SUNAIR ELECTRONICS INC
Form 8-K
July 29, 2004

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) **July 28, 2004**

SUNAIR ELECTRONICS, INC.

(Exact name of registrant as specified in its charter)

Florida	1-04334	59-0780772
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

3005 Southwest Third Avenue

Fort Lauderdale, Florida 33315

(Address of Principal Executive Office) (Zip Code)

(954) 525-1505

(Registrant s telephone number, including area code)

Not Applicable

(Former Name or Former Address, If Changed Since Last Report.)

Item 12. Results of Operations and Financial Condition.

The following information is being furnished pursuant to Item 12 of Form 8-K. The information in this current report on Form 8-K, including the exhibit, shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934 (the Exchange Act) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act.

On July 28, 2004, the Registrant issued a press release (the Press Release) providing detailed information regarding its financial results for the quarter ended June 30, 2004. A copy of the Press Release is attached as Exhibit 99.1.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

SUNAIR ELECTRONICS, INC.

Date: July 29, 2004

By: /s/ SYNNOTT B. DURHAM
Synnott B. Durham

Chief Financial Officer and Treasurer

Exhibit Index

Exhibit No.	Exhibit Description
99.1	Press Release of Registrant dated July 28, 2004

e:10pt;">Net loss

(25,864
)

(21,066
)
Preferred stock dividends
(356
)

(356
)
Net loss attributable to common stockholders
$
(26,220
)

$
(21,422
)
Net loss per Class A and Class B common share attributable to common shareholders - basic and diluted:

Loss from continuing operations
$
(0.25
)

$
(0.43
)
Loss from discontinued operations
(0.21
)

(0.02
)

$
(0.46
)

$
(0.45
)
Weighted average number of Class A and Class B common shares outstanding: basic and diluted
57,084,319

47,517,167

See accompanying notes to Consolidated Financial Statements

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CINEDIGM CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)

	For the Fiscal Year Ended March 31,	
	2014	2013
Net loss	$(25,864)	$(21,066)
Other comprehensive loss: foreign exchange translation	(69)	—
Comprehensive loss	$(25,933)	$(21,066)

See accompanying notes to Consolidated Financial Statements

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CINEDIGM CORP.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(In thousands, except share data)

	Series A Preferred Stock		Class A Common Stock		Class B Common Stock		Treasury Stock		Additional Paid-In	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Deficit
Balances as of March 31, 2012	7	$3,357	37,671,487	$38	25,000	$—	(51,440)	$(172)	$206,348	$(221,044)	$(11,473)
Issuance of common stock in connection with the vesting of restricted stock	—	—	94,318	—	—	—	—	—	(9)	—	(9)
Issuance of common stock for the services of Directors	—	—	223,332	—	—	—	—	—	300	—	300
Issuance of common stock in connection with April 2012 offering	—	—	7,857,143	8	—	—	—	—	10,992	—	11,000
Issuance of common stock in connection with acquisition of New Video Group	—	—	2,525,417	2	—	—	—	—	3,430	—	3,432
Conversion of Class B common stock to Class A common stock	—	—	25,000	—	(25,000)	—	—	—	—	—	—
Costs associated with issuance of common stock	—	—	—	—	—	—	—	—	(1,121)	—	(1,121)
Stock-based compensation	—	—	—	—	—	—	—	—	1,979	—	1,979
Preferred stock dividends	—	—	—	—	—	—	—	—	—	(356)	(356)
Accretion of preferred stock dividends	—	109	—	—	—	—	—	—	(109)	—	—
Net loss	—	—	—	—	—	—	—	—	—	(21,066)	(21,066)
Balances as of March 31, 2013	7	$3,466	48,396,697	$48	—	$—	(51,440)	$(172)	$221,810	$(242,466)	$(17,314)

See accompanying notes to Consolidated Financial Statements

	Series A Preferred Stock		Class A Common Stock		Class B Common Stock		Treasury Stock		Additional Paid-In	Accumulated	Accumulated Other Comprehensive	Total Stockholders' (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Loss	Equity
Balances as of March 31, 2013	7	$3,466	48,396,697	$48	—	$—	(51,440)	$(172)	$221,810	$(242,466)	$—	$(17,314)
Comprehensive loss	—	—	—	—	—	—	—	—	—	—	(69)	(69)
Issuance of common stock in connection with the exercise of warrants and stock options	—	—	152,261	—	—	—	—	—	8	—	—	8
Issuance of common stock for professional services of third parties	—	—	91,071	—	—	—	—	—	129	—	—	129
Issuance of common stock in connection with the vesting of restricted stock	—	—	15,944	—	—	—	—	—	—	—	—	—
Shares issued to employee	—	—	90,000	—	—	—	—	—	—	—	—	—
Issuance of common stock for the services of Directors	—	—	211,307	—	—	—	—	—	295	—	—	295
Issuance of warrants	—	—	—	—	—	—	—	—	1,598	—	—	1,598
Exercise of warrants	—	—	215,176	1	—	—	—	—	364	—	—	365
Issuance of common stock in connection with public offerings	—	—	27,233,395	27	—	—	—	—	51,184	—	—	51,211
Costs associated with issuance of common stock	—	—	—	—	—	—	—	—	(2,094)	—	—	(2,094)
Stock-based compensation	—	—	—	—	—	—	—	—	2,051	—	—	2,051
Preferred stock dividends	—	—	166,121	—	—	—	—	—	267	(356)	—	(89)
Accretion of preferred stock	—	93	—	—	—	—	—	—	(93)	—	—	—

dividends												
Net loss	—	—	—	—	—	—	—	—	—	(25,864)	—	(25,864)
Balances as of March 31, 2014	7	$3,559	76,571,972	$76	—	$—	(51,440)	$(172)	$275,519	$(268,686)	$(69)	$10,227

See accompanying notes to Consolidated Financial Statements

CINEDIGM CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	For the Fiscal Year Ended March 31,	
	2014	2013
Cash flows from operating activities		
Net loss	$(25,864)	$(21,066)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization of property and equipment and amortization of intangible assets	41,015	38,063
Impairment related to discontinued operations	8,470	—
Amortization of capitalized software costs	942	1,165
Amortization of debt issuance costs	1,378	2,120
Provision for doubtful accounts	1,329	490
Change in fair value of contingent consideration for business combination	(3,490)	—
Stock-based compensation and expenses	2,514	2,279
Change in fair value of interest rate derivatives	(679)	(1,231)
Accretion and PIK interest expense added to note payable	2,335	9,153
Loss on extinguishment of notes payable	—	7,905
(Income) loss on investment in non-consolidated entity	1,812	(322)
Benefit from deferred income taxes	—	(5,019)
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(12,979)	860
Inventory	(813)	(127)
Unbilled revenue	4,530	(2,403)
Prepaid expenses and other current assets	5,570	(3,840)
Other assets	250	(1,168)
Accounts payable and accrued expenses	11,228	4,235
Deferred revenue	2,336	(612)
Other liabilities	(290)	(1,113)
Net cash provided by operating activities	39,594	29,369
Cash flows from investing activities:		
Purchase of New Video Group, Inc., net of cash acquired of $6,873	—	(3,127)
Purchase of GVE	(48,500)	—
Purchases of property and equipment	(1,356)	(6,476)
Purchases of intangible assets	(9)	(32)
Additions to capitalized software costs	(2,144)	(3,092)
Sales/maturities of restricted available-for-sale investments	—	9,477
Restricted cash	—	(1,000)
Net cash used in investing activities	(52,009)	(4,250)

Cash flows from financing activities:		
Repayment of notes payable	(45,955)	(232,507)
Proceeds from notes payable	49,400	199,118
Payments of debt issuance costs	(2,435)	(5,853)
Principal payments on capital leases	(318)	(151)
Proceeds from the issuance of common stock in connection with the exercise of stock options and warrants	372	—
Proceeds from issuance of Class A common stock	50,212	11,000
Costs associated with issuance of Class A common stock	(2,094)	(1,121)
Net cash provided by (used in) financing activities	49,182	(29,514)
Net change in cash and cash equivalents	36,767	(4,395)
Cash and cash equivalents at beginning of year	13,448	17,843
Cash and cash equivalents at end of year	$50,215	$13,448

See accompanying notes to Consolidated Financial Statements

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CINEDIGM CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the fiscal years ended March 31, 2014 and 2013
($ in thousands, except for share and per share data)

1. NATURE OF OPERATIONS

Cinedigm Corp. (formerly known as Cinedigm Digital Cinema Corp.) was incorporated in Delaware on March 31, 2000 (“Cinedigm”, and collectively with its subsidiaries, the “Company”). Cinedigm is (i) a leading distributor and aggregator of independent movie, television and other short form content managing a library of distribution rights to over 52,000 titles and episodes released across theatrical, digital, physical, home and mobile entertainment platforms as well as (ii) a leading servicer of digital cinema assets in over 12,000 movies screens in both North America and several international countries.

The Company reports its financial results in four primary segments as follows: (1) the first digital cinema deployment (“Phase I Deployment”), (2) the second digital cinema deployment (“Phase II Deployment”), (3) digital cinema services (“Services”) and (4) media content and entertainment (“Content & Entertainment”). The Phase I Deployment and Phase II Deployment segments are the non-recourse, financing vehicles and administrators for the Company's digital cinema equipment (the “Systems”) installed in movie theatres nationwide. The Services segment provides services and support to approximately 12,000 movie screens in the Phase I Deployment and Phase II Deployment segments as well as directly to exhibitors and other third party customers. Included in these services are Systems management services for a specified fee via service agreements with Phase I Deployment and Phase II Deployment as well as third party exhibitors as buyers of their own digital cinema equipment. These services primarily facilitate the conversion from analog to digital cinema and have positioned the Company at what it believes to be the forefront of a rapidly developing industry relating to the distribution and management of digital cinema and other content to theatres and other remote venues worldwide. The Content & Entertainment segment provides content marketing and distribution services in both theatrical and ancillary home entertainment markets to independent movie, television and other short form content owners and to theatrical exhibitors. As a leading distributor of independent content, the Company collaborates with producers, major brands and other content owners to market, source, curate and distribute quality content to targeted and profitable audiences through (i) theatrical releases, (ii) existing and emerging digital home entertainment platforms, including but not limited to, iTunes, Amazon Prime, Netflix, Hulu, Xbox, Playstation, and cable video-on-demand ("VOD") and (iii) physical goods, including DVD and Blu-ray.

Gaiam Acquisition
On October 21, 2013, the Company and Cinedigm Entertainment Holdings, LLC ("CHE"), a newly-formed, wholly-owned subsidiary of the Company, acquired from Gaiam Americas, Inc. and Gaiam, Inc. (together, “Gaiam”) their division ("GVE") that maintains exclusive distribution rights agreements with large independent studios/content providers, and distributes entertainment content through home video, digital and television distribution channels (the “GVE Acquisition”). The Company agreed to an aggregate purchase price of $51,500, subject to a working capital adjustment, with (i) $47,500 paid in cash and 666,978 shares of Class A Common Stock valued at $1,000 issued upon the closing of the GVE Acquisition, and (ii) $3,000 to be paid on a deferred basis, of which $1,000 was paid during the fiscal year ended March 31, 2014 and the remainder was settled through the collection of a receivable during the fiscal year ended March 31, 2014. The working capital adjustment related to the purchase price has not yet been finalized between the Company and the sellers of GVE. Pending final resolution, such working capital adjustment, if any, will be recorded as adjustments to purchase considerations during the fiscal year ending March 31, 2015. Upon the closing of the GVE Acquisition, GVE became part of the Company's Content & Entertainment segment. Included within restructuring, transition and acquisitions expenses, net on the consolidated statements of operations during the fiscal year ended March 31, 2014 are $2,500 of professional fees and $485 of internal expenses directly related to the GVE Acquisition.

The results of operations of GVE have been included in the accompanying consolidated statements of operations from the acquisition date of October 21, 2013 and have been fully integrated with the financial results and operations of the Company's Content & Entertainment segment. The total amount of revenues and net income of GVE since the acquisition date that have been included in the consolidated statements of operations during the fiscal year ended March 31, 2014 was approximately $21,325 and $4,324, respectively.

The purchase price has been preliminarily allocated to the identifiable net assets acquired as of the date of acquisition as follows pending any final working capital adjustment:

Accounts receivable	$15,524
Inventory	2,224
Advances	7,698
Other assets	152
Content library	17,211
Supplier contracts and relationships	11,691
Goodwill	16,952
Total assets acquired	71,452
Total liabilities assumed	(19,952)
Total net assets acquired	$51,500

The Company estimates the useful life of the content library and supplier contracts and relationships to be 6 years and 8 years, respectively.

The fair values assigned to intangible assets were determined through the application of various commonly used and accepted valuation procedures and methods, including the multi-period excess earnings method. These valuation methods rely on management judgment, including expected future cash flows resulting from existing customer relationships, customer attrition rates, contributory effects of other assets utilized in the business, peer group cost of capital and royalty rates, and other factors. The valuation of tangible assets was preliminarily determined to approximate book value at the time of the GVE Acquisition. Useful lives for intangible assets were determined based upon the remaining useful economic lives of the intangible assets that are expected to contribute directly or indirectly to future cash flows. Goodwill is mainly attributable to the assembled workforce and synergies expected to arise from the GVE Acquisition.

Pro forma Information Related To the Acquisition of GVE

The following unaudited consolidated pro forma summary information for the fiscal years ended March 31, 2014 and 2013 has been prepared by adjusting the historical data as set forth in the accompanying consolidated statements of operations for the fiscal years ended March 31, 2014 and 2013 to give effect to the GVE Acquisition as if it had occurred at April 1, 2012. The pro forma information does not reflect any cost savings from operating efficiencies or synergies that could result from the GVE Acquisition, nor does the pro forma reflect additional revenue opportunities following the GVE Acquisition.

	For the Fiscal Years Ended March 31,	
	2014	2013
Revenue	$124,914	$131,884
Loss from continuing operations	$(13,478)	$(9,387)
Net loss	$(25,382)	$(10,248)
Net loss per share (basic and diluted)	$(0.44)	$(0.22)

Sale of Software

During the fiscal year ended March 31, 2014, the Company made the strategic decision to discontinue, exit its software business and execute a plan of sale for Hollywood Software, Inc. d/b/a Cinedigm Software (“Software”), the Company's direct, wholly-owned subsidiary. Management concluded that it would be in the best interests of shareholders for the Company’s focus to be toward theatrical releasing and aggregation and distribution of independent content, digitally and in the form of DVDs and Blu-Ray discs, and VOD, along with the growth and servicing of the existing digital cinema business. Further, management believed that Software, which was previously included in our Services segment, no longer yielded the same synergies across the Company’s businesses as once existed.

As a consequence, it was determined that Software met the criteria for classification as held for sale/discontinued operations. As such, Software has been adjusted to reflect the fair value of its net assets and the consolidated financial statements and the notes to consolidated financial statements presented herein have been recast solely to reflect, for all periods presented, the adjustments resulting from these changes in classification for discontinued operations.

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Purchase of New Video Group
On April 20, 2012, the Company acquired all of the issued and outstanding capital stock of New Video, an independent home entertainment distributor of quality packaged goods entertainment and digital content that provides distribution services in the DVD, Blu-ray, Digital and VOD channels for more than 500 independent rights holders (the “New Video Acquisition”). The Company paid $10,000 in cash and 2,525,417 shares of Class A common stock at $1.51 per share, subject to certain transfer restrictions, plus up to an additional $6,000 in cash or Class A common stock, at the Company’s discretion, if certain business unit financial performance targets are met during the fiscal years ended March 31, 2014 and 2015. In addition, the Company registered the resale of the shares of Class A common stock paid as part of the purchase price, which registration was declared effective by the Securities and Exchange Commission on April 2, 2013. Included within restructuring, transition and acquisitions expense, net on the accompanying consolidated statements of operations are merger and acquisition expenses, consisting primarily of professional fees, directly related to the New Video Acquisition totaled $1,900, of which $1,300 was incurred during the fiscal year ended March 31, 2013.

The results of operations of New Video have been included in the accompanying consolidated statements of operations from the date of the acquisition within the Company's Content & Entertainment segment. The total amount of revenues and net income of New Video since the acquisition date that have been included in the consolidated statements of operations for the fiscal year ended March 31, 2013 was approximately $13,400 and $1,500, respectively.

As the acquisition of New Video was consummated near the beginning of the fiscal year ended March 31, 2013, the difference between actual operating results and pro forma results for the fiscal year ended March 31, 2013 is not substantial.

The aggregate purchase price after post-closing adjustments for 100% of the equity of New Video was $17,207, including cash acquired of $6,873.
The purchase price has been allocated to the identifiable net assets acquired as of the date of acquisition as follows:

Cash and cash equivalents	$ 6,873	
Accounts receivable	8,983	
Other assets	1,142	
Intangible assets subject to amortization	13,915	
Goodwill	6,974	
Total assets acquired	37,887	
Less: Total liabilities assumed	(15,661	)
Less: Net deferred tax liability	(5,019	)
Total net assets acquired	$ 17,207	

Of the $13,915 of intangible assets subject to amortization, $9,671 was assigned to customer relationships with a useful life of 15 years, $2,769 was assigned to a content library with a useful life of five years, $1,193 was assigned to a favorable lease with a useful life of approximately four years and $282 was assigned to covenants not to compete with a useful life of two years.

The fair values assigned to intangible assets were determined through the application of various commonly used and accepted valuation procedures and methods, including the multi-period excess earnings method. These valuation methods rely on management judgment, including expected future cash flows resulting from existing customer relationships, customer attrition rates, contributory effects of other assets utilized in the business, peer group cost of capital and royalty rates, and other factors. The valuation of tangible assets was determined to approximate book value at the time of the New Video Acquisition. Useful lives for intangible assets were determined based upon the remaining useful economic lives of the intangible assets that are expected to contribute directly or indirectly to future cash flows. The goodwill of $6,974 represents the premium the Company paid over the fair value of the net tangible and intangible assets acquired. Goodwill is principally attributed to the assembled workforce and synergies anticipated as a result of the New Video Acquisition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION AND CONSOLIDATION

The Company has incurred net losses historically and has an accumulated deficit of $268,686 as of March 31, 2014. The Company also has significant contractual obligations related to its recourse and non-recourse debt for the fiscal year ending March 31, 2015 and beyond. The Company may continue to generate net losses for the foreseeable future. Based on the Company's cash position at March 31, 2014, and expected cash flows from operations, management believes that the Company has the ability to meet its obligations through at least June 30, 2015. Failure to generate additional revenues, raise additional capital or manage discretionary spending could have an adverse effect on the Company's financial position, results of operations or liquidity.

The Company's consolidated financial statements include the accounts of Cinedigm, Access Digital Media, Inc. ("AccessDM"), FiberSat Global Services, Inc. d/b/a Cinedigm Satellite and Support Services ("Satellite"), ADM Cinema Corporation ("ADM Cinema") d/b/a the Pavilion Theatre (certain assets and liabilities of which were sold in May 2011), Christie/AIX, Inc. ("C/AIX") d/b/a Cinedigm Digital Cinema ("Phase 1 DC"), Vistachiara Productions, Inc. f/k/a The Bigger Picture, currently d/b/a Cinedigm Content and Entertainment Group, Cinedigm Entertainment Corp. f/k/a New Video Group, Inc. ("New Video"), CHE, Access Digital Cinema Phase 2 Corp. ("Phase 2 DC"), Cinedigm Digital Cinema Australia Pty Ltd, Access Digital Cinema Phase 2 B/AIX Corp. ("Phase 2 B/AIX"), Cinedigm Digital Funding I, LLC ("CDF I") and Cinedigm DC Holdings LLC ("DC Holdings LLC"). Cinedigm Content and Entertainment Group, New Video and CHE are together referred to as CEG. Software, along with AccessDM and Satellite (together referred to as DMS (the majority of which was sold in November, 2011 and remaining assets of which were sold in May 2012)) are part of discontinued operations. All intercompany transactions and balances have been eliminated in consolidation.

INVESTMENT IN NON-CONSOLIDATED ENTITY

The Company indirectly owns 100% of the common equity of CDF2 Holdings, LLC ("Holdings"), which is a Variable Interest Entity ("VIE"), as defined in Accounting Standards Codification Topic 810 ("ASC 810"), "Consolidation". The Company has determined that it is not the primary beneficiary of Holdings in accordance with ASC 810, and it is accounting for its investment in Holdings under the equity method of accounting. The Company's net investment in Holdings is reflected as "Investment in non-consolidated entity, net" in the accompanying consolidated balance sheets. See Note 5 for further discussion.

RECLASSIFICATION

Certain reclassifications, principally for discontinued operations (see Note 3) have been made to the fiscal year ended March 31, 2013 financial statements to conform to the current fiscal year ended March 31, 2014 presentation.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Such estimates include the adequacy of accounts receivable reserves, return reserves, inventory reserves, recoupment of advances, minimum guarantees, assessment of goodwill and intangible asset impairment and valuation reserve for income taxes, among others. Actual results could differ from these estimates.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with an original maturity of three months or less to be "cash equivalents." The Company maintains bank accounts with major banks, which from time to time may exceed the Federal Deposit Insurance Corporation's insured limits. The Company periodically assesses the financial condition of the institutions and believes that the risk of any loss is minimal.

ACCOUNTS RECEIVABLE

The Company maintains reserves for potential credit losses on accounts receivable. Management reviews the composition of accounts receivable and analyzes historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. Reserves are recorded primarily on a specific identification basis. Allowance for doubtful accounts amounted to $898 and $681 as of March 31, 2014 and 2013, respectively.

Within the Content & Entertainment segment, the Company recognizes the accounts receivable net of an estimated allowance for product returns and customer chargebacks at the time we recognize the original sale. We base the amount of the returns allowance and customer chargebacks upon historical experience and future expectations. Accounts receivable, long-term result from up-front activation fees earned from the Company's Systems deployments with extended payment terms that are discounted to their present value at prevailing market rates.

ADVANCES

Advances, which are recorded within prepaid and other current assets within the consolidated balance sheets, represent amounts prepaid to studios or content producers for which the Company provides content distribution services and such advances are estimated to be fully recoupable as of the consolidated balance sheet date.

INVENTORY

Inventory consists of finished goods of owned physical DVD titles and is stated at the lower of cost (determined based on weighted average cost) or market. We identify inventory items to be written down for obsolescence based on the item’s sales status and condition. We write down discontinued or slow moving inventories based on an estimate of the markdown to retail price needed to sell through our current stock level of the inventories.

RESTRICTED CASH

In connection with the 2013 Term Loans issued in February 2013 and the 2013 Prospect Loan Agreement issued in February 2013 (collectively, see Note 6), the Company maintains cash restricted for repaying interest on the respective loans as follows:

	As of March 31, 2014	As of March 31, 2013
Reserve account related to the 2013 Term Loans (See Note 6)	5,751	5,751
Reserve account related to the 2013 Prospect Loan Agreement (See Note 6)	1,000	1,000
	$6,751	$6,751

DEFERRED COSTS

Deferred costs primarily consist of unamortized debt issuance costs related to the 2013 Term Loans, 2013 Prospect Loan and Cinedigm Credit Agreement (see Note 6) which are amortized under the effective interest rate method over the terms of the respective debt. All other unamortized debt issuance costs are amortized on a straight-line basis over the term of the respective debt. For such debt, amortization on a straight-line basis is not materially different from the effective interest method.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation expense is recorded using the straight-line method over the estimated useful lives of the respective assets as follows:

Computer equipment and software	3 - 5 years
Digital cinema projection systems	10 years
Machinery and equipment	3 - 10 years
Furniture and fixtures	3 - 6 years

Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the leasehold improvements. Maintenance and repair costs are charged to expense as incurred. Major renewals, improvements and additions are capitalized. Upon the sale or other disposition of any property and equipment, the cost and related accumulated depreciation and amortization are removed from the accounts and the gain or loss on disposal is included in the consolidated statements of operations.

ACCOUNTING FOR DERIVATIVE ACTIVITIES

Derivative financial instruments are recorded at fair value. The Company had three separate interest rate swap agreements (the “Interest Rate Swaps”) to limit the Company’s exposure to changes in interest rates related to the 2013 Term Loans which matured in June 2013. Additionally, the Company entered into two separate interest rate cap transactions during the fiscal year ended

March 31, 2013, recorded in prepaid and other current assets on the consolidated balance sheets, to limit the Company's exposure to interest rates related to the 2013 Term Loans and 2013 Prospect Loan. Changes in fair value of derivative financial instruments are either recognized in accumulated other comprehensive loss (a component of stockholders' deficit) or in the consolidated statements of operations depending on whether the derivative qualifies for hedge accounting. The Company has not sought hedge accounting treatment for these instruments and therefore, changes in the value of its Interest Rate Swaps and caps were recorded in the consolidated statements of operations (See Note 6).

FAIR VALUE MEASUREMENTS

The fair value measurement disclosures are grouped into three levels based on valuation factors:

- Level 1 – quoted prices in active markets for identical investments
- Level 2 – other significant observable inputs (including quoted prices for similar investments and market corroborated inputs)
- Level 3 – significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments)

Assets and liabilities measured at fair value on a recurring basis use the market approach, where prices and other relevant information are generated by market transactions involving identical or comparable assets or liabilities.

The following tables summarize the levels of fair value measurements of the Company's financial assets and liabilities:

	As of March 31, 2014			
	Level 1	Level 2	Level 3	Total
Restricted cash	6,751	—	—	6,751
Interest rate derivatives	—	787	—	787
	$6,751	$787	$—	$7,538

	As of March 31, 2013			
	Level 1	Level 2	Level 3	Total
Cash equivalents	$1,004	$—	$—	$1,004
Restricted cash	6,751	—	—	6,751
Interest rate derivatives	—	(544)	—	(544)
Contingent consideration	—	—	(3,250)	(3,250)
	$7,755	$(544)	$(3,250)	$3,961

Contingent consideration was a liability to the sellers of New Video based upon its business unit financial performance target in each of the fiscal years ending March 31, 2014 and 2015. The estimates of the fair value of the contingent consideration arrangement was estimated by using the current forecast of New Video adjusted EBITDA, as defined by the New Video stock purchase agreement. That measure is based on significant inputs that are not observable in the market, which are considered Level 3 inputs.

The following change in contingent consideration liabilities during the fiscal year ended March 31, 2014 were as follows:

Balance at March 31, 2013	$3,250
Change in fair value	(3,490)
Accretion of contingent liability	240
Balance at March 31, 2014	$—

Key assumptions included a discount rate of 7% and that New Video would achieve 100% of its business unit financial performance target in each of the two fiscal years described above, resulting in a payment of 75% of the maximum contingent consideration amount. During the fiscal year ended March 31, 2014, the Company determined that the business unit would not meet the target for each of the fiscal years ending March 31, 2014 and 2015 as defined in the New Video stock purchase agreement. Accordingly, the fair value of the liability was reduced by $3,490 to $0 and is a reduction of restructuring, transition and acquisitions expenses, net within the consolidated statements of operations for the fiscal year ended March 31, 2014.

The Company's cash and cash equivalents, accounts receivable, unbilled revenue and accounts payable and accrued expenses are financial instruments and are recorded at cost in the consolidated balance sheets. The estimated fair values of these financial instruments approximate their carrying amounts because of their short-term nature. The carrying amount of accounts receivable, long-term and notes receivable approximates fair value based on the discounted cash flows of that instrument using current assumptions at the balance sheet date. At March 31, 2014, the estimated fair value of the Company's fixed rate debt was $74,618, compared to its carrying amount of $71,964. At March 31, 2014 the estimated fair value of the Company's variable rate debt was $172,102, compared to a carrying amount of $169,384. The fair value of fixed rate and variable rate debt is estimated by management based upon current interest rates available to the Company at the respective balance sheet date for arrangements with similar terms and conditions. Based on borrowing rates currently available to the Company for loans with similar terms, the carrying value of notes payable and capital lease obligations approximates fair value.

IMPAIRMENT OF LONG-LIVED AND FINITE-LIVED ASSETS

The Company reviews the recoverability of its long-lived assets and finite-lived intangible assets, when events or conditions occur that indicate a possible impairment exists. The assessment for recoverability is based primarily on the Company's ability to recover the carrying value of its long-lived and finite-lived assets from expected future undiscounted net cash flows. If the total of expected future undiscounted net cash flows is less than the total carrying value of the assets the asset is deemed not to be recoverable and possibly impaired. The Company then estimates the fair value of the asset to determine whether an impairment loss should be recognized. An impairment loss will be recognized if the difference between the fair value and the carrying value of the asset exceeds its fair value. Fair value is determined by computing the expected future undiscounted cash flows. During the fiscal years ended March 31, 2014 and 2013, no impairment charge from continuing operations for long-lived assets or finite-lived assets was recorded.

GOODWILL

Goodwill is the excess of the purchase price paid over the fair value of the net assets of an acquired business. Goodwill is tested for impairment on an annual basis or more often if warranted by events or changes in circumstances indicating that the carrying value may exceed fair value, also known as impairment indicators.

Inherent in the fair value determination for each reporting unit are certain judgments and estimates relating to future cash flows, including management's interpretation of current economic indicators and market conditions, and assumptions about the Company's strategic plans with regard to its operations. To the extent additional information arises, market conditions change or the Company's strategies change, it is possible that the conclusion regarding whether the Company's remaining goodwill is impaired could change and result in future goodwill impairment charges that will have a material effect on the Company's consolidated financial position or results of operations.

The Company applies the applicable accounting guidance when testing goodwill for impairment which permits the Company to make a qualitative assessment of whether goodwill is impaired, or opt to bypass the qualitative assessment, and proceed directly to performing the first step of the two-step impairment test. If the Company performs a qualitative assessment and concludes it is more likely than not that the fair value of a reporting unit exceeds its carrying value, goodwill is not considered impaired and the two-step impairment test is unnecessary. However, if the Company concludes otherwise, it is then required to perform the first step of the two-step impairment test.

The Company has the unconditional option to bypass the qualitative assessment for any reporting unit and proceed directly to performing the first step of the goodwill impairment test. The Company may resume performing the qualitative assessment in any subsequent period.

For reporting units where we decide to perform a qualitative assessment, Company management assesses and makes judgments regarding a variety of factors which potentially impact the fair value of a reporting unit, including general economic conditions, industry and market-specific conditions, customer behavior, cost factors, our financial performance and trends, our strategies and business plans, capital requirements, management and personnel issues, and our stock price, among others. Management then considers the totality of these and other factors, placing more weight on the events and circumstances that are judged to most affect a reporting unit's fair value or the carrying amount of its net assets, to reach a qualitative conclusion regarding whether it is more likely than not that the fair value of a reporting unit exceeds its carrying amount.

For reporting units where we decide to perform a quantitative testing approach in order to test goodwill, a determination of the fair value of our reporting units is required and is based, among other things, on estimates of future operating performance of the reporting unit and/or the component of the entity being valued. This impairment test includes the projection and discounting of cash flows, analysis of our market factors impacting the businesses the Company operates and estimating the fair values of tangible and intangible assets and liabilities. Estimating future cash flows and determining their present values are based upon, among other things, certain assumptions about expected future operating performance and appropriate discount rates determined by management.

The discounted cash flow methodology establishes fair value by estimating the present value of the projected future cash flows to be generated from the reporting unit. The discount rate applied to the projected future cash flows to arrive at the present value is intended to reflect all risks of ownership and the associated risks of realizing the stream of projected future cash flows. The discounted cash flow methodology uses projections of financial performance for a five-year period. The most significant assumptions used in the discounted cash flow methodology are the discount rate and expected future revenues and gross margins, which vary among reporting units. The market participant based weighted average cost of capital for each unit gives consideration to factors including, but not limited to, capital structure, historic and projected financial performance, industry risk and size.

The market multiple methodology establishes fair value by comparing the reporting unit to other companies that are similar, from an operational or industry standpoint and considers the risk characteristics in order to determine the risk profile relative to the comparable companies as a group. The most significant assumptions are the market multiplies and the control premium. The Company has elected not to apply a control premium to the fair value conclusions for the purposes of impairment testing.

During the annual testing of goodwill for the fiscal year ended March 31, 2014, management performed the quantitative assessment for its CEG reporting unit, the only reporting unit with goodwill. In determining fair value using various assumptions, including expectations of future cash flows based on projections or forecasts derived from analysis of business prospects, economic or market trends and any regulatory changes that may occur. We estimate the fair value of the reporting unit using a net present value methodology, which is dependent on significant assumptions related to estimated future discounted cash flows, discount rates and tax rates. The assumptions for the annual impairment test should not be construed as earnings guidance or long-term projections and are typically more conservative projections. The assumptions include growth rates in adjusted EBITDA that are derived from the Company's budget and projections for the fiscal years ended March 31, 2015 of approximately $8,400 with growth rates of 66% and 13% for the fiscal years ended March 31, 2016 and 2017, respectively, and a flat growth rate for goodwill testing purposes of approximately 5% for CEG for the fiscal years thereafter through the fiscal year ending March 31, 2019. Further, we assumed a market-based weighted average cost of capital of 13% for CEG to discount cash flows and a blended federal and state tax rate of 40%.

Based on the assumptions above, the estimated fair value of the CEG reporting unit as calculated for goodwill testing purposes exceeded its carrying value, inclusive of goodwill of $25,494, by over 43%. Thus, a potential future decrease in the fair value of this reporting unit would have a carrying value in excess of the fair value. As such, no further analysis of the CEG reporting unit was required and no goodwill impairment was recorded for the fiscal year ended March 31, 2014 and 2013. There is, however, a significant risk of future impairment if management's expectations of future cash flows are not achieved.

Information related to the goodwill allocated to the Company's Content & Entertainment segment is as follows:

As of March 31, 2012	$1,568
Goodwill resulting from the New Video Acquisition	6,974
As of March 31, 2013	8,542
Goodwill resulting from the GVE Acquisition	16,952
As of March 31, 2014	$25,494

REVENUE RECOGNITION

Phase I Deployment and Phase II Deployment

Virtual print fees ("VPFs") are earned, net of administrative fees, pursuant to contracts with movie studios and distributors, whereby amounts are payable by a studio to Phase 1 DC and to Phase 2 DC when movies distributed by the studio are displayed on screens utilizing the Company's Systems installed in movie theatres. VPFs are earned and payable to Phase 1 DC based on a defined fee schedule with a reduced VPF rate year over year until the sixth year at which point the VPF rate remains unchanged through the tenth year. One VPF is payable for every digital title displayed per System. The amount of VPF revenue is dependent on the number of movie titles released and displayed using the Systems in any given accounting period. VPF revenue is recognized in the period in which the digital title first plays on a System for general audience viewing in a digitally-equipped movie theatre, as Phase 1 DC's and Phase 2 DC's performance obligations have been substantially met at that time.

Phase 2 DC's agreements with distributors require the payment of VPFs, according to a defined fee schedule, for ten years from the date each system is installed; however, Phase 2 DC may no longer collect VPFs once "cost recoupment," as defined in the agreements, is achieved. Cost recoupment will occur once the cumulative VPFs and other cash receipts collected by Phase 2 DC have equaled the total of all cash outflows, including the purchase price of all Systems, all financing costs, all "overhead and ongoing costs", as defined, and including the Company's service fees, subject to maximum agreed upon amounts during the three-year rollout period and thereafter. Further, if cost recoupment occurs before the end of the eighth contract year, a one-time "cost recoupment bonus" is payable by the studios to the Company. Any other cash flows, net of expenses, received by Phase 2 DC following the achievement of cost recoupment are required to be returned to the distributors on a pro-rata basis. At this time, the Company cannot estimate the timing or probability of the achievement of cost recoupment.

Alternative content fees ("ACFs") are earned pursuant to contracts with movie exhibitors, whereby amounts are payable to Phase 1 DC and to Phase 2 DC, generally either a fixed amount or as a percentage of the applicable box office revenue derived from the exhibitor's showing of content other than feature movies, such as concerts and sporting events (typically referred to as "alternative content"). ACF revenue is recognized in the period in which the alternative content first opens for audience viewing.

Revenues are deferred for up front exhibitor contributions and are recognized over the cost recoupment period, which is expected to be ten years.

Services

Exhibitors who purchased and own Systems using their own financing in the Phase II Deployment, paid an upfront activation fee that is generally $2 thousand per screen to the Company (the "Exhibitor-Buyer Structure"). These upfront activation fees are recognized in the period in which these exhibitor owned Systems are ready for content, as the Company has no further obligations to the customer, and are generally paid quarterly from VPF revenues over approximately one year. Additionally, the Company recognizes activation fee revenue of between $1 thousand and $2 thousand on Phase 2 DC Systems and for Systems installed by Holdings upon installation and such fees are generally collected upfront upon installation. The Company will then manage the billing and collection of VPFs and will remit all VPFs collected to the exhibitors, less an administrative fee that will approximate up to 10% of the VPFs collected.

The administrative fee related to the Phase I Deployment approximates 5% of the VPFs collected and an incentive service fee equal to 2.5% of the VPFs earned by Phase 1 DC. This administrative fee is recognized in the period in which the billing of VPFs occurs, as performance obligations have been substantially met at that time.

Content & Entertainment

CEG earns fees for the distribution of content in the home entertainment markets via several distribution channels, including digital, VOD, and physical goods (e.g. DVD and Blu-ray) is typically based on the gross amounts billed to our customers less the amounts owed to the media studios or content producers under distribution agreements, and gross media sales of owned or licensed content. The fee rate earned by the Company varies depending upon the nature of the agreements with the platform and content providers. Generally, revenues are recognized at the availability date of the content for a subscription digital platform, at the time of shipment for physical goods, or point-of-sale for transactional and VOD services.

CEG also has contracts for the theatrical distribution of third party feature movies and alternative content. CEG's distribution fee revenue and CEG's participation in box office receipts is recognized at the time a feature movie and alternative content is viewed. CEG has the right to receive or bill a portion of the theatrical distribution fee in advance of the exhibition date, and therefore such amount is recorded as a receivable at the time of execution, and all related distribution revenue is deferred until the third party feature movies' or alternative content's theatrical release date.

Movie Cost Amortization

Once a movie is released, capitalized acquisition costs are amortized and participations and residual costs are accrued on an individual title basis in the proportion to the revenue recognized during the period for each title ("Period Revenue") bears to the estimated remaining total revenue to be recognized from all sources for each title ("Ultimate Revenue"). The amount of movie and other costs that is amortized each period will depend on the ratio of Period Revenue to Ultimate Revenue for each movie. The Company makes certain estimates and judgments of Ultimate Revenue to be recognized for each title. Ultimate Revenue does not include estimates of revenue that will be earned beyond 5 years of a movie's initial theatrical release date. Movie cost amortization is a component of direct operating costs within the consolidated statements of operations.

Estimates of Ultimate Revenue and anticipated participation and residual costs are reviewed periodically in the ordinary course of business and are revised if necessary. A change in any given period to the Ultimate Revenue for an individual title will result in an increase or decrease in the percentage of amortization of capitalized movie and other costs and accrued participation and residual costs relative to a previous period. Depending on the performance of a title, significant changes to the future Ultimate Revenue may occur, which could result in significant changes to the amortization of the capitalized acquisition costs.

DIRECT OPERATING COSTS

Direct operating costs consist of operating costs such as cost of goods sold, fulfillment expenses, shipping costs, property taxes and insurance on Systems, royalty expenses, marketing and direct personnel costs.

PARTICIPATIONS PAYABLE

The Company records liabilities within accounts payable and accrued expenses on the consolidated balance sheet, that represent amounts owed to studios or content producers for which the Company provides content distribution services for royalties owed under licensing arrangements. The Company identifies and records as a reduction to the liability any expenses that are to be reimbursed to the Company by such studios or content producers.

ADVERTISING

Advertising costs are expensed as incurred and are included in selling, general and administrative expenses. For the fiscal years ended March 31, 2014 and 2013, the Company recorded advertising costs of $101 and $111, respectively.

STOCK-BASED COMPENSATION

During the fiscal years ended March 31, 2014 and 2013, the Company recorded employee and director stock-based compensation from continuing operations of $2,282 and $2,044, respectively.

The weighted-average grant-date fair value of options granted during the fiscal years ended March 31, 2014 and 2013 was $0.90 and $0.88, respectively. There were 106,951 stock options exercised during the fiscal year ended March 31, 2014. During the fiscal year ended March 31, 2013, there were no exercises of stock options.

The Company estimated the fair value of stock options at the date of each grant using a Black-Scholes option valuation model with the following assumptions:

	For the Fiscal Year Ended March 31,	
Assumptions for Option Grants	2014	2013
Range of risk-free interest rates	0.7 - 1.6%	0.6 - 0.9%
Dividend yield	—	—
Expected life (years)	5	5
Range of expected volatilities	72.6- 73.7%	74.5 - 76.2%

The risk-free interest rate used in the Black-Scholes option pricing model for options granted under the Company's stock option plan awards is the historical yield on U.S. Treasury securities with equivalent remaining lives. The Company does not currently anticipate paying any cash dividends on common stock in the foreseeable future. Consequently, an expected dividend yield of zero is used in the Black-Scholes option pricing model. The Company estimates the expected life of options granted under the Company's stock option plans using both exercise behavior and post-vesting termination behavior, as well as consideration of outstanding options. The Company estimates expected volatility for options granted under the Company's stock option plans based on a measure of historical volatility in the trading market for the Company's common stock.

Employee and director stock-based compensation expense from continuing operations related to the Company's stock-based awards was as follows:

	For the Fiscal Year Ended March 31,	
	2014	2013
Direct operating	$ 22	$ 15
Selling, general and administrative	2,260	2,029
	$ 2,282	$ 2,044

NET LOSS PER SHARE

Basic and diluted net loss per common share has been calculated as follows:

Basic and diluted net loss per common share =

$$\frac{\text{Net loss + preferred dividends}}{\text{Weighted average number of common stock shares outstanding during the period}}$$

Shares issued and any shares that are reacquired during the period are weighted for the portion of the period that they are outstanding.

The Company incurred net losses for each of the fiscal years ended March 31, 2014 and 2013 and, therefore, the impact of dilutive potential common shares from outstanding stock options and warrants, totaling 28,601,920 shares and 23,594,108 shares as of March 31, 2014 and 2013, respectively, were excluded from the computation as it would be anti-dilutive.

COMPREHENSIVE LOSS

As of March 31, 2014, the Company’s other comprehensive loss consisted of foreign currency translation adjustments.

RECENT ACCOUNTING PRONOUNCEMENT

In April 2014, the Financial Accounting Standards Board issued an accounting standards update which modifies the requirements for disposals to qualify as discontinued operations and expands related disclosure requirements. The update will be effective for the Company during the fiscal year ending March 31, 2015. The adoption of the update may impact whether future disposals qualify as discontinued operations and therefore could impact the Company's financial statement presentation and disclosures.

3. DISCONTINUED OPERATIONS

As discussed in Note 1, discontinued operations is principally comprised of the operations of Software. There is no tax provision or benefit related to any of the discontinued operations.

The assets and liabilities of discontinued operations were comprised of the following:

	As of March 31, 2014	As of March 31, 2013
Current assets of discontinued operations:		
Accounts receivable, net	$1,835	$2,311
Unbilled revenue	534	2,557
Prepaid and other current assets	11	12
Total current assets of discontinued operations	2,380	4,880
Current liabilities of discontinued operations:		
Accounts payable and accrued expenses	668	543
Deferred revenue	1,434	2,058
Total current liabilities of discontinued operations	2,102	2,601
Current assets of discontinued operations, net of current liabilities	$278	$2,279
Property and equipment, net	$474	$423
Goodwill	—	4,197
Capitalized software, net	4,862	7,132
Unbilled revenue, net of current portion	324	543
Assets of discontinued operations, net of current portion	$5,660	$12,295

The results of Software and DMS have been reported as discontinued operations for all periods presented. The loss from discontinued operations was as follows:

	For the Fiscal Year Ended March 31,	
	2014	2013
Revenues	$4,138	$7,046
Costs and Expenses:		
Direct operating (exclusive of depreciation and amortization shown below)	1,997	4,071
Selling, general and administrative	4,318	3,330
Provision for doubtful accounts	935	196
Research and development	79	144
Impairment of goodwill and capitalized software	8,470	—
Depreciation of property and equipment	235	139
Amortization of intangible assets	18	27
Total operating expenses	16,052	7,907
Loss from operations	(11,914)	(861)
Interest income	10	2
Other expense, net	—	(2)
Loss from discontinued operations	$(11,904)	$(861)

4. CONSOLIDATED BALANCE SHEET COMPONENTS

ACCOUNTS RECEIVABLE

Accounts receivable, net consisted of the following:

	As of March 31,	
	2014	2013
Trade receivables	$ 57,761	$ 30,065
Allowance for doubtful accounts	(898)	(681)
Total accounts receivable, net	$ 56,863	$ 29,384

PREPAID AND OTHER CURRENT ASSETS

Prepaid and other current assets consisted of the following:

	As of March 31,	
	2014	2013
Non-trade accounts receivable, net	$ 4,572	$ 3,079
Advances	1,950	2,097
Due from producers	1,094	—
Prepaid insurance	105	196
Other prepaid expenses	977	592
Total prepaid and other current assets	$ 8,698	$ 5,964

PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following:

	As of March 31,	
	2014	2013
Leasehold improvements	$ 638	$ 592
Computer equipment and software	8,817	6,881
Digital cinema projection systems	360,651	360,651
Machinery and equipment	449	438
Furniture and fixtures	387	330
	370,942	368,892
Less - accumulated depreciation and amortization	(236,006)	(198,804)
Total property and equipment, net	$ 134,936	$ 170,088

For the fiscal years ended March 31, 2014 and 2013, total depreciation and amortization of property and equipment amounted to $37,289 and $36,359, respectively. For the fiscal years ended March 31, 2014 and 2013, the amortization of the Company's capital leases included in depreciation and amortization of property and equipment, amounted to $583 and $239, respectively.

INTANGIBLE ASSETS

Intangible assets, net consisted of the following:

	As of March 31, 2014			
	Gross Carrying Amount	Accumulated Amortization	Net Amount	Useful Life (years)
Trademarks	$ 111	$ (99)	$ 12	3
Corporate trade names	134	(134)	—	2-10
Customer relationships and contracts	21,968	(2,836)	19,132	3-15
Theatre relationships	550	(252)	298	10-12
Covenants not to compete	508	(496)	12	3-5
Content library	19,767	(2,257)	17,510	5-6
Favorable lease agreement	1,193	(518)	675	4
	$ 44,231	$ (6,592)	$ 37,639	

	As of March 31, 2013			
	Gross Carrying Amount	Accumulated Amortization	Net Amount	Useful Life (years)
Trademarks	$ 105	$ (89)	$ 16	3
Corporate trade names	134	(134)	—	2-10
Customer relationships and contracts	10,658	(1,578)	9,080	3-5
Theatre relationships	550	(206)	344	10-12
Covenants not to compete	508	(355)	153	3-5
Content library	2,769	(508)	2,261	5
Favorable lease agreement	1,193	(248)	945	4
	$ 15,917	$ (3,118)	$ 12,799	

For the fiscal years ended March 31, 2014 and 2013, amortization expense amounted to $3,473 and $1,538, respectively. The Company did not record any impairment of intangible assets from continuing operations during the fiscal years ended March 31, 2014 and 2013.

Amortization expense on intangible assets for the next five fiscal years is estimated as follows:

For the fiscal years ending March 31,	
2015	$ 5,810
2016	$ 5,799
2017	$ 5,663
2018	$ 5,021
2019	$ 4,975

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following:

	As of March 31,	
	2014	2013
Accounts payable	$ 36,803	$ 18,089
Participations payable	26,577	14,452
Accrued compensation and benefits	554	1,175
Accrued taxes payable	302	258
Interest payable	280	987
Accrued restructuring and transition expenses	1,019	—
Accrued other expenses	7,069	4,816
Total accounts payable and accrued expenses	$ 72,604	$ 39,777

5. INVESTMENT IN NON-CONSOLIDATED ENTITY

Investment in Holdings

As discussed in Note 2, Holdings, a subsidiary of Phase 2 DC, which is wholly owned by the Company, and its wholly owned limited liability company, Cinedigm Digital Funding 2, LLC, were created for the purpose of capitalizing on the conversion of the exhibition industry from film to digital technology. Holdings assists customers in procuring the necessary equipment in the conversion of their Systems by providing the necessary financing, equipment, installation and related ongoing services. Holdings is a VIE, as defined in ASC 810, indirectly wholly owned by the Company. ASC 810 requires the consolidation of VIEs by an entity that has a controlling financial interest in the VIE which entity is thereby defined as the primary beneficiary of the VIE. To be a primary beneficiary, an entity must have the power to direct the activities of a VIE that most significantly impact the VIE's economic performance, among other factors. Although Holdings is indirectly wholly owned by the Company, a third party, which also has a variable interest in Holdings, along with an independent third party manager and the Company must mutually approve all business activities and transactions that significantly impact Holdings' economic performance. The Company has thus assessed its variable interests in Holdings and determined that it is not the primary beneficiary of Holdings and therefore accounts for its investment in Holdings under the equity method of accounting. In completing our assessment, the Company identified the activities that it considers most significant to the economic performance of Holdings and determined that we do not have the power to direct those activities. As a result, Holdings' financial position and results of operations are not consolidated in the financial position and results of operations of the Company.

The Company's maximum exposure to loss as it relates to Holdings as of March 31, 2014 and 2013 includes:

- The investment in the equity of Holdings of $0 and $1,812, respectively; and
- Accounts receivable due from Holdings for service fees under its master service agreement of $346 and $396, respectively, included within accounts receivable, net on the accompanying consolidated balance sheets.

During the fiscal years ended March 31, 2014 and 2013, the Company received $1,077 and $1,597 in aggregate revenues through digital cinema servicing fees from Holdings, respectively, included in revenues on the accompanying consolidated statements of operations.

The Holding’s Total Stockholder’s Deficit at March 31, 2014 was $2,714. The Company has no obligation to fund the operating loss or the deficit beyond its initial investment, and accordingly, the Company carried its investment in Holdings at $0.

The changes in the carrying amount of our investment in Holdings for the fiscal year ended March 31, 2014 are as follows:

Balance at March 31, 2012	$ 1,490
Equity in income of Holdings	322
Balance at March 31, 2013	1,812
Equity in loss of Holdings	(1,812)
Balance at March 31, 2014	$ —

6. NOTES PAYABLE

Notes payable consisted of the following:

	As of March 31, 2014		As of March 31, 2013	
Notes Payable	Current Portion	Long Term Portion	Current Portion	Long Term Portion
2013 Term Loans, net of debt discount	$25,688	$68,590	$26,250	$96,207
2013 Prospect Loan Agreement	—	68,454	—	70,151
KBC Facilities	7,961	27,009	8,059	36,205
P2 Vendor Note	105	466	74	569
P2 Exhibitor Notes	71	260	64	330
Total non-recourse notes payable	$33,825	$164,779	$34,447	$203,462
Cinedigm Term Loans	$3,750	$20,015	$—	$—
Cinedigm Revolving Loans	15,469	—	—	—
2013 Notes	—	3,510	—	—
Total recourse notes payable	$19,219	$23,525	$—	$—
Total notes payable	$53,044	$188,304	$34,447	$203,462

Non-recourse debt is generally defined as debt whereby the lenders' sole recourse with respect to defaults by the Company is limited to the value of the asset collateralized by the debt. The 2013 Term Loans are not guaranteed by the Company or its other subsidiaries, other than Phase 1 DC. The 2013 Prospect Loan Agreement is not guaranteed by the Company or its other subsidiaries and the service fees of Phase 1 DC and Phase 2 DC were assigned by the Company to DC Holdings LLC. The KBC Facilities, the P2 Vendor Note and the P2 Exhibitor Notes are not guaranteed by the Company or its other subsidiaries, other than Phase 2 DC.

2013 Term Loans

On February 28, 2013, CDF I entered into an amended and restated credit agreement (the "2013 Credit Agreement") with Société Générale, New York Branch, as administrative agent and collateral agent for the lenders party thereto and certain other secured parties (the "Collateral Agent"), and the lenders party thereto. The 2013 Credit Agreement amended and restated its prior credit agreement. The primary changes effected by the Amended and Restated Credit Agreement were (i) changing the aggregate principal amount of the term loans to $130,000, which included an assignment of $5,000 of the principal balance to an affiliate of CDF I, (ii) changing the interest rate (described further below) and (iii) extending the term of the credit facility to February 2018. The proceeds of the term loans ("2013 Term Loans") under the 2013 Credit Agreement were used by CDF I to refinance its prior credit agreement.

The Company recognized a loss from debt extinguishment on its prior credit agreement of $2,996, principally from the write-off of previously deferred debt issuance costs and original issue discount, during the fiscal year ended March 31, 2013. Additionally, the Company recognized a loss from debt extinguishment on another prior debt agreement of $4,909 during the fiscal year ended March 31, 2013.

Under the 2013 Credit Agreement, each of the 2013 Term loans bears interest, at the option of CDF I and subject to certain conditions, based on the base rate (generally, the bank prime rate) or the LIBOR rate set at a minimum of 1.00%, plus a margin of 1.75% (in the case of base rate loans) or, 2.75% (in the case of LIBOR rate loans). All collections and revenues of CDF I are deposited into designated accounts, from which amounts are paid out on a monthly basis to pay certain operating expenses and principal, interest, fees, costs and expenses relating to the 2013 Credit Agreement according to certain designated priorities. On a quarterly basis, if funds remain after the payment of all such amounts, they will be applied to prepay the 2013 Term Loans. The 2013 Term Loans mature and must be paid in full by February 28, 2018. In addition, CDF I may prepay the 2013 Term Loans, in whole or in part, subject to paying certain breakage costs, if applicable, and a 1.0% prepayment premium if a prepayment is made during the first year of the 2013 Term Loans. The LIBOR rate at March 31, 2014 was 0.15%.

The 2013 Credit Agreement also requires each of CDF I's existing and future direct and indirect domestic subsidiaries (the "Guarantors") to guarantee, under an Amended and Restated Guaranty and Security Agreement dated as of February 28, 2013 by and among CDF I, the Guarantors and the Collateral Agent (the “Guaranty and Security Agreement”), the obligations under the 2013 Credit Agreement, and all such obligations to be secured by a first priority perfected security interest in all of the collective assets of CDF I and the Guarantors, including real estate owned or leased, and all capital stock or other equity interests in C/AIX, the direct holder of CDF I's equity, CDF I and CDF I's subsidiaries. In connection with the 2013 Credit Agreement, AccessDM, a wholly-owned subsidiary of the Company and the direct parent of C/AIX, entered into an amended and restated pledge agreement dated as of February 28, 2013 (the "AccessDM Pledge Agreement") in favor of the Collateral Agent pursuant to which AccessDM pledged to the Collateral Agent all of the outstanding shares of common stock of C/AIX, and C/AIX entered into an amended and restated pledge agreement dated as of February 28, 2013 (the "C/AIX Pledge Agreement") in favor of the Collateral Agent pursuant to which C/AIX pledged to the Collateral Agent all of the outstanding membership interests of CDF I. The 2013 Credit Agreement contains customary representations, warranties, affirmative covenants, negative covenants and events of default.

All collections and revenues of CDF I are deposited into designated accounts. These amounts are included in cash and cash equivalents in the consolidated balance sheets and are only available to pay certain operating expenses, principal, interest, fees, costs and expenses relating to the 2013 Credit Agreement, according to certain designated priorities, which totaled $6,493 and $6,787 as of March 31, 2014 and 2013, respectively. The Company also set up a debt service fund under the 2013 Credit Agreement for future principal and interest payments, classified as restricted cash of $6,751 as of March 31, 2014 and 2013, respectively.

The balance of the 2013 Term Loans, net of the original issue discount, at March 31, 2014 was as follows:

	As of March 31, 2014	As of March 31, 2013
2013 Term Loans, at issuance, net	$ 125,087	$ 125,087
Payments to date	(30,543)	(2,275)
Discount on 2013 Term Loans	(266)	(355)
2013 Term Loans, net	94,278	122,457
Less current portion	(25,688)	(26,250)
Total long term portion	$ 68,590	$ 96,207

2013 Prospect Loan Agreement

On February 28, 2013, DC Holdings LLC, AccessDM and Phase 2 DC entered into a term loan agreement (the "2013 Prospect Loan Agreement") with Prospect Capital Corporation ("Prospect"), as administrative agent (the "Prospect Administrative Agent") and collateral agent (the "Prospect Collateral Agent") for the lenders party thereto, and the other lenders party thereto pursuant to which DC Holdings LLC borrowed $70,000 (the "2013 Prospect Loan"). The 2013 Prospect Loan, as subsequently amended, will bear interest annually in cash at LIBOR plus 9.00% (with a 2.00% LIBOR floor) and at 2.50% to be accrued as an increase in the aggregate principal amount of the 2013 Prospect Loan until the 2013 Credit Agreement is paid off, at which time all interest will be payable in cash.

The 2013 Prospect Loan matures on March 31, 2021. The 2013 Prospect Loan may be accelerated upon a change in control (as defined in the Term Loan Agreement) or other events of default as set forth therein and would be subject to mandatory acceleration upon an insolvency of DC Holdings LLC. The 2013 Prospect Loan is payable on a voluntary basis after the second anniversary of the initial borrowing in whole but not in part, subject to a prepayment penalty equal to 5.00% of the principal amount prepaid if the 2013 Prospect Loan is prepaid after the second anniversary but prior to the third anniversary of issuance, a prepayment penalty of 4.00% of the principal amount prepaid if the 2013 Prospect Loan is prepaid after such third anniversary but prior to the fourth anniversary of issuance, a prepayment penalty of 3.00% of the principal amount prepaid if the 2013 Prospect Loan is prepaid after such fourth anniversary but prior to the fifth anniversary of issuance, a prepayment penalty of 2.00% of the principal amount prepaid if the 2013 Prospect Loan is prepaid after such fifth anniversary but prior to the sixth anniversary of issuance, a prepayment penalty of 1.00% of the principal amount prepaid if the 2013 Prospect Loan is prepaid after such sixth anniversary but prior to the seventh anniversary of issuance, and without penalty if the 2013 Prospect Loan is prepaid thereafter, plus cash in an amount equal to the accrued and unpaid interest amount with respect to the principal amount through and including the prepayment date.

In connection with the 2013 Prospect Loan, the Company assigned to DC Holdings LLC its rights to receive servicing fees under the Company's Phase I and Phase II deployments. Pursuant to a Limited Recourse Pledge Agreement (the "Limited Recourse Pledge") executed by the Company and a Guaranty, Pledge and Security Agreement (the "Prospect Guaranty and Security Agreement") among DC Holdings LLC, AccessDM, Phase 2 DC and Prospect, as Prospect Collateral Agent, the Prospect Loan is secured by, among other things, a first priority pledge of the stock of Holdings owned by the Company, the stock of AccessDM owned by DC Holdings LLC and the stock of Phase 2 DC owned by the Company, and guaranteed by AccessDM and Phase 2 DC. The Company provides limited financial support to the 2013 Prospect Loan not to exceed $1,500 per year in the event financial performance does not meet certain defined benchmarks.

The 2013 Prospect Loan Agreement contains customary representations, warranties, affirmative covenants, negative covenants and events of default. The balance of the 2013 Prospect Loan Agreement at March 31, 2014 and 2013 was as follows:

	As of March 31, 2014	As of March 31, 2013
2013 Prospect Loan Agreement, at issuance	$70,000	$70,000
PIK Interest	1,906	151
Payments to date	$(3,452)	$—
2013 Prospect Loan Agreement, net	$68,454	$70,151
Less current portion	—	—
Total long term portion	$68,454	$70,151

KBC Facilities
In December 2008, Phase 2 B/AIX, a direct wholly-owned subsidiary of Phase 2 DC and an indirect wholly-owned subsidiary of the Company, began entering into multiple credit facilities to fund the purchase of Systems from Barco, Inc. to be installed in movie theatres as part of the Company's Phase II Deployment. A summary of the credit facilities is as follows:

Facility[1]	Credit Facility	Interest Rate[2]	Maturity Date	Outstanding Principal Balance As of March 31, 2014	Outstanding Principal Balance As of March 31, 2013	Draw as of March 31, 2014
1	$8,900	8.5%	December 2016	$—	$—	$—
2	2,890	3.75%	December 2017	315	1,961	—
3	22,336	3.75%	September 2018	13,561	16,752	—
4	13,312	3.75%	September 2018	8,558	10,459	—
5	11,425	3.75%	March 2019	8,160	9,794	—
6	6,450	3.75%	December 2018	4,376	5,298	—
	$65,313			$34,970	$44,264	$—

[1] For each facility, principal is to be repaid in twenty-eight quarterly installments.
[2] The interest rate for facilities 2 through 6 are the three month LIBOR rate of 0.23% at March 31, 2014, plus the interest rate noted above.

Cinedigm Credit Agreement
On October 17, 2013, the Company entered into a credit agreement (the "Cinedigm Credit Agreement") with Société Générale, New York Branch, as administrative agent and collateral agent for the lenders party thereto and certain other secured parties (the "Collateral Agent"). Under the Cinedigm Credit Agreement and subject to the terms and conditions thereof, the Company may borrow an aggregate principal amount of up to $55,000, including term loans of $25,000 (the "Cinedigm Term Loans") and revolving loans of up to $30,000 (the "Cinedigm Revolving Loans"). All of the Cinedigm Term Loans, for which principal will be paid quarterly, and $15,000 of the Cinedigm Revolving Loans were drawn at closing in connection with funding the GVE Acquisition upon the Company's contribution of such funds. Each of the Cinedigm Term Loans and the Cinedigm Revolving Loans bears interest at the base rate plus 3.0% or the eurodollar rate plus 4.0%. Base rate, per annum, is equal to the highest of (a) the rate quoted by the Wall Street Journal as the "base rate on corporate loans by at least 75% of the nation's largest banks," (b) 0.50% plus the federal funds rate, and (c) the eurodollar rate plus 1.0%. All collections and revenues of CEG will be deposited into a special blocked account, from which amounts are paid out on a monthly basis to pay certain operating expenses and principal, interest, fees, costs and expenses relating to the Cinedigm Credit Agreement according to certain designated priorities. On a quarterly basis, if funds remain after the payment of all such amounts, a portion of such funds will be applied to prepay the Cinedigm Term Loans. The Cinedigm Term Loans and Cinedigm Revolving Loans mature and must be paid in full by October 21, 2016. In addition, the Company may prepay the Cinedigm Term Loans and Cinedigm

Revolving Loans, in whole or in part, subject to paying certain breakage costs, as applicable.

The balance of the Cinedigm Term Loans as of March 31, 2014 was as follows:

	As of March 31, 2014
Cinedigm Term Loans, at issuance, net	$ 25,000
Payments to date	(875)
Discount on Cinedigm Term Loans	(360)
Cinedigm Term Loans, net	23,765
Less current portion	(3,750)
Total long term portion	$ 20,015

At March 31, 2014, the balance of the Cinedigm Revolving Loans was $15,469.

2013 Notes

On October 17, 2013 and October 21, 2013, the Company entered into securities purchase agreements (the "Securities Purchase Agreements") with certain investors party thereto (the "Investors") pursuant to which the Company agreed to sell to the Investors notes in the aggregate principal amount of $5,000 (the "2013 Notes") and warrants to purchase an aggregate of 1,500,000 shares of Class A Common Stock (the "2013 Warrants"). The sales were consummated on October 21, 2013. The proceeds of the sales of the 2013 Notes and 2013 Warrants were used for working capital and general corporate purposes, including to finance, in part, the GVE Acquisition. The Company allocated a proportional value of $1,598 to the 2013 Warrants using a Black-Scholes option valuation model with the following assumptions:

Risk free interest rate	1.38	%
Dividend yield	—	
Expected life (years)	5	
Expected volatility	76.25	%

The Company has treated the proportional value of the 2013 Warrants of $1,598 as a debt discount. The debt discount of the 2013 Notes will be amortized through the maturity of the 2013 Notes as interest expense.

The principal amount outstanding under the 2013 Notes is due on October 21, 2018. The 2013 Notes bear interest at 9.0% per annum, payable in quarterly installments over the term of the 2013 Notes. The 2013 Notes entitle the Company to redeem the 2013 Notes any time on or after October 21, 2015, subject to certain premiums.

Letters of Credit

As of March 31, 2014, outstanding letters of credit amounted to $4,000. No amounts were drawn upon during the fiscal year ended March 31, 2014.

At March 31, 2014, the Company was in compliance with all of its debt covenants.

The aggregate principal repayments on the Company's notes payable, excluding debt discounts and PIK interest, are scheduled to be as follows:

For the fiscal years ending March 31,	
2015	$53,042
2016	37,833
2017	44,534
2018	31,200
2019	8,401
Thereafter	81,740
	$256,750

7. STOCKHOLDERS' EQUITY

CAPITAL STOCK

COMMON STOCK

As of March 31, 2014 and 2013, the Company has 118,759,000 authorized shares of Class A Common Stock and 1,241,000 shares of authorized Class B Common Stock of which none remain available for issuance.
On June 26, 2013, the Company entered into an underwriting agreement (the "Underwriting Agreement") with Merriman Capital, Inc. and National Securities Corporation (together, the "Underwriters") pursuant to which the Underwriters agreed to act as underwriters of 3,780,718 shares of the Company's Class A common stock at a purchase price equal to $1.2834 per share, representing a per security discount equal to 7.0% of the public offering price per security of $1.38 (the "Offering"). In July 2013, the Underwriters' exercised an option in full to buy up to an additional 567,108 shares from the Company under the above referenced terms (the "Over-Allotment"). The Company also agreed to bear the expenses of the Offering. The Over-Allotment shares were issued and sold on July 10, 2013. Total proceeds from the issuance of the Company's Class A common stock, including the Over-Allotment, amounted to approximately $5,520, net of underwriting discount, during July 2013.
On October 17, 2013, the Company conducted an underwritten public offering resulting in the sale by the Company of an aggregate of 9,089,990 shares of Class A Common Stock, priced at $1.43 per share on October 21, 2013 and October 23, 2013, with net proceeds to the Company of approximately $12,049.
On October 17, 2013, the Company entered into a common stock purchase agreement (the "Stock Purchase Agreement") with an investor party thereto (the "Common Stock Investor") pursuant to which the Company agreed to sell to the Common Stock Investor 1,398,601 shares (the "2013 Shares") of Class A Common Stock, for an aggregate purchase price in cash of $2,000, priced at $1.43 per share. The sale was consummated on October 21, 2013.
On March 25, 2014, the Company completed an underwritten public offering resulting in the sale by the Company of an aggregate of 11,730,000 shares of Class A Common Stock, priced at $2.70 per share, with net proceeds to the Company of approximately $29,700.

PREFERRED STOCK

Cumulative dividends in arrears on the preferred stock at March 31, 2014 and 2013 were $89 on each date. In April 2014, the Company paid its preferred stock dividends accrued at March 31, 2014 in the form of 33,851 shares of its Class A Common Stock.

CINEDIGM'S EQUITY INCENTIVE PLAN

Stock Options

Awards under the Plan may be in any of the following forms (or a combination thereof) (i) stock option awards; (ii) stock appreciation rights; (iii) stock or restricted stock or restricted stock units; or (iv) performance awards. The Plan provides for the granting of incentive stock options (“ISOs”) with exercise prices not less than the fair market value of the Company’s Class A Common Stock on the date of grant. ISOs granted to shareholders of more than 10% of the total combined voting power of the Company must have exercise prices of at least 110% of the fair market value of the Company’s Class A Common Stock on the date of grant. ISOs and non-statutory stock options granted under the Plan are subject to vesting provisions, and exercise is subject to the continuous service of the participant. The exercise prices and vesting periods (if any) for non-statutory options are set at the discretion of the Company’s compensation committee. Upon a change of control of the Company, all stock options (incentive and non-statutory) that have not previously vested will vest immediately and become fully exercisable. In connection with the grants of stock options under the Plan, the Company and the participants have executed stock option agreements setting forth the terms of the grants.

During the fiscal year ended March 31, 2014, the Company granted stock options to purchase 2,915,000 shares of its Class A Common Stock to its employees at exercise prices ranging from $1.37 to $2.91 per share, which will vest ratably over a four year period. As of March 31, 2014, the weighted average exercise price for outstanding stock options was $1.74 and the weighted average remaining contractual life was 6.15 years.

The following table summarizes the activity of the Plan related to shares issuable pursuant to outstanding options:

	Shares Under Option	Weighted Average Exercise Price Per Share
Balance at March 31, 2012	3,750,790	2.27
Granted	972,000	1.60
Exercised	—	—
Canceled	(609,790)	1.91
Balance at March 31, 2013	4,113,000	2.14
Granted	2,915,000	1.51
Exercised	(106,951)	1.41
Canceled	(848,063)	2.74
Balance at March 31, 2014	6,072,986	1.74

An analysis of all options outstanding under the Plan as of March 31, 2014 is presented below:

Range of Prices	Options Outstanding	Weighted Average Remaining Life in Years	Weighted Average Exercise Price	Aggregate Intrinsic Value
$0.00 - $1.37	935,371	4.0	$ 1.37	$ 1,113,201
$1.38 - $1.60	4,194,661	8.8	1.46	4,610,811
$1.61 - $2.50	310,954	7.3	1.77	244,890
$2.51 - $5.00	496,500	7.4	3.06	—
$5.01 - $15.00	135,500	2.3	8.12	—
	6,072,986			$ 5,968,902

An analysis of all options exercisable under the Plan as of March 31, 2014 is presented below:

Options Exercisable	Weighted Average Remaining Life in Years	Weighted Average Exercise Price	Aggregate Intrinsic Value
1,839,680	6.15	$ 2.15	$ 1,644,469

Restricted Stock Awards

The Plan also provides for the issuance of restricted stock and restricted stock unit awards. During the fiscal year ended March 31, 2014, the Company did not grant any restricted stock or restricted stock units.

The following table summarizes the activity of the Plan related to restricted stock awards:

	Restricted Stock Awards	Weighted Average Market Price Per Share
Balance at March 31, 2012	157,198	1.18
Granted	—	—
Vested	(122,601)	1.12
Canceled	(18,489)	1.37
Balance at March 31, 2013	16,108	1.40
Granted	—	—
Vested	(15,140)	1.40
Canceled	(968)	1.40
Balance at March 31, 2014	—	—

OPTIONS GRANTED OUTSIDE CINEDIGM’S EQUITY INCENTIVE PLAN

In October 2013, the Company issued options outside of the Equity Incentive Plan to 10 employees who joined the Company following the GVE Acquisition. The employees received options to purchase an aggregate of 620,000 shares of the Company's Class A Common Stock. The options have ten-year terms and an exercise price of $1.75 per share.

WARRANTS

At March 31, 2014, outstanding warrants consisted of 16,000,000 held by Sageview ("Sageview Warrants"), 525,000 held by a strategic management service provider and the 2013 Warrants.

The Sageview Warrants were exercisable beginning on September 30, 2009 at an exercise price of $1.37, contain a customary cashless exercise provision and anti-dilution adjustments, and expire on August 11, 2016 (subject to extension in limited circumstances).

The strategic management service provider warrants were issued in connection with a consulting management services agreement entered into with the Company. These warrants for the purchase of 525,000 shares of Class A common stock vested over 18 months commencing in July 2011, are subject to termination with 90 days notice in the event of termination of the consulting management services agreement and expire on July 1, 2021.

The 2013 Warrants will be exercisable through October 21, 2018 at an exercise price per share of $1.85. The 2013 Warrants and 2013 Notes are subject to certain transfer restrictions. During the fiscal year ended March 31, 2014, holders of the 2013 Warrants exercised 249,375 warrants. As of March 31, 2014, 1,250,625 of the 2013 Warrants were outstanding.

8. COMMITMENTS AND CONTINGENCIES

The Company is subject to a capital lease obligation where we have no continuing involvement other than being the primary obligor. A sub-lease agreement, through which an unrelated third party purchaser pays the capital lease, was amended during January 2013. The impact of the capital lease amendment to the Company's consolidated financial statements was not material.

LITIGATION

We are subject to certain legal proceedings in the ordinary course of business. We do not expect any such items to have a significant impact on our financial position and results of operations and liquidity.

LEASES

As of March 31, 2014, the Company has outstanding capital lease obligations of $6,086. In May 2011, the Company completed the sale of certain assets and liabilities of the Pavilion Theatre and from that point forward, it will not be operated by the Company.

The Company has remained the primary obligor on the Pavilion capital lease and entered into a separate sublease agreement with the third party to sublet the Pavilion Theatre.

During the fiscal year ended March 31, 2013, the Company reduced its capital lease obligation resulting from an amended sub-lease agreement in January 2013, through which an unrelated third party purchaser pays the capital lease and the Company is the primary obligor.

As of March 31, 2014, minimum future capital lease payments (including interest) totaled $10,656, are due as follows:

For the fiscal years ending March 31,	
2015	$ 1,471
2016	1,441
2017	1,441
2018	1,301
2019	1,152
Thereafter	3,850
	10,656
Less: amount representing interest at rates ranging from 5.7% to 17.7%	(4,570)
Outstanding capital lease obligation	$ 6,086

The corresponding asset included in property and equipment, net for the Pavilion Theatre was $3,948 as of March 31, 2014.

The Company's businesses operate from leased properties under non-cancelable operating lease agreements. As of March 31, 2014, obligations under non-cancelable operating leases totaled $1,589 and are due as follows:

For the fiscal years ending March 31,	
2015	$ 1,283
2016	306
	$ 1,589

Total rent expense was $1,484 and $1,217 for the fiscal years ended March 31, 2014 and 2013, respectively.

9. SUPPLEMENTAL CASH FLOW INFORMATION

	For the Fiscal Year Ended March 31,	
	2014	2013
Cash interest paid	$ 17,309	$ 18,368
Assets acquired under capital leases	$ 1,886	$ —
Accretion of preferred stock discount	$ 93	$ 109
Accrued dividends on preferred stock	$ 356	$ 356
Issuance of Class A Common Stock in connection with New Video Acquisition	$ —	$ 3,432
Issuance of Class A Common Stock in connection with GVE Acquisition	$ 1,000	$ —
Issuance of Class A Common Stock and warrants for professional services of third parties	$ 129	$ —
Issuance of common stock for payment of preferred stock dividends	$ 267	$ —
Non-cash payment of deferred consideration in connection with GVE Acquisition	$ 2,000	$ —

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10. SEGMENT INFORMATION

The Company is comprised of four reportable segments: Phase I Deployment, Phase II Deployment, Services and Content & Entertainment. The segments were determined based on the products and services provided by each segment and how management reviews and makes decisions regarding segment operations. Performance of the segments is evaluated on the segment's income (loss) from continuing operations before interest, taxes, depreciation and amortization.

The Phase I Deployment and Phase II Deployment segments consist of the following:

Operations of:	Products and services provided:
Phase 1 DC	Financing vehicles and administrators for the Company's 3,724 Systems installed nationwide in Phase 1 DC's deployment to theatrical exhibitors. The Company retains ownership of the Systems and the residual cash flows related to the Systems after the repayment of all non-recourse debt at the expiration of exhibitor master license agreements.
Phase 2 DC	Financing vehicles and administrators for the Company's 8,904 Systems installed in the second digital cinema deployment and international deployments, through Phase 2 DC. The Company retains no ownership of the residual cash flows and digital cinema equipment after the completion of cost recoupment and at the expiration of the exhibitor master license agreements.

The Services segment provides monitoring, billing, collection, verification and other management services to the Company's Phase I Deployment, Phase II Deployment, Holdings, as well as to exhibitors who purchase their own equipment. Services also collects and disburses VPFs from motion picture studios and distributors and ACFs from alternative content providers, movie exhibitors and theatrical exhibitors.

The Content & Entertainment segment, or CEG, is a leading distributor of independent content, collaborates with producers and other content owners to market, source, curate and distribute independent content to targeted and profitable audiences in theatres and homes, and via mobile and emerging platforms.

One customer represented approximately 11% of consolidated revenues of the Company for the fiscal year ended March 31, 2014.

Information related to the segments of the Company and its subsidiaries is detailed below:

	As of March 31, 2014					
	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Total intangible assets, net	$ 298	$ —	$ —	$ 37,333	$ 8	$ 37,639
Total goodwill	$ —	$ —	$ —	$ 25,494	$ —	$ 25,494
Assets from continuing operations	$ 109,538	$ 66,957	$ 3,848	$ 124,226	$ 35,491	340,060
Net assets from discontinued operations						5,938
Total assets						$ 345,998
Notes payable, non-recourse	$ 162,732	$ 35,872	$ —	$ —	$ —	$ 198,604
Notes payable	—	—	—	—	42,744	42,744
Capital leases	—	—	—	81	6,005	6,086
Total debt	$ 162,732	$ 35,872	$ —	$ 81	$ 48,749	$ 247,434

	As of March 31, 2013					
	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Total intangible assets, net	$ 344	$ 6	$ —	$ 12,449	$ —	$ 12,799
Total goodwill	$ —	$ —	$ —	$ 8,542	$ —	$ 8,542
Assets from continuing operations	$ 137,880	$ 79,139	$ 4,691	$ 39,158	$ 6,017	$ 266,885
Net assets from discontinued operations						14,574
Total assets						$ 281,459
Notes payable, non-recourse	$ 192,609	$ 45,300	$ —	$ —	$ —	$ 237,909
Capital leases	—	—	—	—	4,518	4,518
Total debt	$ 192,609	$ 45,300	$ —	$ —	$ 4,518	$ 242,427

Statements of Operations
For the Three Months Ended March 31, 2014
(Unaudited)

	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Revenues from external customers	$8,572	$2,815	$2,760	$17,517	$—	$31,664
Intersegment revenues (1)	—	—	—	5	—	5
Total segment revenues	8,572	2,815	2,760	17,522	—	31,669
Less: Intersegment revenues	—	—	—	(5)	—	(5)
Total consolidated revenues	$8,572	$2,815	$2,760	$17,517	$—	$31,664
Direct operating (exclusive of depreciation and amortization shown below)	200	164	79	8,919	—	9,362
Selling, general and administrative	122	76	141	4,719	2,532	7,590
Plus: Allocation of Corporate overhead	—	—	599	1,678	(2,277)	—
Provision for doubtful accounts	47	6	11	103	—	167
Restructuring, transition and acquisitions expenses, net	—	—	—	896	(1,784)	(888)
Depreciation and amortization of property and equipment	7,137	1,881	53	61	256	9,388
Amortization of intangible assets	12	1	—	1,405	—	1,418
Total operating expenses	7,518	2,128	883	17,781	(1,273)	27,037
Income (loss) from operations	$1,054	$687	$1,877	$(264)	$1,273	$4,627

(1) Intersegment revenues principally represent personnel expenses.

The following employee and director stock-based compensation expense related to the Company's stock-based awards is included in the above amounts as follows:

	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Direct operating	$—	$—	$—	$4	$—	$4
Selling, general and administrative	—	—	5	98	243	346
Total stock-based compensation	$—	$—	$5	$102	$243	$350

Statements of Operations
For the Three Months Ended March 31, 2013
(Unaudited)

	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Revenues from external customers	$9,871	$3,151	$2,570	$4,052	$—	$19,644
Intersegment revenues (1)	—	—	4	8	—	12
Total segment revenues	9,871	3,151	2,574	4,060	—	19,656
Less: Intersegment revenues	—	—	(4)	(8)	—	(12)
Total consolidated revenues	$9,871	$3,151	$2,570	$4,052	$—	$19,644
Direct operating (exclusive of depreciation and amortization shown below)	112	174	144	2,519	—	2,949
Selling, general and administrative	3	52	154	2,114	2,206	4,529
Plus: Allocation of Corporate overhead	—	—	806	668	(1,474)	—
Provision for doubtful accounts	62	13	6	65	106	252
Restructuring, transition and acquisitions expenses, net	—	—	—	—	(750)	(750)
Depreciation and amortization of property and equipment	7,137	1,893	3	55	7	9,095
Amortization of intangible assets	12	2	—	423	1	438
Total operating expenses	7,326	2,134	1,113	5,844	96	16,513
Income (loss) from operations	$2,545	$1,017	$1,457	$(1,792)	$(96)	$3,131

(1) Intersegment revenues principally represent personnel expenses.

The following employee and director stock-based compensation expense related to the Company’s stock-based awards is included in the above amounts as follows:

	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Direct operating	$—	$—	$—	$2	$—	$2
Selling, general and administrative	—	—	8	21	315	344
Total stock-based compensation	$—	$—	$8	$23	$315	$346

Statements of Operations
For the Fiscal Year Ended March 31, 2014

	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Revenues from external customers	$36,309	$12,146	$12,558	$43,315	$—	$104,328
Intersegment revenues (1)	—	—	16	48	—	64
Total segment revenues	36,309	12,146	12,574	43,363	—	104,392
Less: Intersegment revenues	—	—	(16)	(48)	—	(64)
Total consolidated revenues	$36,309	$12,146	$12,558	$43,315	$—	$104,328
Direct operating (exclusive of depreciation and amortization shown below)	766	610	380	27,164	—	28,920
Selling, general and administrative	328	279	765	14,448	10,513	26,333
Plus: Allocation of Corporate overhead	—	—	2,186	4,204	(6,390)	—
Provision for doubtful accounts	197	59	35	103	—	394
Restructuring, transition and acquisitions expenses, net	—	—	—	2,038	(505)	1,533
Depreciation and amortization of property and equipment	28,549	7,523	214	210	793	37,289
Amortization of intangible assets	46	6	—	3,420	1	3,473
Total operating expenses	29,886	8,477	3,580	51,587	4,412	97,942
Income (loss) from operations	$6,423	$3,669	$8,978	$(8,272)	$(4,412)	$6,386

(1) Intersegment revenues principally represent personnel expenses.

The following employee and director stock-based compensation expense related to the Company's stock-based awards is included in the above amounts as follows:

	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Direct operating	$—	$—	$13	$9	$—	$22
Selling, general and administrative	—	—	13	187	2,060	2,260
Total stock-based compensation	$—	$—	$26	$196	$2,060	$2,282

Statements of Operations

For the Fiscal Year Ended March 31, 2013

	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Revenues from external customers	$ 39,646	$ 12,464	$ 12,932	$ 16,050	$ —	$ 81,092
Intersegment revenues (1)	—	—	24	32	—	56
Total segment revenues	39,646	12,464	12,956	16,082	—	81,148
Less: Intersegment revenues	—	—	(24)	(32)	—	(56)
Total consolidated revenues	$ 39,646	$ 12,464	$ 12,932	$ 16,050	$ —	$ 81,092
Direct operating (exclusive of depreciation and amortization shown below)	459	687	821	6,548	—	8,515
Selling, general and administrative	92	139	797	8,308	11,469	20,805
Plus: Allocation of Corporate overhead	—	—	3,188	3,392	(6,580)	—
Provision for doubtful accounts	218	59	30	65	106	478
Restructuring, transition and acquisitions expenses, net	—	—	—	340	517	857
Depreciation and amortization of property and equipment	28,549	7,371	9	72	358	36,359
Amortization of intangible assets	46	7	—	1,483	2	1,538
Total operating expenses	29,364	8,263	4,845	20,208	5,872	68,552
Income (loss) from operations	$ 10,282	$ 4,201	$ 8,087	$ (4,158)	$ (5,872)	$ 12,540

(1) Intersegment revenues principally represent personnel expenses.

The following employee and director stock-based compensation expense related to the Company’s stock-based awards is included in the above amounts as follows:

	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Direct operating	$ —	$ —	$ —	$ 15	$ —	$ 15
Selling, general and administrative	—	—	42	84	1,903	2,029
Total stock-based compensation	$ —	$ —	$ 42	$ 99	$ 1,903	$ 2,044

11.RESTRUCTURING EXPENSES

During the fiscal year ended March 31, 2014, the Company completed a strategic assessment of its resource requirements within its Content & Entertainment reporting segment which, based upon the GVE Acquisition, resulted in a restructuring expense of $1,513 as a result of workforce reduction and severance and employee-related expenses during the fiscal year ended March 31, 2014. Transition expenses of $525 are principally attributed to the integration after the GVE Acquisition. Each of these expenses are a component of restructuring, transition and acquisitions expenses, net within the consolidated statements of operations for the fiscal year ended March 31, 2014.

A summary of activity for restructuring activities included in accounts payable and accrued expenses as of March 31, 2014 is as follows:

Balance at March 31, 2013	Total Cost	Amounts Paid/Adjusted	Balance at March 31, 2014
$—	$2,011	$(992)	$1,019

12.INCOME TAXES

The Company did not recognize income tax benefit or expense during the fiscal year ended March 31, 2014. The components of the benefit from income taxes for the fiscal year ended March 31, 2013 was as follows:

	For the fiscal year ending March 31, 2013
Federal:	
Deferred	$4,731
Total federal	4,731
State:	
Current	(75)
Deferred	288
Total state	213
Total benefit from income taxes	$4,944

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Net deferred taxes consisted of the following:

	As of March 31,	
	2014	2013
Deferred tax assets:		
Net operating loss carryforwards	$98,407	$96,920
Stock based compensation	4,210	4,001
Revenue deferral	109	119
Interest rate swap	148	421
Capital loss carryforwards	3,734	3,734
Other	1,314	389
Total deferred tax assets before valuation allowance	107,922	105,584
Less: Valuation allowance	(74,323)	(68,835)
Total deferred tax assets after valuation allowance	$33,599	$36,749
Deferred tax liabilities:		
Depreciation and amortization	$(30,252)	$(32,393)
Intangibles	(3,347)	(4,356)
Total deferred tax liabilities	(33,599)	(36,749)
Net deferred tax	$—	$—

The Company has provided a valuation allowance equal to its net deferred tax assets for the fiscal years ended March 31, 2014 and 2013. The Company is required to recognize all or a portion of its deferred tax assets if it believes that it is more likely than not, given the weight of all available evidence, that all or a portion of its deferred tax assets will be realized. Management assesses the realizability of the deferred tax assets at each interim and annual balance sheet date based on actual and forecasted operating results. The Company assessed both its positive and negative evidence to determine the proper amount of its required valuation allowance. Factors considered include the Company's current taxable income and projections of future taxable income. Management increased the valuation allowance by $5,488 (net of the reduction described hereafter) and $6,933 during the fiscal years ended March 31, 2014 and 2013, respectively. During the fiscal year ended March 31, 2013, a net deferred tax liability of $5,019 was recorded upon the New Video Acquisition for the excess of the financial statement basis over the tax basis of the acquired assets and liabilities. As New Video is included in the Company's consolidated federal and state tax returns, deferred tax liabilities assumed in the New Video Acquisition were able to offset the reversal of the Company's pre-existing deferred tax assets. Accordingly, the Company's valuation allowance was reduced by $5,019 and recorded as a deferred tax benefit in the accompanying consolidated statements of operations for the fiscal year ended March 31, 2013. Management will continue to assess the realizability of the deferred tax assets at each interim and annual balance sheet date based upon actual and forecasted operating results.

At March 31, 2014, the Company had Federal and state net operating loss carryforwards of approximately $254,000 available in the United States of America ("US") and approximately $36 in Australia to reduce future taxable income. The US federal and state net operating loss carryforwards will begin to expire in 2020. The Australian net operating loss carryforward does not expire.

Under the provisions of the Internal Revenue Code, certain substantial changes in the Company's ownership may result in a limitation on the amount of net operating losses that may be utilized in future years. As of March 31, 2014, approximately $6,300 of the Company's net operating loss from periods prior to November 2003 are subject to an annual Section 382 of the Internal Revenue Code of 1986, as amended ("Section 382") limitation of approximately $1,300, and approximately $25,100 of net operating losses from periods prior to March 2006 are subject to an annual Section 382 limitation of approximately $9,400. Net operating losses of approximately $221,000, which were generated since March 2006 are currently not subject to an annual limitation under Section 382. Future significant ownership changes could cause a portion or all of these net operating losses to expire before utilization.

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The differences between the United States statutory federal tax rate and the Company's effective tax rate are as follows:

	As of March 31,	
	2014	2013
Provision at the U.S. statutory federal tax rate	34.0 %	34.0 %
State income taxes, net of federal benefit	4.6	3.0
Change in valuation allowance	(38.7)	(17.7)
Non-deductible equity compensation	(4.3)	(2.4)
Acquisition costs and adjustments	3.9	(1.4)
Sale of subsidiary	—	6.8
Other	0.5	(1.9)
Income tax benefit	— %	20.4 %

Since April 1, 2007, the Company has applied accounting principles that clarify the accounting and disclosure for uncertainty in income taxes. As of March 31, 2014 and 2013, the Company did not have any uncertainties in income taxes.

The Company files income tax returns in the U.S. federal jurisdiction and various states. For federal income tax purposes, the Company's fiscal 2011 through 2014 tax years remain open for examination by the tax authorities under the normal three year statute of limitations. For state tax purposes, the Company's fiscal 2010 through 2014 tax years generally remain open for examination by most of the tax authorities under a four year statute of limitations. For Australian tax purposes, the Company's initial fiscal year end March 31, 2014 tax year is open for examination.

13. QUARTERLY FINANCIAL DATA (Unaudited) ($ in thousands, except for share and per share data)

For the Fiscal Year Ended March 31, 2014	3/31/2014	12/31/2013	9/30/2013 (3)	6/30/2013 (3)
Revenues	$31,664	$34,885	$19,242	$18,537
Net loss from continuing operations	$(465)	$(2,693)	$(4,419)	$(6,383)
Basic and diluted net income (loss) per share from continuing operations	$(0.01)	$(0.05)	$(0.08)	$(0.13)
Shares used in computing basic and diluted net loss per share	65,416,816	61,729,658	52,920,060	48,357,020

For the Fiscal Year Ended March 31, 2013	3/31/2013 (3)	12/31/2012 (3)	9/30/2012 (3)	6/30/2012 (3)
Revenues	$19,644	$21,779	$20,618	$19,051
Net loss from continuing operations (1)	$(16,067)	$(1,260)	$(2,813)	$(65)
Basic and diluted net loss per share from continuing operations (2)	$(0.33)	$(0.03)	$(0.06)	$0.00
Shares used in computing basic and diluted net loss per share	48,320,257	48,320,257	48,299,715	45,119,838

(1) Includes the following:				
Debt prepayment fees	$(3,725)	$—	$—	$—
Loss on extinguishment of notes payable	$(7,905)	$—	$—	$—

(2) Amount is calculated based upon net loss from continuing operations divided by shares used in computing basic and diluted net loss per share. The sum of net loss from continuing operations per fully diluted share across the table may not equal the fiscal year ended March 31, 2013 amount due to rounding.
(3) Reflects reclassification of Software to discontinued operations.

PART II. OTHER INFORMATION

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, we conducted an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15 and 15d-15 of the Securities Exchange Act of 1934 (the “Exchange Act”)). Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is identified in Exchange Act Rules 13a-15(f). Internal control over financial reporting is a process designed by, or under the supervision of, our Principal Executive Officer or Chief Executive Officer and Principal Financial & Accounting Officer or Chief Financial Officer, and effected by the 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 accounting principles generally accepted in the United States of America. A company's control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of the assets of the company;
- provide reasonable assurance that our transactions are recorded as necessary to permit preparation of our financial statements in accordance with accounting principles generally accepted in the United States of America, and that our receipts and expenditures of the company are being made only in accordance with authorizations of our management and our 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 financial statements.

Internal control over financial reporting has inherent limitations which may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or because the level of compliance with related policies or procedures may deteriorate.

In making the assessment, management used the 1992 framework in “Internal Control - Integrated Framework” promulgated by the Committee of Sponsoring Organizations of the Treadway Commission, commonly referred to as the “COSO” criteria. Based on that assessment, our Principal Executive Officer and Principal Financial & Accounting Officer concluded that our internal controls over financial reporting were effective as of March 31, 2014. This annual report on Form 10-K does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting, nor does it include consideration of acquisitions by the Company during the fiscal year ended March 31, 2014.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting, identified in connection with the evaluation required by paragraph (d) of the Exchange Act, that occurred during this fiscal quarter ended March 31, 2014, has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Except as set forth below, the information required by this item will appear in Cinedigm’s Proxy Statement for our 2014 Annual Meeting of Stockholders (the "Proxy Statement") to be held on or about September 16, 2014, which will be filed pursuant to Regulation 14A under the Exchange Act and is incorporated by reference in this report pursuant to General Instruction G(3) of Form 10-K (other than the portions thereof not deemed to be “filed” for the purpose of Section 18 of the Exchange Act).

Executive Officer

Jeffrey S. Edell, 56, joined the Company in June 2014 as Chief Financial Officer. Prior to this appointment, Mr. Edell was CEO of Edell Ventures, a company he founded in 2009 to invest in and provide strategic support to innovators in the social media and entertainment arenas. Previously, Mr. Edell was President of DIC Entertainment, a publicly-listed entertainment company and the largest independent producer of kid-centric content in the world. Before that, Mr. Edell was Chairman of Intermix Media, the parent company of popular social networking giant MySpace, and CEO and President of Soundelux. Mr. Edell also obtained extensive financial, audit and reporting experience while working at KPMG, The Transamerica Group and DF & Co.

Although Mr. Edell joined the Company as Chief Financial Officer on June 9, 2014, during the fiscal year ended March 31, 2014 and the following months during which the audit for that fiscal year was conducted, the functions of Principal Financial Officer were performed by Adam M. Mizel, the Company’s Chief Operating Officer, and the functions of Interim Principal Accounting Officer were performed by Matthew A. Snyder, the Company’s Vice President.

Code of Ethics

We have adopted a code of ethics applicable to all members of the Board, executive officers and employees. Such code of ethics is available on our Internet website, www.cinedigm.com. We intend to disclose any amendment to, or waiver of, a provision of our code of ethics by filing a Form 8-K with the SEC.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item will appear in Cinedigm’s Proxy Statement and is incorporated by reference in this report pursuant to General Instruction G(3) of Form 10-K (other than the portions thereof not deemed to be “filed” for the purpose of Section 18 of the Exchange Act).

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

Information required by this item will appear in Cinedigm’s Proxy Statement and is incorporated by reference in this report pursuant to General Instruction G(3) of Form 10-K (other than the portions thereof not deemed to be “filed” for the purpose of Section 18 of the Exchange Act).

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information required by this item will appear in Cinedigm’s Proxy Statement and is incorporated by reference in this report pursuant to General Instruction G(3) of Form 10-K (other than the portions thereof not deemed to be “filed” for the purpose of Section 18 of the Exchange Act).

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by this item will appear in Cinedigm's Proxy Statement and is incorporated by reference in this report pursuant to General Instruction G(3) of Form 10-K (other than the portions thereof not deemed to be "filed" for the purpose of Section 18 of the Exchange Act).

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements
See Index to Financial Statements on page 37 herein.

(a)(2) Financial Statement Schedules
None.

(a)(3) Exhibits
The exhibits are listed in the Exhibit Index beginning on page 43 herein.

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.

CINEDIGM CORP.

Date: June 25, 2014	By: /s/ Christopher J. McGurk Christopher J. McGurk Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)
Date: June 25, 2014	By: /s/ Adam M. Mizel Chief Operating Officer (Principal Financial Officer)

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POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each individual whose signature appears below hereby constitutes and appoints Christopher J. McGurk and Gary S. Loffredo, and each of them individually, his or her true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to (i) act on, sign and file with the Securities and Exchange Commission any and all amendments to this Report together with all schedules and exhibits thereto, (ii) act on, sign and file with the Securities and Exchange Commission any and all exhibits to this Report and any and all exhibits and schedules thereto, (iii) act on, sign and file any and all such certificates, notices, communications, reports, instruments, agreements and other documents as may be necessary or appropriate in connection therewith and (iv) take any and all such actions which may be necessary or appropriate in connection therewith, granting unto such agents, proxies and attorneys-in-fact, and each of them individually, full power and authority to do and perform each and every act and thing necessary or appropriate to be done, as fully for all intents and purposes as he or she might or could do in person, and hereby approving, ratifying and confirming all that such agents, proxies and attorneys-in-fact, any of them or any of his, her or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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

SIGNATURES(S)	TITLE(S)	DATE
/s/ Christopher J. McGurk Christopher J. McGurk	Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)	June 25, 2014
/s/ Adam M. Mizel Adam M. Mizel	Chief Operating Officer and Director (Principal Financial Officer)	June 25, 2014
/s/ Gary S. Loffredo Gary S. Loffredo	President of Digital Cinema, General Counsel, Secretary and Director	June 25, 2014
/s/ Matthew A. Snyder Matthew A. Snyder	Vice President (Interim Principal Accounting Officer)	June 25, 2014
/s/ Peter C. Brown Peter C. Brown	Director	June 25, 2014
/s/ Wayne L. Clevenger Wayne L. Clevenger	Director	June 25, 2014
/s/ Matthew W. Finlay Matthew W. Finlay	Director	June 25, 2014
/s/ Martin B. O'Connor II Martin B. O'Connor II	Director	June 25, 2014
/s/ Laura Nisonger Sims Laura Nisonger Sims	Director	June 25, 2014

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EXHIBIT INDEX

Exhibit Number	Description of Document
2.1	Membership Interest Purchase Agreement, dated as of October 17, 2013, by and between the Company, Holdings, Gaiam Americas, Inc. and Gaiam, Inc. (29)
2.2	Common Stock Purchase Agreement among Cinedigm Digital Cinema Corp. and the Investors party thereto dated July 5, 2011. (20)
2.3	Stock Purchase Agreement, dated as of April 19, 2012, by and among the Company, Steve Savage, Susan Margolin and Aimee Connolly. (21) (Confidential treatment granted under Rule 24b-2 as to certain portions which are omitted and filed separately with the SEC.)
3.1	Fourth Amended and Restated Certificate of Incorporation of the Company, as amended. (26)
3.2	Bylaws of the Company. (15)
3.2.1	Amendment No. 1 to Bylaws of the Company. (16)
4.1	Specimen certificate representing Class A common stock. (1)
4.2	Specimen certificate representing Series A Preferred Stock. (10)
4.3	Limited Recourse Pledge Agreement, dated as of February 28, 2013, made by Cinedigm Digital Cinema Corp. in favor of Prospect Capital Corporation, as Collateral Agent. (25)
4.4	Guaranty, Pledge and Security Agreement, dated as of February 28, 2013, made by Cinedigm DC Holdings, LLC, Access Digital Media, Inc. and Access Digital Cinema Phase 2, Corp., in favor of Prospect Capital Corporation, as Collateral Agent. (25)
4.5	Limited Recourse Guaranty Agreement, dated as of February 28, 2013, made by Cinedigm Digital Cinema Corp. in favor of Prospect Capital Corporation, as Collateral Agent and as Administrative Agent. (25)
4.6	Guaranty Agreement, dated as of October 17, 2013, by each of the signatories thereto and each of the other entities which becomes a party thereto, in favor of Société Générale, as Administrative Agent for the lenders. (29)
4.7	Security Agreement, dated as of October 20, 2013, by and among the Company, the other Loan Parties signatory thereto, certain subsidiaries of the Company that may become party thereto from time to time, and Société Générale, as Collateral Agent for the Secured Parties. (29)
4.9	Form of Note issued on October 21, 2013. (29)
4.10	Form of Warrant issued on October 21, 2013. (29)
4.11	Form of Warrant issued to the Purchaser pursuant to the Securities Purchase Agreement, dated August 11, 2009, by and among the Company and Sageview Capital Master L.P. (11)
4.12	Registration Rights Agreement, dated as of August 11, 2009, by and among the Company and Sageview Capital Master L.P. (11)
4.16	Amended and Restated Guaranty and Security Agreement, dated as of February 28, 2013, among Cinedigm Digital Funding I, LLC and each Grantor from time to time party thereto and Société Générale, New York Branch, as Collateral Agent. (25)
4.17	Amended and Restated Pledge Agreement, dated as of February 28, 2013, between Access Digital Media, Inc. and Société Générale, New York Branch, as Collateral Agent. (25)
4.18	Amended and Restated Pledge Agreement, dated as of February 28, 2013, between Christie/AIX, Inc. and Société Générale, New York Branch, as Collateral Agent. (25)
4.19	Registration Rights Agreement among Cinedigm Digital Cinema Corp. and the Investors party thereto dated July 7, 2011. (20)
4.20	

	Guaranty and Security Agreement, dated as of October 18, 2011, among Cinedigm Digital Funding 2, LLC, each Grantor from time to time party thereto and Société Générale, New York Branch, as Collateral Agent. (22)
4.21	Security Agreement, dated as of October 18, 2011, between CHG-MERIDIAN U.S. Finance, Ltd. And Société Générale, New York Branch, as Collateral Agent. (22)
4.22	Security Agreement, dated as of October 18, 2011, among CDF2 Holdings, LLC and each Grantor from time to time party thereto and Société Générale, New York Branch, as Collateral Agent for the Lenders and each other Secured Party. (22)

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4.23	Security Agreement, dated as of October 18, 2011, among CDF2 Holdings, LLC and each Grantor from time to time party thereto and Société Générale, New York Branch, as Collateral Agent for CHG-Meridian U.S. Finance, Ltd. And any other CHG Lease Participants. (22)
4.24	Pledge Agreement, dated as of October 18, 2011, between Access Digital Cinema Phase 2 Corp. and Société Générale, as Collateral Agent. (22)
4.25	Pledge Agreement, dated as of October 18, 2011, between CDF2 Holdings, LLC and Société Générale, as Collateral Agent. (22)
10.1	Separation Agreement between Cinedigm Digital Cinema Corp. and A. Dale Mayo dated as of June 22, 2010. (17)
10.2	Employment Agreement between Cinedigm Digital Cinema Corp. and Adam M. Mizel dated as of October 19, 2011. (23)
10.2.1	Employment Agreement between Cinedigm Corp. and Adam M. Mizel dated as of October 1, 2013. (28)
10.3	Second Amended and Restated 2000 Equity Incentive Plan of the Company. (6)
10.3.1	Amendment dated May 9, 2008 to the Second Amended and Restated 2000 Equity Incentive Plan of the Company. (8)
10.3.2	Form of Notice of Restricted Stock Award. (6)
10.3.3	Form of Non-Qualified Stock Option Agreement. (7)
10.3.4	Form of Restricted Stock Unit Agreement (employees). (8)
10.3.5	Form of Stock Option Agreement. (3)
10.3.6	Form of Restricted Stock Unit Agreement (directors). (8)
10.3.7	Amendment No. 2 dated September 4, 2008 to the Second Amended and Restated 2000 Equity Incentive Plan of the Company. (9)
10.3.8	Amendment No. 3 dated September 30, 2009 to the Second Amended and Restated 2000 Equity Incentive Plan of the Company. (12)
10.3.9	Amendment No. 4 dated September 14, 2010 to the Second Amended and Restated 2000 Equity Incentive Plan of the Company. (18)
10.3.10	Amendment No. 5 dated April 20, 2012 to the Second Amended and Restated 2000 Equity Incentive Plan of the Company. (21)
10.3.11	Amendment No. 6 dated September 12, 2012 to the Second Amended and Restated 2000 Equity Incentive Plan of the Company. (24)
10.4	Cinedigm Corp. Management Incentive Award Plan. (13)
10.6	Employment Agreement between Cinedigm Corp. and Jeffrey S. Edell dated as of June 9, 2014 (30)
10.5	Form of Indemnification Agreement for non-employee directors. (14)
10.7	Agreement of Lease, dated as of July 18, 2000, between the Company and 1-10 Industry Associates, LLC. (2)
10.10	Lease Agreement, dated as of August 9, 2002, by and between OLP Brooklyn Pavilion LLC and Pritchard Square Cinema LLC. (5)
10.10.1	First Amendment to Contract of Sale and Lease Agreement, dated as of August 9, 2002, by and among Pritchard Square LLC, OLP Brooklyn Pavilion LLC and Pritchard Square Cinema, LLC. (5)
10.10.2	Second Amendment to Contract of Sale and Lease Agreement, dated as of April 2, 2003, by and among Pritchard Square LLC, OLP Brooklyn Pavilion LLC and Pritchard Square Cinema, LLC. (5)
10.10.3	Third Amendment to Contract of Sale and Lease Agreement, dated as of November 1, 2003, by and among Pritchard Square LLC, OLP Brooklyn Pavilion LLC and Pritchard Square Cinema, LLC. (5)
10.10.4	Fourth Amendment to Lease Agreement, dated as of February 11, 2005, between ADM Cinema Corporation and OLP Brooklyn Pavilion LLC. (4)
10.11	Employment Agreement between Cinedigm Digital Cinema Corp. and Gary S. Loffredo dated as of October 19, 2011. (23)
10.11.1	

	Employment Agreement between the Cinedigm Corp. and Gary S. Loffredo dated as of October 13, 2013. (28)
10.12	Term Loan Agreement, dated as of February 28, 2013, by and among Cinedigm DC Holdings, LLC, Access Digital Media, Inc., Access Digital Phase 2, Corp., the Guarantors party thereto, the Lenders party thereto and Prospect Capital Corporation as Administrative Agent and Collateral Agent. (25) (Confidential treatment granted under Rule 24b-2 as to certain portions which are omitted and filed separately with the SEC.)

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10.19	Credit Agreement, dated as of October 17, 2013, among the Company, the Lenders party thereto, and Société Générale, as Administrative Agent and Collateral Agent. (29) (Confidential treatment granted under Rule 24b-2 as to certain portions which are omitted and filed separately with the SEC.)
10.19.1	Amended and Restated Credit Agreement, dated as of January 7, 2014, among the Company, the Lenders party thereto, and Société Générale, as Administrative Agent and OneWest Bank, FXB, Collateral Agent.* (Specific portions of this agreement have been omitted and have been filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment in accordance with Rule 24b-2 under the Securities Exchange Act of 1934.)
10.20	Amended and Restated Credit Agreement, dated as of February 28, 2013, among Cinedigm Digital Funding I, LLC, the Lenders party thereto and Société Générale, New York Branch, as administrative agent and collateral agent for the lenders and secured parties thereto. (25)
10.21.1	2002 ISDA Master Agreement between Natixis and Cinedigm Digital Funding I, LLC dated as of June 7, 2010. (19)
10.21.2	Schedule to the 2002 ISDA Master Agreement between Natixis and Cinedigm Digital Funding I, LLC dated as of June 7, 2010. (19)
10.21.3	Swap Transaction Confirmation from Natixis to Cinedigm Digital Funding I, LLC dated as of June 14, 2010. (19)
10.22.1	2002 ISDA Master Agreement between HSBC Bank USA and Cinedigm Digital Funding I, LLC dated as of July 20, 2010. (19)
10.22.2	Schedule to the 2002 ISDA Master Agreement between HSBC Bank USA and Cinedigm Digital Funding I, LLC dated as of July 20, 2010. (19)
10.22.3	Swap Transaction Confirmation from HSBC Bank USA to Cinedigm Digital Funding I, LLC dated as of June 8, 2010. (19)
10.23.1	2002 ISDA Master Agreement between Société Générale and Cinedigm Digital Funding I, LLC dated as of May 28, 2010. (19)
10.23.2	Schedule to the 2002 ISDA Master Agreement between Société Générale and Cinedigm Digital Funding I, LLC dated as of June 7, 2010. (19)
10.23.3	Swap Transaction Confirmation from Société Générale to Cinedigm Digital Funding I, LLC dated as of June 7, 2010. (19)
10.24	Securities Purchase Agreement, dated October 17, 2013, among Cinedigm Corp. and the Investors party thereto. (29)
10.25	Common Stock Purchase Agreement, dated October 17, 2013, among Cinedigm Corp. and the Investor party thereto. (29)
10.26	Employment Agreement between Cinedigm Digital Cinema Corp. and Christopher J. McGurk dated as of December 23, 2010. (16)
10.26.1	Employment Agreement between Cinedigm Digital Cinema Corp. and Christopher J. McGurk dated as of August 22, 2013. (27)
10.27	Stock Option Agreement between Cinedigm Digital Cinema Corp. and Christopher J. McGurk dated as of December 23, 2010. (16)
10.28	Credit Agreement, dated as of October 18, 2011, among Cinedigm Digital Funding 2, LLC, as the Borrower, Société Générale, New York Branch, as Administrative Agent and Collateral Agent, Natixis New York Branch, as Syndication Agent and the Lenders party thereto. (22)
10.29	Multiparty Agreement, dated as of October 18, 2011, among Cinedigm Digital Funding 2, LLC, as Borrower, Access Digital Cinema Phase 2, Corp., CDF2 Holdings, LLC, Cinedigm Digital Cinema Corp., CHG-MERIDIAN U.S. Finance, Ltd., Société Générale, New York Branch, as Senior Agent and Ballantyne Strong, Inc., as Approved Vendor. (22)
10.30	Master Equipment Lease No. 8463, effective as of October 18, 2011, by and between CHG-MERIDIAN U.S. Finance, Ltd. and CDF2 Holdings, LLC. (22)
10.31	

	Master Equipment Lease No. 8465, effective as of October 18, 2011, by and between CHG-MERIDIAN U.S. Finance, Ltd. and CDF2 Holdings, LLC. (22)
10.32	Sale and Leaseback Agreement, dated as of October 18, 2011, by and between CDF2 Holdings, LLC and CHG-MERIDIAN U.S. Finance, Ltd. (22)
10.33	Sale and Contribution Agreement, dated as of October 18, 2011, among Cinedigm Digital Cinema Corp., Access Digital Cinema Phase 2, Corp., CDF2 Holdings, LLC and Cinedigm Digital Funding 2, LLC. (22)
21.1	List of Subsidiaries.*
23.1	Consent of EisnerAmper LLP.*
24.1	Powers of Attorney.* (Contained on signature page)

31.1	Officer's Certificate Pursuant to 15 U.S.C. Section 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Officer's Certificate Pursuant to 15 U.S.C. Section 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101.INS	XBRL Instance Document.*
101.SCH	XBRL Taxonomy Extension Schema.*
101.CAL	XBRL Taxonomy Extension Calculation.*
101.DEF	XBRL Taxonomy Extension Definition.*
101.LAB	XBRL Taxonomy Extension Label.*
101.PRE	XBRL Taxonomy Extension Presentation.*

* Filed herewith.

Documents Incorporated Herein by Reference:

(1) Previously filed with the Securities and Exchange Commission on November 4, 2003 as an exhibit to the Company's Amendment No. 3 to Registration Statement on Form SB-2 (File No. 333-107711).

(2) Previously filed with the Securities and Exchange Commission on August 6, 2003 as an exhibit to the Company's Registration Statement on Form SB-2 (File No. 333-107711).

(3) Previously filed with the Securities and Exchange Commission on April 25, 2005 as an exhibit to the Company's Registration Statement on Form S-8 (File No. 333-124290).

(4) Previously filed with the Securities and Exchange Commission on April 29, 2005 as an exhibit to the Company's Form 8- K (File No. 001-31810).

(5) Previously filed with the Securities and Exchange Commission on June 29, 2006 as an exhibit to the Company's Form 10- KSB for the fiscal year ended March 31, 2006 (File No. 001-31810).

(6) Previously filed with the Securities and Exchange Commission on September 24, 2007 as an exhibit to the Company's Form 8-K (File No. 000-51910).

(7) Previously filed with the Securities and Exchange Commission on April 3, 2008 as an exhibit to the Company's Form 8-K (File No. 000-51910).

(8) Previously filed with the Securities and Exchange Commission on May 14, 2008 as an exhibit to the Company's Form 8-K (File No. 000-51910).

(9) Previously filed with the Securities and Exchange Commission on September 10, 2008 as an exhibit to the Company's Form 8-K (File No. 000-51910).

(10) Previously filed with the Securities and Exchange Commission on February 9, 2009 as an exhibit to the Company's Form 8-K (File No. 000-51910).

(11) Previously filed with the Securities and Exchange Commission on August 13, 2009 as an exhibit to the Company's Form 8-K (File No. 001-31810).

(12) Previously filed with the Securities and Exchange Commission on October 6, 2009 as an exhibit to the Company's Form 10-K (File No. 001-31810).

(13) Previously filed with the Securities and Exchange Commission on October 27, 2009 as an exhibit to the Company's Form 8-K (File No. 001-31810).

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(14) Previously filed with the Securities and Exchange Commission on September 21, 2009 as an exhibit to the Company's Form 8-K (File No. 001-31810).

(15) Previously filed with the Securities and Exchange Commission on February 10, 2011 as an exhibit to the Company's Form 10-Q for the quarter ended December 31, 2010 (File No. 001-31810).

(16) Previously filed with the Securities and Exchange Commission on January 3, 2011 as an exhibit to the Company's Form 8-K (File No. 001-31810).

(17) Previously filed with the Securities and Exchange Commission on June 25, 2010 as an exhibit to the Company's Form 8-K (File No. 001-31810).

(18) Previously filed with the Securities and Exchange Commission on September 16, 2010 as an exhibit to the Company's Form 8-K (File No. 001-31810).

(19) Previously filed with the Securities and Exchange Commission on August 13, 2010 as an exhibit to the Company's Form 10-Q for the quarter ended June 30, 2010 (File No. 001-31810).

(20) Previously filed with the Securities and Exchange Commission on July 7, 2011 as an exhibit to the Company's Form 8-K (File No. 001-31810).

(21) Previously filed with the Securities and Exchange Commission on April 24, 2012 as an exhibit to the Company's Form 8-K (File No. 001-31810).

(22) Previously filed with the Securities and Exchange Commission on October 24, 2011 as an exhibit to the Company's Form 8-K (File No. 001-31810).

(23) Previously filed with the Securities and Exchange Commission on October 21, 2011 as an exhibit to the Company's Form 8-K (File No. 001-31810).

(24) Previously filed with the Securities and Exchange Commission on September 14, 2012 as an exhibit to the Company's Form 8-K (File No. 001-31810).

(25) Previously filed with the Securities and Exchange Commission on March 4, 2013 as an exhibit to the Company's Form 8-K (File No. 001-31810).

(26) Previously filed with the Securities and Exchange Commission on August 14, 2013 as an exhibit to the Company's Form 10-Q for the quarter ended September 30, 2013 (File No. 001-31810).

(27) Previously filed with the Securities and Exchange Commission on August 28, 2013 as an exhibit to the Company's Form 8-K (File No. 001-31810).

(28) Previously filed with the Securities and Exchange Commission on October 17, 2013 as an exhibit to the Company's Form 8-K (File No. 001-31810).

(29) Previously filed with the Securities and Exchange Commission on October 23, 2013 as an exhibit to the Company's Form 8-K (File No. 001-31810).

(30) Previously filed with the Securities and Exchange Commission on June 13, 2014 as an exhibit to the Company's Form 8-K (File No. 001-31810).

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