JLM Couture, Inc.
and Subsidiaries

Consolidated Financial Report
October 31, 2015

Contents

RSM US LLP

Independent Auditor's Report

To the Board of Directors
JLM Couture, Inc.
New York, New York

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of JLM Couture, Inc. and Subsidiaries, which comprise the consolidated balance sheets as of October 31, 2015 and 2014, the related consolidated statements of income, shareholders' equity and cash flows for the years then ended and the related notes to the consolidated financial statements.

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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of JLM Couture, Inc. and Subsidiaries as of October 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

New York, New York
May 18, 2016

JLM Couture, Inc. and Subsidiaries

Consolidated Balance Sheets
October 31, 2015 and 2014

	2015	2014
Assets		
Current assets:		
Cash	**$ 1,953,143**	$ 1,888,779
Accounts receivable, less allowance for uncollectible amounts of $250,000 and $275,000 at 2015 and 2014, respectively	**3,714,640**	4,603,597
Inventories	**5,641,637**	5,953,463
Prepaid expenses and other current assets	**355,880**	291,749
Deferred income taxes	**335,000**	583,000
Total current assets	**12,000,300**	13,320,588
Equipment and leasehold improvements, at cost, net of accumulated depreciation and amortization of $1,328,145 and $1,215,527 at 2015 and 2014, respectively	**854,242**	867,278
Goodwill	**211,272**	211,272
Samples, net of accumulated depreciation of $720,259 and $504,829 at 2015 and 2014, respectively	**660,343**	621,385
Deferred income taxes	**33,000**	-
Other assets	**661,371**	519,043
Total assets	**$ 14,420,528**	$ 15,539,566
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	**1,711,027**	$ 2,935,895
Line of credit	**200,000**	200,000
Accrued expenses and other current liabilities	**989,313**	897,268
Income taxes payable	**303,008**	595,998
Customer deposits	**355,494**	474,682
Total current liabilities	**3,558,842**	5,103,843
Deferred income taxes	-	36,000
Total liabilities	**3,558,842**	5,139,843
Commitments and contingencies		
Shareholders' equity:		
Preferred stock - $.0001 par value, authorized 1,000,000 shares; issued and outstanding - none	**-**	-
Common stock - $.0002 par value, authorized 10,000,000 shares; issued 2,464,480; outstanding 1,792,542 at 2015 and 2014	**489**	489
Additional paid-in capital	**4,331,002**	4,331,002
Retained earnings	**8,052,930**	7,548,874
	12,384,421	11,880,365
Less:		
Notes receivable and accrued interest	**(36,710)**	(36,710)
Treasury stock at cost: 656,115 and 671,938 shares at 2015 and 2014, respectively	**(1,486,025)**	(1,443,932)
Total shareholders' equity	**10,861,686**	10,399,723
Total liabilities and shareholders' equity	**$ 14,420,528**	$ 15,539,566

See notes to consolidated financial statements.

JLM Couture, Inc. and Subsidiaries

Consolidated Statements of Income
Years Ended October 31, 2015 and 2014

	2015	2014
Net sales	$ 29,006,484	$ 30,737,118
Cost of goods sold	16,576,242	18,436,915
Gross profit	12,430,242	12,300,203
Selling, general and administrative expenses	11,670,860	11,564,774
Operating income	759,382	735,429
Other (expense) income:		
Interest expense	(31,455)	(40,508)
Foreign currency translation adjustment	(1,312)	(26,664)
Total other expense	(32,767)	(67,172)
Income before income taxes	726,615	668,257
Income tax expense	(222,559)	(271,847)
Net income	$ 504,056	$ 396,410

See notes to consolidated financial statements.

JLM Couture, Inc. and Subsidiaries

Consolidated Statements of Shareholders' Equity
Years Ended October 31, 2015 and 2014

	Common Stock		Additional	Retained	Notes Receivable and Accrued	Treasury Stock		Total Shareholders'
	Shares	Amount	Paid-In Capital	Earnings	Interest	Shares	Amount	Equity
Balance, November 1, 2013	2,464,480	$ 489	$ 4,316,034	$ 7,152,464	$ (46,886)	(671,938)	$ (1,443,932)	$ 9,978,169
Net income	-	-	-	396,410	-	-	-	396,410
Interest on notes receivable	-	-	-	-	(424)	-	-	(424)
Repayment on notes receivable	-	-	-	-	10,600	-	-	10,600
Stock-based compensation expense	-	-	14,968	-	-	-	-	14,968
Balance, October 31, 2014	2,464,480	489	4,331,002	7,548,874	(36,710)	(671,938)	(1,443,932)	10,399,723
Net income	-	-	-	504,056	-	-	-	504,056
Repurchase of shares	-	-	-	-	-	15,823	(42,093)	(42,093)
Balance, October 31, 2015	**2,464,480**	**$ 489**	**$ 4,331,002**	**$ 8,052,930**	**$ (36,710)**	**(656,115)**	**$ (1,486,025)**	**$ 10,861,686**

See notes to consolidated financial statements.

JLM Couture, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended October 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Net income	**$ 504,056**	$ 396,410
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	**205,995**	93,377
Amortization of samples	**483,157**	483,157
Provision for uncollectible accounts	**28,449**	67,559
Compensation expense on issuance of stock options	**-**	14,968
Noncash interest income	**-**	(424)
Deferred income taxes	**179,000**	(440,000)
Deferred rent	**(20,089)**	(20,089)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	**860,508**	(463,435)
Inventories	**311,826**	(605,741)
Prepaid expenses and other current assets	**(64,131)**	116,919
Samples and other assets	**(664,443)**	(514,268)
Increase (decrease) in:		
Accounts payable	**(1,204,779)**	930,959
Accrued expenses and other current liabilities	**92,045**	(293,666)
Income taxes payable	**(292,990)**	294,872
Customer deposits	**(119,188)**	(70,900)
Net cash provided by (used in) operating activities	**299,416**	(10,302)
Cash flows from investing activities:		
Purchase of property and equipment	**(192,959)**	(363,337)
Net cash used in investing activities	**(192,959)**	(363,337)
Cash flows from financing activities:		
Net repayments under revolving credit line	**-**	(7,380)
Repayment of notes receivable	**-**	10,600
Purchase of treasury stock	**(42,093)**	-
Net cash (used in) provided by financing activities	**(42,093)**	3,220
Net increase (decrease) in cash	**64,364**	(370,419)
Cash:		
Beginning	**1,888,779**	2,259,198
Ending	**$ 1,953,143**	$ 1,888,779
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	**$ 31,455**	$ 40,508
Income taxes	**$ 336,549**	$ 416,975

See notes to consolidated financial statements.

Note 1. The Company

JLM Couture, Inc. and Subsidiaries (the Company) is engaged in the design and manufacture of traditional, high-quality bridal wear and related accessories, including bridesmaid gowns. Products are sold to specialty bridal shops located throughout the continental United States and Europe. The Company also has one retail location located in California.

Note 2. Summary of Significant Accounting Policies

Basis of presentation: The consolidated financial statements include the accounts of JLM Couture, Inc. and its wholly owned subsidiaries, Alvina Valenta Couture Collection, Inc., JLM Europe Ltd., and JLM North America, Inc. All significant intercompany balances and transactions have been eliminated in consolidation.

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

Foreign currency translation: All assets and liabilities denominated in foreign currencies are translated into U.S. dollars at fiscal year-end exchange rates. Gains and losses from foreign currency transactions are recorded in operations.

Cash: For purposes of the consolidated statements of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Concentration of credit risk: The Company maintains cash in bank deposit accounts which, at times, exceed federally insured limits. The Company has not experienced any losses on these accounts and does not believe it has significant credit risk.

Accounts receivable: Accounts receivable are reported at their outstanding unpaid principal balances reduced by an allowance for doubtful accounts. The allowance for doubtful accounts is determined based upon estimates made by management and maintained at a level considered adequate to provide for future uncollectible amounts based on collection history, age of receivables and other factors deemed appropriate. Actual results could differ from these estimates. The Company writes off accounts receivable against the allowance account when a balance is deemed to be uncollectible.

Inventories: Inventories are valued at the lower of cost (first-in, first-out) or market, and include material, labor and overhead.

Prepaid advertising and marketing costs: Prepaid advertising and marketing costs include costs of advertisements that have not yet been published. Upon publishing of an advertisement, the related cost is expensed by the Company. Advertising and promotional costs for the years ended October 31, 2015 and 2014 were approximately $2,809,000 and $3,245,000, respectively.

Equipment and leasehold improvements: Depreciation of equipment is computed using the straight-line method over the estimated useful lives of the respective assets, which range from five to ten years. Amortization of leasehold improvements and leased equipment is computed using the straight-line method over the lesser of the lease term or estimated useful lives of the assets. Major additions and improvements are capitalized, and repairs and maintenance are charged to operations as incurred.

Note 2. Summary of Significant Accounting Policies (Continued)

Goodwill: The carrying value of goodwill is tested for impairment at least annually at the reporting unit level using a two-step impairment test. To accomplish this, the Company determined the fair value of the reporting unit and compared it to the carrying amount of the reporting at that date. No impairment charges resulted from this evaluation since the fair value of the reporting unit exceeded the carrying amount.

Samples: The Company produces trunk show samples of each dress line to be used for display at trunk shows (fashion shows in customers' stores). These dresses are shipped from customer to customer to be used at numerous trunk shows throughout the year. These dresses are amortized over a one-year period.

In addition, the Company produces production samples that are used by contractors in manufacturing dresses as they are ordered by customers. These production samples are amortized over their useful life of four years. Based on historical sales patterns, a dress style is typically sold for approximately four years after its introduction. Sample costs include all costs of manufacturing the samples, which consist primarily of fabric and trim, as well as contract labor and allocated overhead. The Company reviews its samples on a regular basis for any styles that have been discontinued. Discontinued samples are written off and charged to operations in the period in which they are discontinued.

Long-lived assets: The Company reviews its long-lived assets and certain related intangibles for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. As a result of its review, the Company does not believe that any such change has occurred. If such changes in circumstances are present, a loss is recognized to the extent the carrying value of the asset is in excess of the sum of the undiscounted cash flows expected to result from the use of the asset and its eventual disposition.

Recent accounting pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Company has not yet selected a transition method and is currently evaluating the effect that the standard will have on the consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements—Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. ASU 2014-15 explicitly requires management to evaluate, at each annual or interim reporting period, whether there are conditions or events that exist which raise substantial doubt about an entity's ability to continue as a going concern and to provide related disclosures. ASU 2014-15 is effective for annual periods ending after December 15, 2016, and annual and interim periods thereafter, with early adoption permitted. The Company does not expect the adoption of ASU 2015-11 to have a material effect on its consolidated financial statements.

In July 2015, the FASB issued ASU 2015-11*, Inventory (Topic 330): Simplifying the Measurement of Inventory*. The amendments in the ASU require entities that measure inventory using the first-in, first-out or average cost methods to measure inventory at the lower of cost and net realizable value. Net realizable value is defined as estimated selling price in the ordinary course of business less reasonably predictable costs of completion, disposal and transportation. This ASU will be effective for the Company for fiscal years beginning after December 15, 2016. Early adoption of ASU 2015-11 is permitted. The Company does not expect the adoption of ASU 2015-11 to have a material effect on its consolidated financial statements.

Note 2. Summary of Significant Accounting Policies (Continued)

In November 2015, the FASB issued ASU 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*. This ASU simplifies the presentation of deferred income taxes by eliminating the requirement for entities to separate deferred tax liabilities and assets into current and noncurrent amounts in classified balance sheets. Instead, it requires deferred tax assets and liabilities be classified as noncurrent in the balance sheet. ASU 2015-17 is effective for financial statements issued for annual periods beginning after December 15, 2017. Early adoption is permitted, and this ASU may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is currently evaluating the impact of our pending adoption of the new standard on our consolidated financial statements.

Fair value of financial instruments: The Company's financial instruments consist principally of cash, accounts receivable, inventories, accounts payable and accrued expenses. The Company believes all of the financial instruments' recorded values approximate current values because of the short-term nature of those instruments.

Revenue recognition: Revenue is recognized when persuasive evidence of an arrangement exists, the product has been delivered, the rights and risks of ownership have passed to the customer, the price is fixed and determinable, and collection of the resulting receivable is reasonably assured. For arrangements that include customer acceptance provisions, revenue is not recognized until the terms of acceptance are met. Reserves for sales returns and allowances are estimated and provided for at the time revenue is recognized.

Freight and delivery costs: The Company's freight and delivery costs are included in selling, general and administrative expenses and amounted to approximately $926,000 and $915,000 for the years ended October 31, 2015 and 2014, respectively. Amounts charged to customers for freight and delivery is included in selling, general, and administrative costs.

Income taxes: Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Note 2. Summary of Significant Accounting Policies (Continued)

The Company follows the provisions of ASC Topic 740 Subtopic 10 (ASC 740-10), formerly referred to as Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109*, which provides criteria for the recognition, measurement, presentation and disclosure of uncertain tax positions. A tax benefit from an uncertain tax position may be recognized only if it is more likely than not that the position is sustainable based on its technical merits. Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Company is no longer subject to income tax examinations by U.S. federal, state or local tax authorities for years before 2012.

The Company recognizes interest and penalties, if any, related to uncertain tax positions in selling, general and administrative expenses. No interest and penalties related to uncertain tax positions were accrued at October 31, 2015 or 2014.

Stock-based compensation: The Company applies ASC 718-10, which requires the measurement and recognition of compensation expense for all stock-based awards made to the Company's employees and directors, including employee stock options and other stock-based awards based on estimated fair values. Stock-based compensation expense for the years ended October 31, 2015 and 2014 was $0 and $14,968, respectively.

Evaluation of subsequent events: The Company evaluates events occurring after the date of the consolidated financial statements to consider whether or not the impact of such events needs to be reflected and/or disclosed in the consolidated financial statements. Such evaluation is performed through the date the consolidated financial statements are available for issuance, which was May 18, 2016.

Note 3. Inventories

Inventories consist of the following at October 31:

	2015	2014
Raw materials	$ 4,375,327	$ 4,051,661
Work-in-process	805,753	1,115,213
Finished goods	460,557	786,589
	$ 5,641,637	$ 5,953,463

During 2015, the Company decreased its reserve for inventory obsolescence by approximately $38,000 to account for certain materials that are now considered to be obsolete and unlikely to be used in production.

Note 4. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following at October 31:

	2015	2014
Prepaid advertising and marketing costs	$ 262,332	$ 91,818
Other	93,548	199,931
	$ 355,880	$ 291,749

Note 5. Equipment and Leasehold Improvements

Equipment and leasehold improvements at October 31 are summarized as follows:

	2015	2014	Estimated Useful Life
Leasehold improvements	$ 1,210,379	$ 1,160,353	Term of lease or useful life, whichever is shorter
Furniture and equipment	828,264	778,708	7 years
Transportation equipment	143,744	143,744	3 years
	2,182,387	2,082,805	
Less accumulated depreciation and amortization	(1,328,145)	(1,215,527)	
Equipment and leasehold improvements, net	$ 854,242	$ 867,278	

Depreciation and amortization expense amounted to $205,995 and $93,377 for the years ended October 31, 2015 and 2014, respectively.

Note 6. Bank Revolving Credit Line

The Company has a revolving credit agreement with a bank, which was renewed to June 2016. Borrowings under this agreement may not exceed the lesser of $1,500,000 or 70% of eligible accounts receivable, as defined. Interest on the line accrues at the bank's prime rate plus 2.5% per annum. The line of credit also requires the Company to comply with certain nonfinancial and financial covenants as defined in the agreement. Borrowings under the line are secured by substantially all of the assets of the Company. There was $200,000 outstanding on the line at October 31, 2015 and 2014, respectively.

Note 7. Income Taxes

The provision for income taxes for the years ended October 31, 2015 and 2014 consists of the following:

	2015	2014
Current:		
Federal	$ 31,305	$ 579,775
State and local	12,254	132,072
	43,559	711,847
Deferred	179,000	(440,000)
	$ 222,559	$ 271,847

Note 7. Income Taxes (Continued)

The components of deferred income tax assets and liabilities are as follows at October 31:

	2015	2014
Deferred tax assets:		
Current:		
Allowance for doubtful accounts	$ 96,000	$ 105,000
Inventory capitalization costs	505,000	640,000
Other liabilities and accruals	27,000	23,000
Stock compensation expense	22,000	22,000
	650,000	790,000
Noncurrent:		
Other liabilities and accruals	121,000	112,000
	121,000	112,000
Total deferred tax assets	771,000	902,000
Deferred tax liabilities:		
Current:		
Prepaid advertising and marketing expenses	(100,000)	(35,000)
Difference in tax and book basis of certain intercompany loans	(215,000)	(172,000)
	(315,000)	(207,000)
Noncurrent:		
Difference in tax and book basis of property and equipment	(7,000)	(67,000)
Goodwill	(81,000)	(81,000)
	(88,000)	(148,000)
Total deferred tax liabilities	(403,000)	(355,000)
Net deferred tax asset	$ 368,000	$ 547,000

Deferred income taxes are provided on temporary differences between financial statement and taxable income. Realization of deferred income tax assets is dependent on generating sufficient taxable income in the future.

Note 8. Shareholders' Equity

Stock option plans: On October 28, 2003, the Company adopted the 2003 Stock Incentive Plan (the 2003 Plan). The 2003 Plan authorizes the grant of incentive options, nonqualified options, stock appreciation rights, restricted awards and performance awards. Incentive options may only be granted to employees of the Company. The option price at which an option may be exercised must be at least 100% of the fair market value per share of the common stock on the date of grant (or 110% of the fair market value with respect to incentive options granted to an employee who owns stock possessing more than 10% of the total voting power of all classes of stock of the Company). The maximum number of shares that may be issued pursuant to awards granted under the 2003 Plan may not exceed the sum of (a) 500,000 shares, plus (b) any shares of common stock remaining available for issuance as of the effective date of the 2003 Plan.

The following table summarizes information about stock options outstanding and exercisable at October 31, 2015:

	Options Outstanding			Options Exercisable	
Exercise Price	Number Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
$1.25	70,000	.9 years	$1.25	70,000	$1.25

The options outstanding and exercisable had an intrinsic value of $150,500 and $88,200 at October 31, 2015 and 2014, respectively.

Note 9. Related Party Transactions

On October 15, 1990, the Company's former president exercised a stock option to purchase 36,458 shares of common stock at a purchase price of $0.96 per share. A note was received for the purchase. The note is due on demand and has an outstanding balance of $36,710 at both October 31, 2015 and 2014.

Note 10. Employee Benefit Plan

The Company has a defined contribution plan under Section 401(k) of the Internal Revenue Code (the Code) covering all qualified employees. Participants may elect to defer a percentage of their pretax annual compensation, subject to an annual limitation as provided by the Code. The Company's contribution to the plan for the years ended October 31, 2015 and 2014 was approximately $24,000 and $30,600, respectively.

Note 11. Commitments and Contingencies

Lease commitments: The Company leases office, retail, production, and showroom facilities under leases expiring through 2023. Minimum annual rentals under such leases are as follows:

Years ending October 31:		
2016	$	812,349
2017		744,020
2018		774,803
2019		802,279
2020		826,347
Thereafter		1,474,893
	$	5,434,691

Rent expense charged to operations for the foregoing leases for the years ended October 31, 2015 and 2014 amounted to $910,431 and $947,781, respectively.

The leases provide for scheduled increases in base rent. Rent expense is charged to operations ratably over the term of the leases, which results in deferred rent payable that represents cumulative rent expense charged to operations from inception of these leases in excess of required lease payments. Deferred rent payable amounted to $317,202 and $292,162 at October 31, 2015 and 2014, respectively, and is included in accrued expenses and other current liabilities on the accompanying consolidated balance sheets.

The Company has employment agreements with various executives and designers. Future minimum commitments under these agreements amount to approximately $950,000 per year expiring at various dates through 2016.

The Company is involved in various legal actions arising in the ordinary course of business. Management is of the opinion that the ultimate outcome of these matters will not have a material adverse impact on the consolidated financial position of the Company or the consolidated results of its operations or cash flows.