company's Current Report on Form 8-K filed August 24, 2010.
- 10.43 Jack Henry & Associates Inc. Restricted Stock Plan, as amended and restated effective November 9, 2010, attached as Exhibit 10.1 to the Company's Current Report on Form 8-K filed November 12, 2010.
- 10.44 Form of Performance Shares Agreement Under the Jack Henry & Associates, Inc. Restricted Stock Plan, attached as Exhibit 10.1 to the Company's Current Report on Form 8-K filed September 12, 2012.
- 10.45 Jack Henry & Associates, Inc. 2012 Annual Incentive Plan, effective September 1, 2012 and approved by the stockholders on November 14, 2012, attached as Exhibit 10.1 to the Company's Current Report on Form 8-K filed November 16, 2012.
- 10.46 Jack Henry & Associates, Inc. 2005 Non-Qualified Stock Option Plan, as amended August 20, 2010, attached as Exhibit 10.1 to the Company's Quarterly Report on form 10-Q filed February 7, 2012.
- 10.47 Form of Restricted Stock Agreement (independent directors), attached as Exhibit 10.47 to the Company's Quarterly Report on Form 10-Q filed November 8, 2013.
- 10.48 Form of Termination Benefits Agreements (executives), attached as Exhibit 10.48 to the Company's Quarterly Report on Form 10-Q filed February 6, 2014.
- 21.1\*List of the Company's subsidiaries.
- 23.1 Consent of Independent Registered Public Accounting Firm.
- 31.1 Certification of the Chief Executive Officer.
- 31.2 Certification of the Chief Financial Officer.
- 32.1 Written Statement of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350.
- 32.2 Written Statement of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.
- 101.INS\*\*XBRL Instance Document
- 101.SCH\*\*XBRL Taxonomy Extension Schema Document
- 101.CAL\*\*XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF\*\*XBRL Taxonomy Extension Definition Linkbase Document

101.LAB\*\*XBRL Taxonomy Extension Label Linkbase Document

67

---



Table of Contents

101.PRE\*\* XBRL Taxonomy Extension Presentation Linkbase Document

\* Previously filed with the Jack Henry & Associates, Inc. Annual Report on Form 10-K for the year ended June 30, 2014, originally filed August 27, 2014.

\*\* Furnished with this report on Form 10-K/A are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets at June 30, 2014 and June 30, 2013, (ii) the Consolidated Statements of Income for the years ended June 30, 2014, 2013 and 2012, (iii) the Consolidated Statements of Shareholders' Equity for the years ended June 30, 2014, 2013 and 2012, (iv) the Consolidated Statements of Cash Flows for the years ended June 30, 2014, 2013 and 2012, and (v) Notes to Consolidated Financial Statements.

Table of Contents

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized this 25th day of June, 2015.

JACK HENRY & ASSOCIATES, INC., Registrant

By /s/ John F. Prim  
Chief Executive Officer

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

Signature	Capacity	Date
/s/ John F. Prim John F. Prim	Chairman of the Board, Chief Executive Officer and Director	June 25, 2015
/s/ Kevin D. Williams Kevin D. Williams	Chief Financial Officer and Treasurer (Principal Accounting Officer)	June 25, 2015
/s/ Matthew Flanigan Matthew Flanigan	Director	June 25, 2015
/s/ Marla Shepard Marla Shepard	Director	June 25, 2015
/s/ Tom H. Wilson, Jr Tom H. Wilson, Jr	Director	June 25, 2015
/s/ Jacqueline R. Fiegel Jacqueline R. Fiegel	Director	June 25, 2015
/s/ Thomas A. Wimsett Thomas A. Wimsett	Director	June 25, 2015
/s/ Laura G. Kelly Laura G. Kelly	Director	June 25, 2015