SILVER HORN MINING LTD.
Form SC 13D
May 10, 2011

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 13D

(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO RULE 13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO RULE 13d-2(a)

Silver Horn Mining Ltd.
(Name of Issuer)

COMMON STOCK, PAR VALUE $0.0001 PER SHARE
(Title of Class of Securities)

827738105
(CUSIP Number)

Sandor Capital Master Fund, L.P.
2828 Ruth Street, St. 500
Dallas, TX 75201
(214) 849-9876
(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

With Copies To:

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January 28, 2011
(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box ¨.

Note. Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7(b) for other parties to whom copies are to be sent.

(Continued on following pages)

1	NAME OF REPORTING PERSONS S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS Sandor Capital Master Fund, L.P.		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* ..		(a) ¨ (b)
3	SEC USE ONLY		
4	SOURCE OF FUNDS*	WC	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e)		
6	CITIZENSHIP OR PLACE OF ORGANIZATION United States		

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH			
	7	SOLE VOTING POWER	15,165,500
	8	SHARED VOTING POWER	0
	9	SOLE DISPOSITIVE POWER	15,165,500
	10	SHARED DISPOSITIVE POWER	0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

15,165,500

12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*	¨
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)	8%
14	TYPE OF REPORTING PERSON*	PN

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Item 1. Security and Issuer.

This statement relates to the Common Stock, par value $.0001 per share (the "Common Stock"), of Silver Horn Mining Ltd., a Delaware Corporation (the "Issuer"). The Issuer's principal executive offices are located at 101 Middlesex Turnpike, Suite 6, Burlington, MA 01803.

Item 2. Identity and Background.

This statement is being filed by Sandor Capital Master Fund, L.P., a Texas limited partnership ("Sandor"). Sandor is principally engaged in investing. Sandor's business address is 2828 Ruth Street, Dallas, TX 75201.

The capital stock of Sandor is owned by Sandor Advisors, LLC. John S. Lemak, the President of Sandor, has sole voting and dispositive power over the shares held by Sandor. Mr. Lemak has his business address at 2828 Ruth Street, Dallas, TX 75201. Mr. Lemak is a citizen of the United States.

During the past five years, neither of Sandor, Sandor Advisors, LLC nor Mr. Lemak has been (a) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors), or (b) been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result thereof was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration.

On January 28, 2011, Sandor acquired 5,000,000 shares of the Issuer's Common Stock upon exercise of warrants received in a private transaction. Such shares had previously been acquired by these persons in private transactions from a third party and the Issuer that were completed January 2011.

On April 12, 2011, Sandor acquired 85,500 shares of Common Stock in an open market transaction. The aggregate consideration paid for the Common Stock currently held by Sandor is $459,115.95.

Item 4. Purpose of Transaction.

Sandor did not acquire the securities for the purpose of acquiring control of the Issuer. As of the filing date, Sandor has no plans or proposals that relate to or would result in any of the actions required to be described in Item 4 (b) through (j) of Schedule 13D.

Item 5. Interest in Securities of the Issuer.

As of April 12, 2011, Sandor beneficially owned 15,165,500 shares or 8% of the Issuer's issued and outstanding common stock. Sandor has the sole power to vote or dispose of all of its respective shares. The capital stock of Sandor is owned by John S. Lemak, the President of Sandor. Mr Lemak has sole voting and dispositive power over the shares held by Sandor.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

There are no contracts, arrangements, understandings or relationships (legal or otherwise) between John S. Lemak and any other person with respect to any securities of the Issuer.

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SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and accurate.

Sandor Capital Master Fund, L.P.

May 5, 2011

By: /s/ John S.Lemak
Name: John S. Lemak
Title: President

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oyer payroll-related taxes payment; (iii) employee payroll-related taxes withholding and payment; (iv) employee benefit programs including health and life insurance, and others; and (v) workers compensation coverage. The client is responsible for responsibilities not assumed by the Company, including the day-to-day job responsibilities of the WSEs.

Segment Information

The Company operates in one reportable segment in accordance with Accounting Standard Codification (ASC) 280 – Segment Reporting, issued by the Financial Accounting Standards Board (FASB). All of the Company's service revenues are generated from external clients. Less than 1% of revenue is generated outside of the United States of America (U.S.). Substantially all of the Company's long-lived assets are located in the U.S.

Basis of Presentation

The accompanying consolidated financial statements and footnotes thereto of the Company and its wholly owned subsidiaries have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). All intercompany accounts and transactions have been eliminated in consolidation. Certain prior period amounts in the consolidated balance sheets, the consolidated statement of stockholders'equity (deficit), the consolidated statement of cash flows and Note 3 have been reclassified to conform to the current presentation.

The accompanying consolidated balance sheets present the current assets and current liabilities directly related to the processing of human resources transactions as WSE-related assets and WSE-related liabilities, respectively. WSE-related assets consist of cash and investments restricted for current workers compensation claim payments, payroll funds collected, accounts receivable, unbilled service revenues, and refundable or prepaid amounts related to the Company-sponsored workers compensation and health plan programs. WSE-related liabilities consist of client

prepayments, wages and payroll taxes accrued and payable, and liabilities related to the Company-sponsored workers compensation and health plan programs resulting from workers compensation case reserves, premium amounts due to providers for enrolled employees, and workers compensation and health reserves that are expected to be disbursed within the next 12 months.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. These estimates include, but are not limited to, allowances for accounts receivable, workers compensation-related assets and liabilities, health plan assets and liabilities, recoverability of goodwill and other intangible assets, income taxes, stock-based compensation and other contingent liabilities. Such estimates are based on historical experience and on various other assumptions that Company management believes to be reasonable under the circumstances. Actual results could differ from those estimates.

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Revenue Recognition

Professional service revenues represent fees charged to clients for processing HR transactions on behalf of the Company’s clients, such as payroll payments and remitting employment tax withholding amounts, providing access to the Company’s HR expertise, including HR templates, best practices, and interactions with our HR professionals, providing labor, employment and benefit law compliance services to assist clients in avoiding or reducing liability and exposure and providing additional services, including recruiting or other services, to support various stages of clients’ growth. Professional service revenues are recognized in the period the services are rendered and earned under service arrangements with clients where service fees are fixed or determinable and collectability is reasonably assured.

Insurance service revenues consist of insurance-related billings and administrative fees collected from clients and withheld from WSEs for Company-sponsored, risk-based, fully-insured insurance plans provided through third-party insurance carriers, primarily employee health benefit insurance and workers compensation insurance. Insurance service revenues are recognized in the period amounts are due and collectability is reasonably assured.

The professional service revenues and insurance service revenues are each considered separate units of accounting and the associated fees and insurance premiums are billed as such for the majority of the Company’s clients. For clients billed through a bundled invoice, the selling price of significant deliverables is determined based on the best estimate of the selling price.

The Company is not the primary obligor for payroll and payroll tax payments and, therefore, these payments are not reflected as either revenue or expense. The gross payroll and payroll tax payments made on behalf of the clients, combined, were $30.6 billion, $25.6 billion and $17.6 billion for the years ended December 31, 2015, 2014, and 2013, respectively.

The Company records a liability relating to work performed by WSEs but unpaid at the end of each period in the period in which the WSEs perform work, along with the related receivable for the same period. The Company generally charges an upfront non-refundable set-up fee for which the performance of onboarding services is not a discrete earnings event, and therefore the revenue is recognized on a straight-line basis over the estimated average client tenure.

Insurance Costs

Insurance premiums paid to the insurance carriers for the insurance coverage for clients and WSEs and the reimbursements paid to the insurance carriers or third-party administrators for claims payments made on the Company’s behalf within its insurance deductible layer, where applicable, are included in cost and operating expenses as insurance costs.

Workers Compensation Insurance Reserves

Workers compensation insurance reserves are established to provide for the estimated ultimate costs of paying claims within the deductible layer in accordance with workers compensation insurance policies. These reserves include estimates for reported losses, plus amounts for those claims incurred but not paid, and estimates of certain expenses associated with processing and settling the claims. In establishing the workers compensation insurance reserves, the Company uses an independent actuarial estimate of undiscounted future cash payments that would be made to settle the claims. In the Company's experience, plan years related to workers compensation programs may take up to 10 years or more to be settled.

In estimating these reserves, the Company utilizes historical loss experience, exposure data, and actuarial judgment, together with a range of inputs which are primarily based upon the WSE job responsibilities, their location, the historical frequency and severity of workers compensation claims, and an estimate of future cost trends. All of these components could materially impact the reserves as reported in the consolidated financial statements. For each reporting period, changes in the actuarial assumptions resulting from changes in actual claims experience and other trends are incorporated into the workers compensation claims cost estimates. Accordingly, final claim settlements may vary materially from the present estimates, particularly when those payments may not occur until well into the future.

The Company regularly reviews the adequacy of workers compensation insurance reserves. Adjustments to previously established reserves are reflected in the results of operations for the period in which the adjustment is identified. Such adjustments could be significant, reflecting any variety of new and adverse or favorable trends. Any unexpected increases in the severity or frequency of claims could result in material adverse effects to the operating results.

The Company does not discount loss reserves accrued under these programs. Claim costs expected to be paid within one year are recorded as accrued workers compensation costs and included in short-term worksite employee related liabilities or

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short term worksite related assets if funds are held by third parties to cover the claims, while costs expected to be paid beyond one year are included in long-term liabilities or long term workers compensation receivables if funds are held by third parties to cover the claims on the consolidated balance sheets. Assets held by third parties to cover claim liabilities remain restricted until the plan year to which they relate are settled.

At policy inception, annual premiums are estimated based on projected wages over the duration of the policy period. As actual wages are realized, the amounts paid for premiums may differ from the estimates recorded by the Company, creating an asset or liability throughout the policy year. Such differences could have a material effect on the Company’s consolidated financial position and results of operations.

Health Benefits

Health benefits insurance reserves are established to provide for the estimated costs of reimbursing the carriers for paying claims within the deductible layer in accordance with health insurance policies. These reserves include estimates for reported losses, plus estimates for claims incurred but not reported. Reserves are determined regularly by the Company based upon a number of factors, including but not limited to actuarial calculations, current and historical claims payment patterns, plan enrollment and medical trend rates. Ultimate health insurance reserves may vary in subsequent years from the amounts estimated. As of December 31, 2015 and 2014, liability reserves of $113.2 million and $82.1 million, respectively, were recorded within health benefits payable and are included in WSE-related liabilities in the accompanying consolidated balance sheets.

Under certain contracts, based on plan performance, the Company may be entitled to receive refunds of premiums. We estimate these refunds based on premium and claims data and record these within prepaid health plan expenses and are included in WSE-related assets on the consolidated balance sheet. As of December 31, 2015 and 2014, the Company had $6.8 million and $4.9 million, respectively, as prepaid health plan expenses included within WSE-related assets.

Cash and Cash Equivalents

Cash and cash equivalents include bank deposits and short-term, highly liquid investments. Investments with original maturity dates of three months or less are considered cash equivalents.

Investments

The Company classifies its investments as available-for-sale and are carried at fair value. Unrealized gains and losses are reported as a component of accumulated other comprehensive income. The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts from the date of purchase to maturity or sale. Such amortization is included in interest income as an addition to or deduction from the coupon interest earned on the investments. The Company uses the specific identification method of determining the cost basis in computing realized gains and losses on the sale of its available-for-sale securities. Realized gains and losses are included in other income in the accompanying consolidated statement of operations.

The Company assesses whether an other-than-temporary impairment loss has occurred due to declines in fair value or other market conditions. With respect to debt securities, this assessment takes into account our current intent to sell, or not sell, the security, and whether it is more likely than not that we will not be required to sell the security before recovery of its amortized cost.

Accounts Receivable

The Company’s accounts receivable, which represent outstanding gross billings to clients, are reported net of an allowance for doubtful accounts. The Company establishes an allowance for doubtful accounts based on historical experience, the age of the accounts receivable balances, credit quality of clients, current economic conditions and other factors that may affect clients’ ability to pay, and charges off amounts when they are deemed uncollectible.

Property and Equipment

The Company records property and equipment at historical cost and computes depreciation using the straight-line method over the estimated useful lives of the assets or the lease terms, generally three to five years for software and office

equipment, five to seven years for furniture and fixtures, and the shorter of the asset life or the remaining lease term for leasehold improvements. The Company expenses the cost of maintenance and repairs as incurred and capitalizes betterments.

Internal Use Software

The Company capitalizes internal and external costs incurred to develop internal-use computer software during the application development stage. Application development stage costs include license fees paid to third-parties for software use, software configuration, coding, and installation. Capitalized costs are amortized on a straight-line basis over the estimated useful life, typically ranging from three to five years, commencing when the software is placed into service. The Company expenses costs incurred during the preliminary project stage, as well as general and administrative, overhead, maintenance and training costs, and costs that do not add functionality to existing systems. For the years ended December 31, 2015, 2014 and 2013, internally developed software costs capitalized were $11.2 million, $6.3 million and $3.3 million respectively.

Goodwill and Other Intangible Assets

The Company's goodwill and identifiable intangible assets with indefinite useful lives are not amortized, but instead are tested for impairment on an annual basis or when an event occurs or circumstances change in a way to indicate that there has been a potential decline in the fair value of the reporting unit. Impairment is determined by comparing the estimated fair value of the reporting unit to its carrying amount, including goodwill. The Company's business is largely homogeneous and, as a result, all goodwill is associated with the Company's one reportable segment. Intangible assets with finite useful lives include purchased client lists, trade names, developed technologies, and contractual agreements. Intangible assets are amortized over their respective estimated useful lives ranging from two to six years using either the straight-line method or an accelerated method. Intangible assets are reviewed for indicators of impairment at least annually and evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Based on the results of the Company's reviews, no impairment loss was recognized in the results of operations for the years ended December 31, 2015, 2014 and 2013.

Annually, the Company performs a qualitative assessment to determine whether it is more likely than not that the fair value of the reporting unit has declined below carrying value. This assessment considers various financial, macroeconomic, industry, and reporting unit specific qualitative factors. The Company performs its annual impairment testing in its fiscal fourth quarter. Based on the results of the Company's reviews, no impairment loss was recognized in the results of operations for the years ended December 31, 2015, 2014 and 2013.

Impairment of Long-Lived Assets

The Company evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An asset is considered impaired if the carrying amount exceeds the undiscounted future net cash flows the asset is expected to generate. An impairment charge is recognized for the amount by which the carrying amount of the assets exceeds its fair value. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less selling costs.

Advertising Costs

The Company expenses the costs of producing advertisements at the time production occurs, and expenses the cost of running advertisements in the period in which the advertising space or airtime is used as sales and marketing expense. Advertising costs were $8.2 million, $7.3 million, and $7.5 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Stock-Based Compensation

The Company has issued three types of stock-based awards to employees: restricted stock units, stock options and employee stock purchase plan. Compensation expense associated with restricted stock units is based on the fair value of common stock on the date of grant. Compensation expense associated with stock options and employee stock purchase plan are based on the estimated grant date fair value method using the Black-Scholes valuation model. Expense is recognized using a straight-line amortization method over the respective vesting period for awards that are ultimately expected to vest. Accordingly, stock-based compensation has been reduced for estimated forfeitures. When estimating forfeitures, the Company

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considers voluntary termination behaviors as well as trends of actual option forfeitures. A tax benefit from stock-based compensation is recognized in equity to the extent that an incremental tax benefit is realized.

Income Taxes

The Company recognizes deferred tax assets and liabilities for estimated future tax effects based on differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for income tax purposes under current tax laws. Deferred tax expense results from the change in the net liability for deferred income taxes between periods.

The Company maintains a reserve for uncertain tax positions. The Company evaluates tax positions taken or expected to be taken in a tax return for recognition in its consolidated financial statements. Prior to recording the related tax benefit in the consolidated financial statements, the Company must conclude that tax positions are more likely than not to be sustained, assuming those positions will be examined by taxing authorities with full knowledge of all relevant information. The benefit recognized in the consolidated financial statements is the amount the Company expects to realize after examination by taxing authorities. If a tax position drops below the more likely than not standard, the benefit can no longer be recognized. Assumptions, judgment and the use of estimates are required in determining if the more likely than not standard has been met when developing the provision for income taxes and in determining the expected benefit. A change in the assessment of the more likely than not standard could materially impact the Company’s results of operations or financial position. The Company recognizes interest and penalties related to uncertain tax positions as a component of income tax expense.

Concentrations of Credit Risk

Financial instruments that subject the Company to concentrations of credit risk include cash and cash equivalents, investments, restricted cash and restricted investments (including payroll funds collected), accounts receivable, and amounts due from insurance carriers. The Company maintains its cash and cash equivalents, investments, restricted cash and restricted investments (including payroll funds collected) principally in domestic financial institutions and performs periodic evaluations of the relative credit standing of these institutions. The Company’s exposure to credit risk in the event of default by the financial institutions holding these funds is limited to amounts currently held by the institution in excess of insured amounts.

Under the terms of professional services agreements, clients agree to maintain sufficient funds or other satisfactory credit at all times to cover the cost of its current payroll, all accrued paid time off, vacation or sick leave balances, and other vested wage and benefit obligations for all their work site employees. The Company generally requires payment from its clients on or before the applicable payroll date.

For certain clients, the Company requires an indemnity guarantee payment (IGP) supported by a letter of credit, bond, or a certificate of deposit from certain financial institutions. The IGP typically equals the total payroll and service fee for one average payroll period.

As of December 31, 2015 and December 31, 2014, one client accounted for 12% of accounts receivable. No client accounted for more than 10% of total revenues in the years ended December 31, 2015, 2014 and 2013. Bad debt expense, net of recoveries was $2.0 million, $1.4 million and $0.6 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board, or (FASB), issued Accounting Standards Update (ASU) 2016-02—Leases. The amendment requires that lease arrangements longer than 12 months result in an entity recognizing an asset and liability. The amendment is effective for annual reporting periods, and interim periods within those years beginning after December 15, 2018. Early adoption is permitted. The Company is currently in the process of evaluating the impact of the adoption of this standard on its consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01—Recognition and Measurement of Financial Assets and Financial Liabilities. The amendment addresses various aspects of the recognition, measurement, presentation, and disclosure for financial instruments. The amendment is effective for annual reporting periods, and interim periods within those years beginning after December 15, 2017. Early adoption by public entities is permitted only for certain provisions. The Company is currently in the process of evaluating the impact of the adoption of this standard on its consolidated financial statements.

In November 2015, the FASB issued ASU 2015-17—Balance Sheet Classification of Deferred Taxes, as part of its initiative to reduce complexity in accounting standards (the Simplification Initiative). The amendment requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The amendment is effective for

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fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. Early adoption is permitted. The Company adopted this guidance in 2015 with retrospective application. See Note 11 for further details.
In April 2015, the FASB issued ASU 2015-05—Intangibles—Goodwill and Other—Internal-Use Software, as part of the Simplification Initiative. The amendment provides guidance to clarify the customer's accounting for fees paid in a cloud computing arrangement. The amendment is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted. The Company expects to adopt this guidance in 2016. The Company does not expect this guidance to have a material effect on its consolidated financial statements.
In April 2015, the FASB issued ASU 2015-03—Interest—Imputation of Interest, as part of its Simplification Initiative. The amendment requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The amendment is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted for financial statements that have not been previously issued. The Company expects to adopt this guidance in 2016. The Company does not expect this guidance to have a material effect on its consolidated financial statements.
In August 2014, the FASB issued ASU 2014-15—Presentation of Financial Statements—Going Concern (Subtopic 205-40), which addresses management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. Management's evaluation should be based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued. The standard will be effective for the first interim period within annual reporting periods beginning after December 15, 2016. Early adoption is permitted. The Company does not expect to adopt this guidance early and does not believe that the adoption of this guidance will have a material effect on its consolidated financial statements.
In June 2014, the FASB issued ASU 2014-12—Compensation—Stock Compensation, which requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. ASU 2014-12 is effective for annual reporting periods, and interim periods within those years, beginning after December 15, 2015. Early adoption is permitted. The amendments may be applied prospectively to all awards granted or modified after the effective date or retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented. The Company does not expect this guidance to have a material effect on its consolidated financial statements. The Company expects to adopt this guidance in 2016.
In May 2014, the FASB issued ASU 2014-09—Revenue from Contracts with Customers, which will replace most existing revenue recognition guidance under GAAP. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard provides a five-step analysis of transactions to determine when and how revenue is recognized. In July 2015, the FASB deferred the effective date to annual reporting periods, and interim periods within those years, beginning after December 15, 2017. Early adoption at the original effective date of December 15, 2016 is permitted. The amendments may be applied retrospectively or as a cumulative-effect adjustment as of the date of adoption. The Company has not yet selected a method of adoption and is currently evaluating the effect that the amendments will have on the consolidated financial statements.

NOTE 2. WORKSITE EMPLOYEE-RELATED ASSETS AND LIABILITIES

The following schedule presents the components of the Company's WSE-related assets and WSE-related liabilities (in thousands):

	December 31, 2015	December 31, 2014
Worksite employee-related assets:		
Restricted cash	$92,917	$64,890
Restricted investments	3,819	4,555
Payroll funds collected	859,322	1,336,994
Unbilled revenue, net of advance collections of $11,875 and $113,190 at December 31, 2015 and December 31, 2014, respectively	213,837	203,599
Accounts receivable, net of allowance for doubtful accounts of $1,158 and $388 at December 31, 2015 and December 31, 2014, respectively	5,060	5,193
Prepaid health plan expenses	8,088	4,932
Refundable workers compensation premiums	2,428	7,975
Prepaid workers compensation expenses	744	1,256
Other payroll assets	187,171	5,742
Total worksite employee-related assets	$1,373,386	$1,635,136
Worksite employee-related liabilities:		
Unbilled wages accrual	$202,396	$292,906
Payroll taxes payable	883,608	1,119,427
Health benefits payable	128,028	104,220
Customer prepayments	57,758	53,770
Workers compensation payable	66,174	36,778
Other payroll deductions	31,533	23,454
Total worksite employee-related liabilities	$1,369,497	$1,630,555

Other payroll assets and payroll taxes payable above include a receivable due from one client at December 31, 2015 for $181 million related to an end of year payroll tax liability for which funding was received in January 2016.

Payroll taxes payable, workers compensation payable and health benefits payable also include the related amounts of approximately 2,500 Company employees.

NOTE 3. WORKERS COMPENSATION

The Company has agreements with various insurance carriers to provide workers compensation insurance coverage for worksite employees, including programs where either the Company or the carrier retains custody of claim deposits paid by the Company. Insurance carriers are responsible for administrating and paying claims. The Company is responsible for reimbursing each carrier up to a deductible limit per occurrence. In cases where the carriers retain custody, any excess deposits held by the carrier can be returned to the Company over time, based on terms defined within the respective agreements.

The following summarizes the activities in the balance sheet for unpaid claims and claims adjustment expenses within workers compensation assets and liabilities (in thousands):

	Year Ended December 31,	
	2015	2014
Programs where assets are held by the Company to cover claims liabilities		
Liability for unpaid claims and claims adjustment at beginning of period	$92,406	$58,610
Incurred related to:		
Current year	88,438	61,669
Prior years	4,880	(4,725)
Total incurred	93,318	56,944
Paid related to:		
Current year	(16,076)	(11,003)
Prior years	(30,453)	(12,145)
Total paid	(46,529)	(23,148)
Reclassification from workers compensation receivable	5,045	—
Liability for unpaid claims and claims adjustment at end of period	$144,240	$92,406
Programs where assets are held by third parties to cover claims liabilities		
Liability for unpaid claims and claims adjustment at the beginning of period	$55,628	$62,129
Incurred related to:		
Current year	699	1,708
Prior years	21,511	20,126
Total incurred	22,210	21,834
Paid related to:		
Current year	(300)	(2,083)
Prior years	(26,631)	(26,252)
Total paid	(26,931)	(28,335)
Reclassification to workers compensation liability	(5,045)	—
Liability for unpaid claims and claims adjustment at end of period	$45,862	$55,628
Total liability for unpaid claims and claims adjustment at end of period	190,102	148,034
Assets held by third parties to cover claim liabilities	(58,522)	(95,372)
Workers compensation premiums and other liabilities	9,455	19,820
Other workers compensation assets	(1,012)	(136)
Total net workers compensation liabilities	$140,023	$72,346
Location on Consolidated Balance Sheet:		
Workers compensation liabilities		
Current portion included in worksite employee-related liability	$66,174	$36,778
Long term portion	105,481	75,448
Total	$171,655	$112,226
Workers compensation receivables		
Current portion included in worksite employee-related asset	$2,428	$7,975
Long term portion	29,204	31,905

Total	$31,632	$39,880

Incurred claims related to prior years represent changes in estimates for ultimate losses on workers compensation claims.

Under the terms of certain agreements with workers compensation insurance carriers, the Company collects and holds premiums in restricted accounts pending claims payments by the claims administrator. As of December 31, 2015 and December 31, 2014, such restricted amounts of $49.8 million and $36.5 million, respectively, are presented as restricted cash and restricted investments within WSE-related assets in the accompanying consolidated balance sheets. In addition, at December 31, 2015 and December 31, 2014, $101.8 million and $69.4 million, respectively, are presented as restricted long-term cash and investments. Assets held by third parties to cover claim liabilities represents prefunded claim obligations paid to carriers in excess of estimated total claim liabilities, which will be applied to incurred claims. The funds remain restricted until the plan year to which they relate are settled.

The reclassification from workers compensation receivable to workers compensation liability resulted from the return of collateral to the Company following a negotiated amendment of the underlying contract with a carrier.

NOTE 4. BUSINESS COMBINATIONS

Periodically, as part of the Company's strategic objectives, the Company may acquire other companies or may acquire strategic technologies which may be considered an acquisition of a business. During the year ended December 31, 2015, the Company's strategic acquisition activity resulted in the payment of aggregate purchase consideration of approximately $4.8 million, consisting solely of cash. The purchase price for each business combination is allocated to tangible and identifiable intangible assets acquired and liabilities assumed based on the fair value at the date of purchase. Purchase price in excess of the identifiable assets and liabilities is recorded as goodwill. The allocation of the aggregate purchase consideration resulted in intangible assets of $4.4 million and goodwill of $0.4 million. The intangible assets have a useful life of 5 years. The consolidated financial statements include the operating results of strategic acquisitions considered to be a business since the respective date of the acquisition. Pro forma results of operations have not been presented as the acquisition activity is not material to the Company. All acquisition-related costs are expensed as incurred and recorded in operating expenses. The Company includes operations associated with acquisitions from the date of acquisition.

The Company made no acquisitions during 2014. In 2013, the Company acquired 100% of the outstanding equity of Ambrose Employer Group, LLC (Ambrose) for $195.0 million. Ambrose contributed revenues of $134.5 million and net income of $1.6 million to the Company from July 1, 2013 to December 31, 2013.

NOTE 5. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consist of the following (in thousands):

	December 31, 2015	December 31, 2014
Software	$64,727	$53,349
Office equipment, including data processing equipment	20,044	18,550
Leasehold improvements	9,874	7,092
Furniture, fixtures, and equipment	7,911	6,450
Projects in progress	7,407	6,786
	109,963	92,227
Accumulated depreciation	(72,119)	(59,929)
Property and equipment, net	$37,844	$32,298

Software and furniture, fixtures, and equipment include amounts for assets under capital leases of $0.2 million and $1.4 million at December 31, 2015 and December 31, 2014, respectively. Accumulated depreciation of these assets

was de minimis and $0.9 million at December 31, 2015 and December 31, 2014, respectively. Amortization of assets held under capital leases is included with depreciation expense in the accompanying consolidated statements of operations.

Projects in progress consist primarily of software development costs. The Company capitalizes software development costs intended for internal use. The Company recognized depreciation expense for capitalized internally developed software of $5.4 million, $5.2 million, and $4.5 million for the years ended December 31, 2015, 2014 and 2013, respectively. Accumulated depreciation for these assets was $34.5 million and $29.4 million at December 31, 2015 and 2014, respectively. The Company periodically assesses the likelihood of unsuccessful completion of projects in progress, as well as monitoring events or changes in circumstances, which might suggest that impairment has occurred and recoverability should be evaluated. An impairment

loss is recognized if the carrying amount of the asset is not recoverable and exceeds the future net cash flows expected to be generated by the asset. Due to significant changes in the extent and manner in which assets were expected to be used, the Company recognized losses of $0.4 million, $0.9 million and $0.8 million for the years ended December 31, 2015, 2014 and 2013, respectively, and included these charges in depreciation expense in the accompanying consolidated statements of operations.

NOTE 6. GOODWILL AND OTHER INTANGIBLE ASSETS

The following schedule summarizes goodwill and other intangible assets (in thousands):

	December 31, 2015			
	Weighted Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Goodwill		$289,207	$—	$289,207
Amortizable intangibles:				
Customer contracts	5 years	209,850	(167,968)	41,882
Trademark	3 years	16,900	(16,467)	433
Developed technology	5 years	5,400	(1,173)	4,227
Noncompete agreements	3 years	1,940	(1,710)	230
	5 years	234,090	(187,318)	46,772
Total		$523,297	$(187,318)	$335,979

	December 31, 2014			
	Weighted Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Goodwill	—	$288,857	$—	$288,857
Amortizable intangibles:				
Customer contracts	5 years	209,850	(134,454)	75,396
Trademark	3 years	16,900	(11,761)	5,139
Developed technology	5 years	1,000	(533)	467
Noncompete agreements	3 years	1,940	(1,224)	716
	5 years	229,690	(147,972)	81,718
Total		$518,547	$(147,972)	$370,575

Amortization expense related to amortizable intangibles in future periods as of December 31, 2015 is expected to be as follows (in thousands):

Year ending December 31:	
2016	$19,255
2017	17,497
2018	8,700
2019	880
2020 and thereafter	440
Total	$46,772

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NOTE 7. MARKETABLE SECURITIES AND FAIR VALUE MEASUREMENTS

The Company's noncurrent restricted cash and investments include $63.1 million of available-for-sale marketable securities and $38.7 million of cash collateral at December 31, 2015. The Company's restricted investments within WSE-related assets include $2.3 million of certificates of deposit and $1.5 million of available-for-sale marketable securities as of December 31, 2015. The available-for-sale marketable securities as of December 31, 2015 and December 31, 2014 consist of the following (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2015:				
U.S. treasuries	$64,226	$9	$(144)	$64,091
Mutual funds	500	4	—	504
Total investments	$64,726	$13	$(144)	$64,595
December 31, 2014:				
U.S. treasuries	$50,075	$22	$(15)	$50,082
Mutual funds	500	6	—	506
Total investments	$50,575	$28	$(15)	$50,588

There were no realized gains or losses for the year ended December 31, 2015 and 2014. As of December 31, 2015 and December 31, 2014, the contractual maturities of the U.S. treasuries were one to four years.

As of December 31, 2015, certain of the Company's U.S. treasuries were in an unrealized loss position. Unrealized losses are principally due to changes in interest rates. In analyzing an issuer's financial condition, the Company considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and industry analysts' reports. The fair value of these securities in an unrealized loss position represented 81% and 59% of the total fair value of all securities available for sale as of December 31, 2015 and December 31, 2014, respectively, and their unrealized losses were $0.1 million and de minimis as of December 31, 2015 and December 31, 2014. As the Company has the ability and intent to hold debt securities until maturity, or for the foreseeable future as classified as available for sale, no decline was deemed to be other-than-temporary.

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability.

As a basis for considering such assumptions, the Company uses a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level I—observable inputs such as quoted prices in active markets
- Level II—inputs other than the quoted prices in active markets that are observable either directly or indirectly
- Level III—unobservable inputs in which there is little or no market data, which requires the Company to develop its own assumptions

This hierarchy requires the Company to use observable market data when available and to minimize the use of unobservable inputs when determining fair value.

The following table summarizes the Company’s financial assets measured at fair value on a recurring basis (in thousands):

	Total Fair Value	Level I	Level II	Level III
December 31, 2015:				
Certificates of deposit	$2,319	$2,319	$—	$—
U.S. treasuries	64,091	64,091	—	—
Mutual funds	504	504	—	—
Total	$66,914	$66,914	$—	$—
December 31, 2014:				
Certificates of deposit	$2,318	$2,318	$—	$—
U.S. treasuries	50,082	50,082	—	—
Mutual funds	506	506	—	—
Interest rate cap	1	—	1	—
Total	$52,907	$52,906	$1	$—

There were no transfers between Level I and Level II assets during the years December 31, 2015 or December 31, 2014.
As of December 31, 2015 and December 31, 2014, certificates of deposit consisted of certificates of deposit held by domestic financial institutions, which are presented as restricted investments within WSE-related assets in the accompanying consolidated balance sheets.
The carrying value of the Company’s financial instruments not measured at fair value, including cash, restricted cash, WSE-related assets and liabilities, line of credit and accrued corporate wages, approximates fair value due to the relatively short maturity, cash repayments or market interest rates of such instruments. The fair value of such financial instruments, other than cash and restricted cash, is determined using the income approach based on the present value of estimated future cash flows. The fair value of all of these instruments would be categorized as Level II of the fair value hierarchy, with the exception of cash and cash equivalents, which would be categorized as Level I.
At December 31, 2015 and December 31, 2014, the carrying value of the Company’s notes payable of $499.6 million and $544.9 million, respectively, approximated fair value. The estimated fair values of the Company’s notes payable are considered a Level II valuation in the hierarchy for fair value measurement and are based on a cash flow model discounted at market interest rates that considers the underlying risks of unsecured debt.

NOTE 8. NOTES PAYABLE AND BORROWINGS UNDER CAPITAL LEASES

The following schedule summarizes the components of the Company’s notes payable and borrowings under capital leases balances (in thousands):

	December 31, 2015	December 31, 2014
Notes payable under credit facility	$499,563	$544,875
Capital leases	153	275
Less current portion	(35,326)	(20,738)
	$464,390	$524,412

In March 2014, the proceeds from the Company’s initial public offering (IPO) were used to fully repay its existing $190.0 million second lien credit facility, which resulted in a prepayment premium of $3.8 million, and to repay $25.0 million of its existing first lien tranche B-1 term loan. Additionally, the remaining balance of the loan fees associated with the second lien credit facility and a portion of the loan fees associated with the first lien credit facility were fully amortized in March 2014 for a charge of $5.0 million. In May 2014, the Company repaid $25.0 million of the first lien tranche B-1 term loan. As a result, a portion of the loan fees associated with the first lien credit facility was fully amortized in May 2014 for a charge of $0.5 million.

In July 2014, the Company amended and restated its first lien credit facility pursuant to an amended and restated first lien credit agreement (the Amended and Restated Credit Agreement). The Amended and Restated Credit Agreement provides

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for: (i) $375 million principal amount of tranche A term loans, (ii) $200 million principal amount of tranche B term loans, and (iii) a revolving credit facility of $75 million. The proceeds of the tranche A term loans were used to refinance in part the tranche B-2 term loans outstanding under the original first lien credit facility. The proceeds of the tranche B term loans were used to (i) refinance the remaining tranche B-2 term loans outstanding under the original first lien credit facility, (ii) refinance other amounts outstanding under the original first lien credit facility and (iii) pay fees and expenses related thereto. The revolving credit facility replaced the revolving credit facility under the original first lien credit facility.

The tranche A term loans and the revolving credit facility will mature on July 9, 2019. The tranche B term loans will mature on July 9, 2017. Loans under the revolving credit facility are expected to be used for working capital and other general corporate purposes.

The tranche A term loans and loans under the revolving credit facility bear interest, at the Company's option, at a rate equal to either the LIBOR rate, plus an applicable margin equal to 2.75% per annum, or the prime lending rate, plus an applicable margin equal to 1.75% per annum. The applicable margins for the tranche A term loans and loans under the revolving credit facility are subject to specified rate adjustments of 0.25%, based upon the Company's total leverage ratio. The tranche B term loans bear interest, at the Company's option, at a rate equal to either the LIBOR rate, plus an applicable margin equal to 2.75% per annum or the prime lending rate, plus an applicable margin equal to 1.75% per annum. The Company is required to pay a commitment fee of 0.50%, subject to decrease to 0.375% based on its total leverage ratio, on the daily unused amount of the commitments under the revolving credit facility, as well as fronting fees and other customary fees for letters of credit issued under the revolving credit facility.

The Company is permitted to make voluntary prepayments at any time without payment of a premium. The Company is required to make mandatory prepayments of term loans (without payment of a premium) with (i) net cash proceeds from issuances of debt (other than certain permitted debt), (ii) net cash proceeds from certain non-ordinary course asset sales and casualty and condemnation proceeds (subject to reinvestment rights and other exceptions), and (iii) beginning with the fiscal year ending December 31, 2015, 50% of its excess cash flow (subject to decrease to (x) 25% if its total leverage ratio as of the last day of such fiscal year is less than 3.75 to 1.0 and equal to or greater than 3.00 to 1.0, and (y) 0% if the total leverage ratio as of the last day of such fiscal year is less than 3.00 to 1.0), provided that the Company may defer prepayments based on excess cash flow to the extent such payments would result in the working capital being less than $10 million (after giving effect to such prepayments).

The tranche A term loans will be repaid in equal quarterly installments in an aggregate annual amount equal to: (i) beginning on December 31, 2014 to December 31, 2016, 5% of the original principal amount thereof, (ii) beginning on December 31, 2016 to December 31, 2018, 7.5% of the original principal amount thereof, and (iii) beginning on December 31, 2018 to June 30, 2019, 10% of the original principal amount thereof with any remaining balance payable on the final maturity date of the tranche A term loans. The tranche B term loans will be repaid in equal quarterly installments in an aggregate annual amount equal to 1% of the principal amount thereof, with any remaining balance payable on the final maturity date of the tranche B term loans.

The $75.0 million revolving credit facility includes capacity for a $40.0 million letter of credit facility and a $10.0 million swingline facility. The total unused portion of the revolving credit facility was $59.5 million as of December 31, 2015. In connection with the Amended and Restated Credit Agreement, the Company incurred $11.1 million of debt issuance costs. The Company deferred $8.0 million of the costs, which are being amortized over the term of the credit facility. The remaining $3.1 million of costs were recorded to interest expense and bank fees. Additionally, the Company recorded a $9.0 million loss on extinguishment of debt to write-off deferred issuance costs associated with the original first lien credit facility, which was also recorded to interest expense and bank fees. The remaining $6.1 million of loan fees associated with the previous facility that was deemed to be modified continues to be amortized over the revised remaining term of the Amended and Restated Credit Agreement.

In March 2015, the Company repaid $25.0 million of the tranche B term loan. As a result, a portion of the loan fees associated with the first lien credit facility was fully amortized in March 2015 for a charge of $0.4 million.

The Amended and Restated Credit Agreement contains customary representations and warranties and customary affirmative and negative covenants applicable to the Company and its subsidiaries, including, among other things, restrictions on indebtedness, liens, investments, mergers, dispositions, prepayment of other indebtedness, and

dividends and other distributions. The Amended and Restated Credit Agreement also contains financial covenants that require the Company to maintain a minimum consolidated interest coverage ratio of at least 3.50 to 1.00 and a maximum total leverage ratio of 4.25 to 1.00 at December 31, 2015. The Company was in compliance with the restrictive covenants under the credit facilities at

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December 31, 2015. Despite extensive efforts, we were unable to file our Annual Report on Form 10-K for the year ended December 31, 2015 within the time frame required by the SEC (including the extension permitted by Rule 12b-25 under the Exchange Act). As a result, we were not in compliance with our restrictive covenant to have timely filed financial statements, but have cured this deficiency within the thirty day cure period upon filing our Annual Report. In addition to these covenants, the Amended and Restated Credit Agreement requires, beginning with the fiscal year ending December 31, 2015, the Company to prepay the tranche B term loan in an amount which is based on the specified excess cash flow percentage determined by the current leverage ratio. The Company recorded a current liability of $12.7 million at December 31, 2015 in anticipation of this prepayment. The credit facility is secured by substantially all of the Company's assets and the assets of the borrower and of the subsidiary guarantors, other than specifically excluded assets.

NOTE 9: STOCKHOLDERS' EQUITY

Convertible Preferred Stock

On June 7, 2005, the Company issued 5,391,441 shares of Series G convertible preferred stock (Series G) at $11.00 per share for an aggregate cash purchase price of $59.3 million. The Company recorded the issuance of Series G at $59.1 million, net of issuance costs of $0.2 million. On June 1, 2009, the Company issued 4,124,986 shares of Series H convertible preferred stock (Series H) at $16.69 per share for an aggregate cash purchase price of $68.8 million. The Company recorded the issuance of Series H at $63.8 million, net of issuance costs of $5.0 million. Upon the issuance of Series H, certain terms related to Series G were amended. In March 2014, upon completion of the Company's IPO, all of the outstanding shares of Series H and Series G were converted into 38,065,708 shares of common stock.

Common Stock

Upon closing of the IPO on March 31, 2014, the Company issued 15,000,000 shares of common stock at a public offering price $16 per share, for an aggregate offering price of $240.0 million, resulting in net proceeds to us of $216.8 million, after deducting underwriting discounts and commissions of approximately $16.8 million and offering expenses of approximately $5.6 million.

In February 2014, the Company issued 91,074 shares to a member of the Board of Directors at $10.98 per share, which was the then estimated fair market value, for an aggregate of $1.0 million in cash.

Equity-Based Incentive Plans

In 2000, the Company established the 2000 Equity Incentive Plan (the 2000 Plan), which provided for granting incentive stock options, nonstatutory stock options, bonus awards and restricted stock awards to eligible employees, directors, and consultants of the Company. In December 2009, the Board of Directors approved the 2009 Equity Incentive Plan (the 2009 Plan) as the successor to and continuation of the 2000 Plan. As of the 2009 Plan effective date, remaining shares available for issuance under the 2000 Plan were cancelled and became available for issuance under the 2009 Plan. No additional stock awards will be granted under the 2000 Plan. The 2009 Plan provides for the grant of the following awards to eligible employees, directors, and consultants: incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, performance stock awards, performance cash awards, and other stock awards. Incentive stock options may only be granted to employees. Non-employee directors are eligible to receive nonstatutory stock options automatically at designated intervals over their period of continuous service on the Board. The 2009 Plan, as amended, provides that the number of shares reserved for issuance under the 2009 Plan will increase on January 1 of each year for a period of up to five years by 4.5% of the total number of shares of capital stock outstanding on December 31 of the preceding calendar year, which will begin on January 1, 2015 and continue through January 1, 2019. On January 1, 2015, an additional 3,141,509 shares were automatically reserved for issuance under the amended 2009 Plan.

The exercise price per share of all incentive stock options granted under the 2000 Plan and the 2009 Plan must be at least equal to the fair market value of the shares at the date of grant as determined by the Board of Directors. Options generally have a maximum contractual term of 10 years. Incentive stock options granted at 110% of the fair market value to stockholders who have greater than 10% ownership have a maximum term of five years. Options granted to non-employee directors in connection with an initial election or appointment generally vest at the rate of 33% of the total options one year after the grant date and 1/36 of the total options granted monthly thereafter. All other options

granted to non-employee directors generally vest 100% one year from grant date. Before 2015, options granted to employees generally vest over four years with a one year cliff and monthly thereafter. Starting in 2015, the options granted to newly hired employees generally vest at a rate of 25% of the total options a year after the grant date and then 1/16 of the total options granted on the 15th day of the second month of each

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calendar quarter thereafter. All other options granted to employees generally vest at a rate of 1/16 of the total options granted on the 15th day of the second month of each calendar quarter following the grant date.
The Company has granted restricted stock units (RSUs) to members of the Board of Directors, certain executives and employees. These RSUs represent rights to receive shares of the Company's common stock on satisfaction of applicable vesting conditions. The fair value of RSUs is equal to the fair value of the Company's common stock on the date of grant. RSUs granted to newly elected or appointed non-employee directors generally vest on the first anniversary of the Company's most recent annual grants. RSUs granted to non-employee directors in connection with an annual grant generally vest 100% one year from the grant date. RSUs granted to newly hired employees generally vest at a rate of 25% of the total RSUs one year after the grant date and then 1/16 of the total RSUs granted on the 15th day of the second month of each calendar quarter thereafter. All other RSUs granted to employees generally vest at a rate of 1/16 of the total RSUs granted on the 15th day of the second month of each calendar quarter following the grant date.
In March 2015, the Company granted performance-based restricted stock units (PSUs) to its executives intended to represent 33.3% of each executive's annual long-term incentive compensation award value in fiscal 2015. These PSUs vest over three years based on the Company's attainment of annual financial performance goals as well as the executive's continued employment through each vesting date. The number of shares that ultimately vest each year will range from 0 to 200% of the annual target amount, based on the Company's performance. Cumulative financial performance metrics and goals are established for these awards at the grant date and the tranche of each award related to that period's performance goal is treated as a separate grant for accounting purposes. The financial performance metric established for the performance awards is cumulative annual growth rate in the Company's net service revenues. These values are being recognized over the tranches' 12-month, 24-month and 36-month service periods. The Company began recording stock-based compensation expense for these tranches in March 2015, when the financial performance goals were established.
Equity incentive plan activity under the 2000 Plan and the 2009 Plan is summarized as follows:

Equity Incentive Plan Activity	Shares Available for Grant	
Balance at December 31, 2014	2,708,524	
Authorized	3,141,509	
Granted	(1,569,865	)
Forfeited	674,786	
Expired	1,250	
Shares withheld for taxes and not issued	35,379	
Balance at December 31, 2015	4,991,583	

The following table summarizes stock option activity under the Company's equity-based plans for the year ended December 31, 2015:

Stock Options Activity	Number of Shares		Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (in thousands)
Balance at December 31, 2014	6,892,810		$6.13	8.22	$ 173,338
Granted	312,200		31.66		
Exercised	(2,112,131	)	3.44		
Forfeited	(645,480	)	7.84		
Expired	(1,250	)	10.98		
Balance at December 31, 2015	4,446,149		$8.96	7.56	$ 52,108
Exercisable at December 31, 2015	2,100,591		$6.20	7.16	$ 28,922
Vested and expected to vest at December 31, 2015	4,257,065		$8.70	7.53	$ 50,675

The weighted-average grant date fair value of stock options granted in the years ended December 31, 2015, 2014 and 2013 was $12.73, $7.18 and $4.11 per share, respectively. The total fair value of options vested for the years ended December 31, 2015, 2014 and 2013 was $12.2 million, $7.5 million and $4.0 million, respectively.

The total intrinsic value of options exercised for the years ended December 31, 2015, 2014 and 2013 was $53.3 million, $35.1 million and $52.6 million, respectively. Cash received from options exercised during the years ended December 31, 2015, 2014 and 2013 was $7.3 million, $2.2 million and $7.1 million, respectively. The exercise price of all options granted was equal to the fair value of the common stock on the date of grant.

As of December 31, 2015, unrecognized compensation expense, net of forfeitures, associated with nonvested options outstanding was $13.9 million and is expected to be recognized over a weighted-average period of 2.19 years.

The following table summarizes RSU activity under the Company's equity-based plans for the year ended December 31, 2015:

Restricted Stock Unit Activity	Number of Units	Weighted-Average Grant Date Fair Value
Nonvested at December 31, 2014	7,750	$13.21
Granted	1,084,379	28.73
Vested	(106,136)	32.83
Forfeited	(29,306)	32.70
Nonvested at December 31, 2015	956,687	$28.03

The total grant date fair value of RSUs granted in the year ended December 31, 2015 was $31.2 million. The total grant date fair value of RSUs vested in the years ended December 31, 2015, 2014 and 2013 was $3.5 million, $0.1 million and $0.1 million, respectively. As of December 31, 2015, unrecognized compensation expense, net of forfeitures, associated with the nonvested RSUs outstanding was $23.3 million, and is expected to be recognized over a weighted-average period of 3.05 years.

During the years 2015, 2014 and 2013, the Company withheld 35,379, 80,599 and 809,012 shares, respectively, to settle payroll tax liabilities resulting from the exercises of stock options and vesting of RSUs held by the employees.

The following table summarizes PSU activity under the Company's equity-based plans for the year ended December 31, 2015:

Performance Based Restricted Stock Unit Activity	Number of Units	Weighted-Average Grant Date Fair Value
Outstanding units at December 31, 2014	—	$—
Granted	173,286	33.51
Units converted	—	—
Forfeited	—	—
Outstanding units at December 31, 2015	173,286	$33.51

The maximum total grant date fair value of PSUs granted in the year ended December 31, 2015 was $5.8 million, assuming maximum 200% performance target is met. As of December 31, 2015, unrecognized compensation expense, net of forfeitures, was $0.8 million, and is expected to be recognized over a weighted-average period of 2 years.

Employee Stock Purchase Plan

The Company adopted the 2014 Employee Stock Purchase Plan (ESPP) in February 2014, which became effective on March 26, 2014. The ESPP was approved with a reserve of 1.1 million shares of common stock for future issuance under various terms provided for in the ESPP, which will automatically increase on January 1 of each year from 2015 through 2024 by the lesser of 1% of the total number of shares outstanding on December 31 of the preceding calendar year or 1,800,000 shares. On January 1, 2015, an additional 698,113 shares were automatically reserved for issuance under the ESPP. The Company commenced its first purchase period under the ESPP on March 26, 2014 with a purchase price equal to the lesser of 85% of the fair market value of the common stock on the offering date and 85% of the fair market value of the common stock on the applicable purchase date. Offering periods are six months in duration and will end on or about May 15 and November 15 of each year, with the exception of the initial offering period, which commenced on March 26, 2014 and ended on November 14, 2014. Employees may contribute a

minimum of 1% and a maximum of 15% of their earnings. During the year ended December 31, 2015, employees purchased 272,836 shares under the ESPP at a price of $25.25 per share for the first

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offering period ending in 2015 and $15.71 per share for the second offering period ending in 2015 for total cash proceeds of $5.3 million.

Stock-Based Compensation

Stock-based compensation expense of $17.9 million, $11.0 million and $6.1 million was recognized for the years ended December 31, 2015, 2014 and 2013, respectively. Income tax benefit of $5.7 million, $2.0 million and $4.4 million was recognized relating to stock-based compensation expense for the years ended December 31, 2015, 2014 and 2013, respectively. The actual tax benefit realized from stock options exercised was $19.6 million, $13.5 million and $19.9 million for 2015, 2014 and 2013, respectively.

The fair value of stock-based awards is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Stock Option Assumptions	Year Ended December 31,		
	2015	2014	2013
Expected term (in years)	6.08	6.05	6.04
Expected volatility	39 %	58 %	48 %
Risk-free interest rate	1.73 %	1.80 %	1.26 %
Expected dividend yield	0 %	0 %	0 %

ESPP Assumptions	Year Ended December 31,		
	2015	2014	2013
Expected term (in years)	0.50	0.50	n/a
Expected volatility	34-76%	33-58%	n/a
Risk-free interest rate	0.07-0.33%	0.06-0.07%	n/a
Expected dividend yield	0 %	0 %	n/a

Stock-based compensation expense for stock-based awards made to the Company’s employees pursuant to the equity plans was as follows (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Cost of providing services	$4,244	$2,658	$1,193
Sales and marketing	4,490	2,755	1,284
General and administrative	7,501	4,517	3,220
Systems development and programming costs	1,688	1,030	416
	$17,923	$10,960	$6,113

Earnings per Share

Prior to its IPO, the Company’s basic and diluted earnings per share (EPS) were computed using the two-class method, an earnings allocation method that determines earnings per share for common stock and participating securities. Shares of convertible preferred stock are considered participating securities and are entitled to dividend, on a pro rata basis, upon redemption, as if these had been converted to common stock. The undistributed earnings are allocated between common stock and participating securities as if all earnings had been distributed during the period.

Basic EPS is calculated by taking net income, less earnings available to participating securities, divided by the basic weighted average common stock outstanding.

Diluted EPS is calculated using the more dilutive of the if-converted method and the two-class method. Because the preferred stock participates in dividends on a pro rata basis as if the shares had been converted, the diluted earnings per share are the same under both methods. The two-class method has been presented below.

The following table sets forth the computation of the Company's basic and diluted net income per share attributable to common stock (in thousands, except per share data):

	Year Ended December 31,		
	2015	2014	2013
Numerator (basic)			
Net income	$31,695	$15,497	$13,147
Less net income allocated to participating securities	—	(2,224)	(9,926)
Net income attributable to common stock	$31,695	$13,273	$3,221
Denominator (basic)			
Weighted average shares of common stock outstanding	70,228	56,161	12,353
Basic EPS	$0.45	$0.24	$0.26
Numerator (diluted)			
Net income	$31,695	$15,497	$13,147
Less net income allocated to participating securities	—	(2,114)	(9,303)
Net income attributable to common stock	$31,695	$13,383	$3,844
Denominator (diluted)			
Weighted average shares of common stock	70,228	56,161	12,353
Dilutive effect of stock options and restricted stock units	2,390	3,406	3,379
Weighted average shares of common stock outstanding	72,618	59,567	15,732
Diluted EPS	$0.44	$0.22	$0.24
Common stock equivalents excluded from income per diluted share because of their anti-dilutive effect	1,004	526	1,389

Special Dividend

In August 2013, the Board of Directors declared a special dividend of $5.88 per common-equivalent share for holders of record of the Company's preferred stock as of August 21, 2013, or a total of $223.6 million, and $5.88 per share for holders of record of the Company's common stock as of August 30, 2013, or a total of $87.1 million. These dividends were fully paid in August 2013 and September 2013. Dividends have also been declared to holders of restricted stock units at $5.88 per share, or a total of $0.1 million, and are payable as the restricted stock units vest.

In December 2013, the Board of Directors declared a special dividend of $0.88 per common-equivalent share for holders of record of the Company's preferred stock as of December 25, 2013, or a total of $33.3 million, and $0.88 per share for holders of record of the Company's common stock as of December 25, 2013, or a total of $13.4 million. These dividends were fully paid in December 2013. Dividends have also been declared to holders of restricted stock units at $0.88 per share and are payable as the restricted stock units vest.

As a result of the August 2013 special dividend and in accordance with the provisions of the 2009 Plan, the Company adjusted the exercise prices on all outstanding options downward by $5.88, exactly equal to the amount of the dividend, except in three instances in which: i) the exercise price was lower than $6.38, ii) the holder of the incentive stock option under the 2009 Plan did not consent to the adjustment when consent was required, or iii) the incentive stock option was under the 2000 Plan. For options that were priced lower than $6.38, the Company adjusted the exercise price to $0.50.

As a result of the December 2013 special dividend and in accordance with the provisions of the 2009 Plan, the Company adjusted the exercise prices on all outstanding options downward by $0.88, exactly equal to the amount of the dividend, except in three instances in which: i) the exercise price was lower than $1.38, ii) the holder of the incentive stock option under the 2009 Plan did not consent to the adjustment when consent was required, or iii) the incentive stock option was under the 2000 Plan. For options that were priced lower than $2.75, the Company adjusted the exercise price to $0.50.

No changes were made to the original option grant-date fair value for the purpose of recognizing ongoing stock-based compensation cost. No changes were made to nonvested restricted stock units.

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Stock Repurchases

In May 2014, the Board of Directors authorized a stock repurchase program that provided for the repurchase of up to $15 million of our outstanding common stock, with no expiration from the date of authorization. In November 2014, the Board of Directors authorized an additional $30 million stock repurchase program, with no expiration from the date of authorization. These stock repurchase programs are intended to offset dilution resulting from the issuance of shares under the Company's ESPP and upon exercise of stock options. During 2014, the Company repurchased 490,419 shares of outstanding common stock for $15 million.

On June 29, 2015, the Board of Directors approved a $50.0 million incremental increase to the Company's stock repurchase program. During the year ended December 31, 2015, the Company repurchased 1,895,625 shares of outstanding common stock for $48.4 million. Accordingly, as of December 31, 2015, a total of approximately $31.6 million remained available for further repurchases of the Company's common stock under the Company's stock repurchase program.

Stock Split

On March 7, 2014, the Company's board of directors and stockholders approved and effected an amendment to the amended and restated certificate of incorporation providing for a 2-for-1 stock split of the outstanding common stock, which has been retroactively adjusted for all periods presented.

NOTE 10. 401(k) PLAN

Under the Company's 401(k) plan, corporate participants may direct the investment of contributions to their accounts among certain investments. The Company matches individual employee 401(k) plan contributions at the rate of $0.50 for every dollar contributed by employees subject to a cap. The Company recorded matching contributions to the 401(k) plan of $4.6 million, $3.5 million, and $2.7 million during the years ended December 31, 2015, 2014, and 2013, respectively, which are reflected in various operating expense lines within the accompanying consolidated statements of operations.

The Company also maintains a multiple employer defined contribution plan, which covers WSEs for client companies electing to participate in the plan and for its internal staff employees. The Company contributes, on behalf of each participating client, varying amounts based on the clients' policies and serviced employee elections.

NOTE 11. INCOME TAXES

The Company is subject to income taxation in the United States and Canada. However, business is conducted primarily in the United States. The effective income tax rate differs from the statutory rate primarily due to state taxes, non-deductible stock-based compensation, and tax credits. The Company makes estimates and judgments about its future taxable income that are based on assumptions that are consistent with the Company's plans and estimates. Should the actual amounts differ from these estimates, the amount of the valuation allowance could be materially affected.

Income taxes are computed using the asset and liability method, under which deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Changes in valuation allowances are reflected as a component of provision for income taxes.

Significant components of the Company’s deferred tax assets and liabilities are as follows (in thousands):

	Year Ended December 31,	
	2015	2014
Deferred tax assets:		
Net operating losses (federal and state)	$2,508	$2,996
Accrued expenses	9,908	9,381
Accrued workers compensation costs	18,823	13,964
Stock-based compensation	4,643	2,508
Tax benefits relating to uncertain positions	29	20
Tax credits (federal and state)	6,272	9,865
Other	113	354
Total	42,296	39,088
Valuation allowance	(5,276)	(6,945)
Total deferred tax assets	37,020	32,143
Deferred tax liabilities:		
Depreciation and amortization	(3,277)	(10,643)
Deferred service revenues	(85,263)	(77,827)
Prepaid health plan expenses	(3,121)	(2,202)
Total deferred tax liabilities	(91,661)	(90,672)
Net non-current deferred tax liabilities	$(54,641)	$(58,529)

In November 2015, the FASB issued ASU 2015-17, Balance Sheet Classification of Deferred Taxes. The Company elected to early adopt and retrospectively apply the provisions of the amendment which resulted in reclassification of the previously reported current deferred tax liability of $65.7 million and noncurrent deferred tax asset of $7.2 million to net against the noncurrent deferred tax liability for a total noncurrent deferred tax liability of $58.5 million for 2014.

The deferred tax assets and liabilities presented above are classified in the accompanying consolidated balance sheets as follows (in thousands):

	Year Ended December 31,	
	2015	2014
Net current deferred tax liabilities	$—	$—
Net non-current deferred tax liabilities	(54,641)	(58,529)
Net current deferred tax assets	—	—
Net non-current deferred tax assets	—	—
Net deferred tax liabilities	$(54,641)	$(58,529)

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The provision for income taxes consists of the following (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Current:			
Federal	$9,189	$(31,111)	$11,319
Foreign	378	230	217
State	3,794	4,618	3,081
	13,361	(26,263)	14,617
Deferred:			
Federal	11,528	38,297	(5,659)
Foreign	(24)	—	—
State	320	2,951	(1,344)
Revaluation due to state legislative changes	3,130	2,594	323
	14,954	43,842	(6,680)
	$28,315	$17,579	$7,937

The U.S. federal statutory income tax rate reconciled to the Company's effective tax rate is as follows:

	Year Ended December 31,		
	2015	2014	2013
U.S. federal statutory tax rate	35.00 %	35.00 %	35.00 %
State income taxes, net of federal benefit	6.6	3.8	3.8
Tax rate change	5.2	7.8	1.5
Nondeductible transaction costs	—	0.9	—
Nondeductible meals, entertainment and penalties	3.3	4.3	4.1
Stock-based compensation	1.3	4.5	(0.1)
Uncertain tax positions	0.2	0.8	(2.3)
Tax credits	(2.2)	(3.6)	(4.3)
Other	(2.2)	(0.3)	(0.1)
	47.20 %	53.20 %	37.60 %

Our effective income tax rate decreased from 53.2% for 2014 to 47.2% for 2015. The decrease is primarily due to disqualifying dispositions on previously non-deductible stock-based compensation and tax credits offset in part by increased state taxes of 2.8% due to state legislative changes. Revaluation of deferred taxes due to state legislative changes resulted in discrete tax expense representing 5.2%, 7.8% and 1.5% of the effective tax rate for the years ended December 31, 2015, 2014 and 2013, respectively. The benefit in other tax expense of 2.2% is primarily attributable to adjustments to state net operating losses resulting from state legislative changes.

The Company records a valuation allowance to reduce reported deferred tax assets if, based on the weight of available evidence, both positive and negative, for each respective tax jurisdiction, it is more likely than not that some or all of the deferred tax assets will not be realized. The Company recorded a valuation allowance of $0.6 million and $1.9 million as of December 31, 2015 and 2014, respectively, related to certain federal and state net operating loss carryforwards that may not be utilized prior to expiration. The Company has federal and multiple state net operating loss carryforwards of approximately $0.1 million and $60.8 million, respectively, as of December 31, 2015. The federal net operating loss carryforward will begin expiring in 2031 and the state net operating loss carryforward will begin expiring in 2016. The Internal Revenue Code of 1986, as amended, imposes substantial restrictions on the utilization of net operating losses in the event of an "ownership change" of a corporation. Accordingly, a company's ability to use net operating losses may be limited as prescribed under Internal Revenue Code Section 382 ("IRC Section 382"). Events which may cause limitations in the amount of the net operating losses that the Company may use in any one year include, but are not limited to, a cumulative ownership change of more than 50% over a

three-year period. Due to the effects of historical equity issuances, the Company has determined that the future utilization of a portion of its net operating losses is limited annually pursuant to IRC Section 382. As of December 31, 2015, the Company has determined that a portion of its state net operating losses in the amount of $2.7 million, will expire because of the annual limitation.

The Company has excluded excess windfall tax benefits resulting from stock option exercises as components of the Company's gross deferred tax assets, as tax attributes related to such windfall tax benefits should not be recognized until they result in a reduction of taxes payable. The gross amount of unrealized net operating loss carryforwards for state resulting from stock option exercises was $14.1 million at December 31, 2015. When realized, excess windfall tax benefits are credited to additional paid-in capital. The provision for income taxes for the year ended December 31, 2015 included $20.7 million of excess tax benefit resulting from stock option exercises and net operating loss carryforward utilization. The Company follows the tax law ordering method to determine when such net operating loss carryforwards have been realized.

The Company has $6.5 million (net of federal benefit) state tax credit carryforwards available that will begin expiring in 2021, which are partially offset by a valuation allowance of $4.7 million and $5.0 million as of December 31, 2015 and 2014, respectively. Provision for income taxes for the years ended December 31, 2015 and 2014 included a tax benefit from operating loss carryforwards of $3.9 million and $24.3 million, respectively. The valuation allowance decreased by $1.7 million as of December 31, 2015. The valuation allowance increased by $1.8 million and $3.7 million as of December 31, 2014 and 2013, respectively.

The Company is subject to tax in U.S. federal and various state and local jurisdictions, as well as Canada. The Company is not subject to any material income tax examinations in federal or state jurisdictions for tax years beginning prior to January 1, 2011. The Company paid Notices of Proposed Assessments disallowing employment tax credits totaling $10.5 million in connection with the IRS examination of Gevity HR, Inc. and its subsidiaries, which was acquired by TriNet in June 2009. The Company plans to exhaust all administrative efforts to resolve this matter, however, it is likely that the matter will ultimately be resolved through litigation. With regard to these employment tax credits, the Company believes it is more likely than not that the Company will prevail. Therefore, no reserve has been recognized related to this matter.

As of December 31, 2015 and 2014, the total unrecognized tax benefits related to uncertain income tax positions, which would affect the effective tax rate if recognized, were $3.3 million and $3.2 million, respectively. As of December 31, 2015, the amount of the total unrecognized tax benefits for which it was reasonably possible such benefits could settle within the next year was de minimis.

A reconciliation of the beginning and ending amount of unrecognized tax benefits (excluding interest and penalties) is as follows (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Unrecognized tax benefits at January 1	$2,471	$2,300	$2,710
Additions for tax positions of prior periods	—	25	—
Additions for tax positions of current period	167	182	286
Reductions for tax positions of prior period:			
Settlements with taxing authorities	—	—	(406)
Lapse of applicable statute of limitations	—	—	(290)
Adjustments to tax positions	(20)	(36)	—
Unrecognized tax benefits at December 31	$2,618	$2,471	$2,300

The Company includes interest and penalties related to unrecognized tax benefits within the provision for income taxes. As of December 31, 2015 and December 31, 2014, the total amount of gross interest and penalties accrued was $0.8 million and $0.8 million, respectively. In connection with tax matters, the Company recognized de minimis interest and penalty expense related to its uncertain tax positions as a component of income tax expense in the accompanying consolidated statements of operations for the years ended December 31, 2015, 2014 and 2013, respectively.

The Company has not provided for U.S. federal income and foreign withholding taxes on its Canadian subsidiary's undistributed earnings of $2.6 million as of December 31, 2015, because the Company intends to reinvest such earnings

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indefinitely. Upon distribution of those earnings in the form of dividends or otherwise, the Company would be subject to U.S. income taxes (subject to an adjustment for foreign tax credits). Determining the unrecognized deferred tax liability related to the Company's investment in its Canadian subsidiary that are indefinitely reinvested is not practicable. We currently intend to indefinitely reinvest those earnings and other basis differences in operations outside the U.S.

NOTE 12. COMMITMENTS AND CONTINGENCIES
Lease Commitments
The Company leases office facilities, including its headquarters and other facilities, and equipment under non-cancelable operating leases. The Company also leases certain software and furniture, fixtures, and equipment under capital leases. The schedule of minimum future rental payments under non-cancelable operating and capital leases having initial terms in excess of one year at December 31, 2015, is as follows (in thousands):

	Capital Leases	Operating Leases
Year ending December 31:		
2016	$82	$11,882
2017	80	10,466
2018	65	9,606
2019	41	8,119
2020	—	7,643
Thereafter	—	2,607
Minimum lease payments	268	$50,323
Less current portion of minimum lease payments	(37)	
Less interest	(115)	
Long term portion of capital leases	$116	

The lease agreements generally provide for rental payments on a graduated basis and for options to renew, which could increase future minimum lease payments if exercised. The Company recognizes rent expense on a straight-line basis over the lease period and accrues for rent expense incurred but not paid. Rent expense for the years ended December 31, 2015, 2014 and 2013 was $12.9 million, $11.9 million and $9.9 million, respectively. Sublease income to be received under non-cancelable subleases for the years ending December 31, 2016 and 2017, is $0.3 million and de minimis, respectively.
Operating Covenants
To meet various states' licensing requirements and maintain accreditation by the Employer Services Assurance Corporation, the Company is subject to various minimum working capital and net worth requirements. As of December 31, 2015 and 2014, the Company believes it has fully complied in all material respects with all applicable state regulations regarding minimum net worth, working capital and all other financial and legal requirements. Further, the Company has maintained positive working capital throughout the period covered by the financial statements.
Contingencies
On or about August 7, 2015, Howard Welgus, a purported stockholder of the Company, filed a putative securities class action lawsuit arising under the Securities and Exchange Act of 1934 in the United States District Court for the Northern District of California. The case has not been certified as a class action, although it purports to be filed on behalf of purchasers of the Company's common stock between May 5, 2014 and August 3, 2015, inclusive. The name of the case is Welgus v. TriNet Group, Inc. et al., Case No. 3:15-cv-03625. No stockholder other than Mr. Welgus submitted a motion for appointment as lead plaintiff to represent the putative class, and, on December 3, 2015, the Court appointed Mr. Welgus as lead plaintiff. On February 1, 2016, Mr. Welgus filed an amended complaint. The defendants named in the case are the Company and certain of its officers and directors, as well as General Atlantic, LLC, a significant shareholder, and formerly majority shareholder, of the Company. The amended complaint generally alleges that the Company caused damage to stockholders of the Company by misrepresenting and/or failing

to disclose facts generally pertaining to alleged trends affecting health insurance and workers compensation claims. Under a stipulated briefing schedule approved by the Court, the Company intends to move to dismiss the amended complaint no later than April 11, 2016. The Company believes that it has meritorious defenses against this action and intends to continue to defend itself vigorously against the allegations of Mr. Welgus.

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The Company is and, from time to time, has been and may in the future become involved in various litigation matters, legal proceedings and claims arising in the ordinary course of its business, including disputes with its clients or various class action, collective action, representative action and other proceedings arising from the nature of its co-employment relationship with its clients and WSEs in which the Company is named as a defendant. In addition, due to the nature of the Company's co-employment relationship with its clients and WSEs, the Company could be subject to liability for federal and state law violations, even if the Company does not participate in such violations. While the Company's agreements with its clients contain indemnification provisions related to the conduct of its clients, the Company may not be able to avail itself of such provisions in every instance.
While the outcome of the matters described above cannot be predicted with certainty, management currently does not believe that any such claims or proceedings or the above mentioned securities class action will have a materially adverse effect on the Company's consolidated financial position, results of operations or cash flows. However, the unfavorable resolution of any particular matter or the Company's reassessment of its exposure for any of the above matters based on additional information obtained in the future could have a material impact on the Company's consolidated financial position, results of operations or cash flows. In addition, regardless of the outcome, the above matters, individually and in the aggregate, could have an adverse impact on the Company because of diversion of management resources and other factors.

NOTE 13. RELATED PARTY TRANSACTIONS
The Company enters into sales and purchases agreements with various companies that have a relationship with the Company's executive officers or members of the Company's board of directors. The relationships are typically an equity investment by the executive officer or board member in the customer / vendor company or the Company's executive officer or board member is a member of the customer / vendor company's board of directors. The Company has received \$6.1 million, \$3.9 million, and \$3.2 million in gross revenue from related parties during the years ended December 31, 2015, 2014 and 2013, respectively.
The Company has entered into various software license agreements with Oracle Corporation. H. Raymond Bingham, who is the Chairman of the Board of the Company, is also a director of Oracle Corporation. The Company paid Oracle Corporation \$4.1 million, \$5.9 million, and \$4.7 million during the years ended December 31, 2015, 2014 and 2013, for services it received, respectively.
Additionally, the company has entered into indemnity agreements with the directors and officers that provide, among other things, that TriNet will indemnify such officer or director, under the circumstances and to the extent provided for therein, for expenses, damages, judgments, fines and settlements he or she may be required to pay in actions or proceedings to which he or she is or may be made a party by reason of his or her position as a director, officer or other agent of TriNet, and otherwise to the fullest extent permitted under Delaware law and the Company's Bylaws.

NOTE 14. RESTRUCTURING COSTS
In 2011, the Company conducted reductions in force affecting approximately 11% of its workforce. The restructuring costs consist of severance and placement costs, lease termination costs and other exit costs. The activity and balance of the restructuring liability account excluding impairment charges is as follows (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Beginning balance	$644	$1,374	$2,200
Provision	—	—	—
Change in estimate	—	—	—
Payments	(644)	(730)	(826)
Ending Balance	$—	$644	$1,374

The restructuring liability account was included in other current liabilities in the accompanying consolidated balance sheets as of December 31, 2014.

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NOTE 15. QUARTERLY FINANCIAL DATA (UNAUDITED)

	Quarter ended			
	March 31	June 30	September 30	December 31
2015				
Total revenues	$625,578	$640,007	$668,008	$725,695
Insurance costs	$483,203	$517,994	$534,481	$576,698
Operating income	$31,041	$5,985	$11,682	$29,609
Net income (loss)	$15,811	$(1,308)	$3,097	$14,095
Basic net income (loss) per share	$0.23	$(0.02)	$0.04	$0.20
Diluted net income (loss) per share	$0.22	$(0.02)	$0.04	$0.20
2014				
Total revenues	$508,912	$525,006	$555,951	$603,662
Insurance costs	$381,157	$400,195	$428,184	$476,779
Operating income	$25,277	$20,029	$21,246	$20,239
Net income	$1,540	$6,221	$725 (1)	$7,011
Basic net income per share	$0.03	$0.09	$0.01	$0.10
Diluted net income per share	$0.03	$0.09	$0.01	$0.10

(1) Included in the results of the third quarter of 2014 is the write-off of debt issuance costs and pre-payment premium as a result of the Company’s amended and restated first lien credit facility. Please read Note 8, “Notes Payable and Borrowings Under Capital Leases,” for additional information.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.
None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2015. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Based on the evaluation of our disclosure controls and procedures as of December 31, 2015, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were not effective as a result of the material weaknesses in our internal control over financial reporting described below.

However, giving full consideration to these weaknesses, and the additional analyses and other procedures we performed to ensure that our consolidated financial statements included in this Annual Report on Form 10-K were prepared in accordance with U.S. generally accepted accounting principles (GAAP), our management has concluded that our consolidated financial statements present fairly, in all material respects, our financial position, results of operations and cash flows for the periods disclosed in conformity with GAAP.

Management’s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with GAAP. Internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures are being made only in accordance with appropriate authorizations; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

Because of its inherent limitations, a system of internal control over financial reporting 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 and that the degree of compliance with the policies or procedures may deteriorate.

Our management conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria established in “Internal Control - Integrated Framework” (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that assessment, our management has concluded that our internal control over financial reporting as of December 31, 2015 was not effective due to the material weaknesses described below. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Ernst & Young LLP, an independent registered public accounting firm, has audited our internal control over financial reporting, as stated in their report dated March [15], 2016, which is included in this Annual Report on Form 10-K.

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Ineffective information technology (IT) general controls

Our management determined that several control deficiencies aggregating to a material weakness exist related to the design and operating effectiveness of our IT general controls (ITGCs) for certain of our key information systems, including our enterprise resource planning (ERP) systems and payroll systems, that are relevant to the preparation of our consolidated financial statements and system of internal control over financial reporting. In addition, these deficiencies also impact the ability to rely on related interfaces, application controls and reports generated by the systems with ineffective ITGCs. The ineffective design and operation of our ITGCs impacts all of our significant financial statement accounts and disclosures. The deficiencies related to the design and operating effectiveness of our ITGCs fell into the three main categories listed below:

- Computer Operations

Design and operating effectiveness of our system of controls related to the monitoring of batch processing and system interfaces to ensure the completeness and accuracy of data movement involving our ERP system and certain payroll systems that process revenue transactions were identified as having deficiencies.

- Access Controls

Design and operating effectiveness of our controls to ensure that access to applications and data were adequately restricted to appropriate personnel were identified as having deficiencies. These deficiencies impact a number of our systems that process internal and revenue-generating payroll transactions, fixed assets, stock option and restricted stock unit information, procurement authorizations, insurance expenses, insurance reserves and payroll taxes.

- Change Management

Design and operating effectiveness of controls to monitor program change management procedures, including monitoring the activities of individuals who have authority and have been granted access to make changes to programs, were identified as having deficiencies. These deficiencies impacted systems that process procurement authorizations and accumulate claims data that is utilized to estimate worker’s compensation liabilities.

Ineffective control environment and risk assessment

Our management determined that a material weakness exists due to a lack of a sufficient complement of personnel with an appropriate level of knowledge, experience and training commensurate with our structure, internal control, and financial reporting requirements. Additionally, we did not have an adequate process in place to complete our testing and assessment of the design and operating effectiveness of internal control over financial reporting in a timely manner.

Ineffective management review controls and controls over system-generated reports

Our management determined that several control deficiencies aggregating to a material weakness exist related to the design and operating effectiveness of our controls to ensure that key spreadsheets and system-generated reports were properly reviewed for completeness and accuracy. For certain management review controls, controls verifying the accuracy of underlying data used to perform these reviews were not performed or adequately documented. In addition, certain management review controls were not performed at a sufficiently precise level to identify errors that could aggregate to a material misstatement of the financial statements. These deficiencies impact substantially all of our significant financial statement accounts.

Ineffective controls over payroll operations

Our management determined that several control deficiencies aggregating to a material weakness exist related to the design and operating effectiveness of our controls over the accuracy of certain information that we manually input into the payroll systems and that is used in the processing of payroll for customers. Manually input information includes contractual terms, bill rates, benefit elections and other wage data. Controls identified to prevent or detect inappropriate changes to payroll information and resolve payroll processing errors were not effectively designed to detect material errors. Additionally, management identified deficiencies related to the design and operating effectiveness of controls over the reconciliation of benefit enrollment data between the Company’s payroll systems and

the insurance carriers’ records. The deficiencies impact amounts recorded as professional and insurance service revenues, operating expenses, accrued corporate wages, and worksite employee related assets and liabilities.

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Ineffective controls over health and workers compensation liabilities and related expenses

Our management determined that several control deficiencies aggregating to a material weakness exist related to the design and operating effectiveness of our controls to validate the completeness and accuracy of data utilized in calculating health and workers compensation liabilities and related expenses, including premium expenses and administrative fees. Data utilized includes enrollment counts, cost rates, wage data, claim counts and incurred and paid claim amounts. Certain reconciliations of claim payments per the Company's actuarial analyses to actual amounts paid were not operating effectively. Additionally, controls over the review of health premium expenses did not operate at a level of precision that would detect material errors. These deficiencies impact insurance costs, workers compensation receivables, workers compensation liabilities, and worksite employee related assets and liabilities.

Ineffective controls over validating accuracy of payroll tax liabilities

Our management determined that several control deficiencies aggregating to a material weakness exist related to the design and operating effectiveness of our controls to validate the accuracy and completeness of tax rates input into our payroll systems, including reconciliation to the general ledger of the payroll taxes payable account at a sufficient level of detail. In addition, due to the ineffective ITGCs over the system that calculates payroll tax withholdings, compensating controls identified are not sufficiently precise to prevent or detect errors in the amounts recorded as payroll tax liabilities for internal employees and WSEs.

Ineffective authorization controls over procurement processes

Our management determined that a material weakness exists related to the design and operating effectiveness of our controls over the initial set up and changes to designated approvers over corporate purchases, including purchasing card limits, expense reimbursements or approving new vendors added to the procurement system.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
The Board of Directors and Stockholders of
TriNet Group, Inc. and Subsidiaries

We have audited TriNet Group, Inc. and Subsidiaries' internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the COSO criteria). TriNet Group, Inc. and Subsidiaries management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

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

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

Because of its inherent limitations, internal control over financial reporting 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 that the degree of compliance with the policies or procedures may deteriorate.

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

- Ineffective information technology (IT) general controls
- Ineffective control environment and risk assessment
- Ineffective management review controls and controls over system-generated reports
- Ineffective controls over payroll operations
- Ineffective controls over health and workers compensation liabilities and related expenses
- Ineffective controls over validating accuracy of payroll tax liabilities
- Ineffective authorization controls over procurement processes

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the 2015 consolidated financial statements. These material weaknesses were considered in determining the nature, timing and extent of audit tests applied in our audit of the 2015 financial statements, and this report does not affect our report dated March 31, 2016 which expressed an unqualified opinion on those financial statements.

In our opinion, because of the effect of the material weaknesses described above on the achievement of the objectives of the control criteria, TriNet Group, Inc. and Subsidiaries has not maintained effective internal control over financial

reporting as of December 31, 2015, based on the COSO criteria.
/s/ Ernst & Young LLP
San Francisco, California
March 31, 2016

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Additional Analyses and Procedures and Remediation Plan

As a result of the material weaknesses described above, we performed additional analyses and other procedures in order to prepare the financial statements included in this Annual Report on Form 10-K. While the material weaknesses described above create a reasonable possibility that an error in financial reporting may go undetected, after extensive review and the performance of additional analysis and other procedures, no material adjustments, restatement or other revisions to our previously issued financial statements were required.

In addition, we are taking specific steps, as further described below, to remediate the material weaknesses identified by management and described in greater detail in the preceding section. Although we intend to complete the remediation process with respect to these material weaknesses as quickly as possible, we cannot at this time estimate how long it will take, and our remediation plan may not prove to be successful.

With respect to the remediation of our ineffective IT general controls, we are taking a number of steps, which include, but are not limited to:

- designing, adopting or implementing IT governance policies, procedures and general controls across all technology platforms;
- improving the design and operation of control activities and procedures associated with monitoring of batch processing and system interfaces to ensure the completeness and accuracy of data movement;
- establishing a more comprehensive review and approval process for authorizing user access to IT systems , including both preventive and detective control activities;
- improving the design and operation of program change management control activities such as change management control setting configurations across the affected IT systems, including tracking of access and history of change; and
- augmenting and hiring additional IT resources and professionals.

We are also working to integrate our technology platforms and ERP systems to reduce the number of redundant business processes. For example, we completed the integration of our Ambrose technology platform as of February 29, 2016 and we currently expect to complete the integration of our Accord technology platform by the end of 2016.

With respect to the remediation in other areas, we are taking a number of steps, which include, but are not limited to:

- defining and assessing the control deficiency for each of the material weaknesses to ensure a thorough understanding of the “as-is” state, identify relevant process owners, and define and address gaps in the control deficiency;
- designing and evaluating a remediation plan for each of the material weaknesses to validate or improve the related policy and procedures, assess and improve skills of the process owners with regards to the policy and make necessary adjustments as required;
- implementing the remediation plan for each of the material weaknesses and training process owners, evaluating process adoption and monitoring results;
- testing and measuring the design and effectiveness of the remediation plan, and the updated controls;
- management review and acceptance of the remediation effort; and
- augmenting and hiring additional accounting, actuarial, finance and internal audit resources and professionals.

We believe that the foregoing efforts will effectively remediate the material weaknesses identified above. Because the reliability of the internal control process requires repeatable execution, the successful remediation of these material weaknesses will require review and evidence of effectiveness prior to concluding that the controls are effective and there is no assurance that additional remediation steps will not be necessary. As such, as we continue to evaluate and work to improve our internal control over financial reporting, our management may decide to take additional measures to address the material weaknesses or modify the remediation steps described above. As noted above, although we plan to complete the remediation process as quickly as possible, we cannot at this time estimate how long it will take, and our initiatives may not prove to be successful. Accordingly, until these weaknesses are remediated, we plan to perform additional analyses and other procedures to ensure that our consolidated financial statements are prepared in accordance with GAAP.

Changes in Internal Control Over Financial Reporting

Other than the identification of the material weaknesses described above, there were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended December 31, 2015, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.
Information required by this item is incorporated by reference to TriNet Group Inc.'s Proxy Statement for its 2016 Annual Meeting of Shareholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2015.

Item 11. Executive Compensation.
Information required by this item is incorporated by reference to TriNet Group Inc.'s Proxy Statement for its 2016 Annual Meeting of Shareholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2015.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.
Information required by this item is incorporated by reference to TriNet Group Inc.'s Proxy Statement for its 2016 Annual Meeting of Shareholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2015.

Item 13. Certain Relationships and Related Transactions, and Director Independence.
Information required by this item is incorporated by reference to TriNet Group Inc.'s Proxy Statement for its 2016 Annual Meeting of Shareholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2015.

Item 14. Principal Accounting Fees and Services.
Information required by this item is incorporated by reference to TriNet Group Inc.'s Proxy Statement for its 2016 Annual Meeting of Shareholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2015.

PART IV

Item 15. Exhibits, Financial Statement Schedules.
(a) The following documents are filed as a part of the report:
(1) The financial statements filed as part of this report are listed in the "Index to Financial Statements" under Part II, Item 8 of this report.
(2) Financial statement schedules.

SCHEDULE II-VALUATION AND QUALIFYING ACCOUNTS

(in thousands)	Balance at Beginning of Period	Credited/ Charged to Net Income	Balance Acquired	Charges Utilized/ Write-Offs	Balance at End of Period
Allowances for Doubtful Accounts and Authorized Credits					
Year ended December 31, 2015	$388	$2,085	$—	$(1,315)	$1,158
Year ended December 31, 2014	$865	$947	$—	$(1,424)	$388
Year ended December 31, 2013	$819	$839	$—	$(793)	$865
Tax Valuation Allowance					
Year ended December 31, 2015	$6,945	$—	$—	$(1,669)	$5,276
Year ended December 31, 2014	$5,194	$1,751	$—	$—	$6,945
Year ended December 31, 2013	$1,547	$2,451	$1,196	$—	$5,194

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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, in the City of San Leandro, State of California, on the 31st day of March, 2016.

TRINET GROUP, INC.

Date: March 31, 2016

By: /s/ Burton M. Goldfield
Burton M. Goldfield
Chief Executive Officer

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Burton M. Goldfield, William Porter and Brady Mickelsen, and each of them, as his true and lawful attorneys-in-fact and agents, each with the full power of substitution, for him and in his name, place or stead, in any and all capacities, to sign any amendments to this report and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that any of said attorneys-in-fact and agents, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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

Signature	Title	Date
/s/ BURTON M. GOLDFIELD Burton M. Goldfield	Chief Executive Officer (principal executive officer)	March 31, 2016
/s/ WILLIAM PORTER William Porter	Chief Financial Officer (principal financial and accounting officer)	March 31, 2016
/s/ Katherine August-deWilde Katherine August-deWilde	Director	March 31, 2016
/s/ Martin Babinec Martin Babinec	Director	March 31, 2016
/s/ H. Raymond Bingham H. Raymond Bingham	Director	March 31, 2016
/s/ Paul Chamberlain Paul Chamberlain	Director	March 31, 2016
/s/ Kenneth Goldman Kenneth Goldman	Director	March 31, 2016
/s/ David C. Hodgson David C. Hodgson	Director	March 31, 2016
/s/ John H. Kispert John H. Kispert	Director	March 31, 2016
/s/ Wayne B. Lowell Wayne B. Lowell	Director	March 31, 2016

EXHIBIT INDEX

Exhibit No.	Description of Exhibit	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing	
2.1	Equity Purchase Agreement by and among TriNet Group, Inc., Ambrose Employer Group, LLC and Gregory Slamowitz, John Iorillo and Marc Dwek, dated July 1, 2013.	S-1	333-192465	2.1	11/21/2013	
2.2	Agreement and Plan of Merger by and among TriNet Group, Inc., Champ Acquisition Corporation, SOI Holdings, Inc. and SOI Stockholder Representative, LLC, dated August 24, 2012.	S-1	333-192465	2.2	11/21/2013	
3.1	Amended and Restated Certificate of Incorporation of TriNet Group, Inc.	8-K	001-36373	3.1	4/1/2014	
3.2	Amended and Restated Bylaws of TriNet Group, Inc.	S-1/A	333-192465	3.4	3/4/2014	
4.1	Amended and Restated Registration Rights Agreement, by and among TriNet Group, Inc., GA TriNet LLC and HR Acquisitions, LLC, dated June 1, 2009.	S-1	333-192465	4.2	11/21/2013	
10.1*	Amended and Restated 2000 Equity Incentive Plan.	S-1	333-192465	10.1	11/21/2013	
10.2*	Forms of Option Agreement and Option Grant Notice under the Amended and Restated 2000 Equity Incentive Plan.	S-1	333-192465	10.2	11/21/2013	
10.3*	Amended and Restated 2009 Equity Incentive Plan.	S-1/A	333-192465	10.3	3/14/2014	
10.4*	Form of Performance-Based Restricted Stock Unit Award Agreement and Performance-Based Restricted Stock Unit Grant Notice under the Amended and Restated 2009 Equity Incentive Plan.	10-Q	001-36373	10.X	5/8/2015	
10.5*	Form of Option Agreement and Option Grant Notice under the Amended and Restated 2009 Equity Incentive Plan.	S-1/A	333-192465	10.4	3/4/2014	
10.6*	Form of Restricted Stock Unit Agreement and Restricted Stock Unit Award Notice under the	S-1/A	333-192465	10.6	3/4/2014	

	Amended and Restated 2009 Equity Incentive Plan.					
10.7*	2014 Employee Stock Purchase Plan.	S-1/A	333-192465	10.7	3/14/2014	
10.8*	2015 Executive Bonus Plan.	8-K	001-36373	N/A	3/11/2015	
10.9*	Amended and Restated Non-Employee Director Compensation Policy.	DEF 14A	001-36373	N/A	4/2/2015	
10.10*	Severance Benefit Plan.					X
10.11*	Form of Indemnification Agreement made by and between TriNet Group, Inc. and each of its directors and executive officers.	S-1/A	333-192465	10.8	3/4/2014	
10.12*	Employment Agreement, dated November 9, 2009, between Burton M. Goldfield and TriNet Group, Inc.	S-1/A	333-192465	10.9	2/13/2014	
10.13*	Letter Agreement, dated June 22, 2015, between Gregory Hammond and TriNet Group, Inc.	10-Q	001-36373	10.1	8/6/2015	

Exhibit No.	Description of Exhibit	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing	
10.14*	Employment Agreement, dated November 9, 2009, between Gregory Hammond and TriNet Group, Inc.	S-1/A	333-192465	10.10	2/13/2014	
10.15*	Employment Agreement, dated August 23, 2010, between William Porter and TriNet Group, Inc.	S-1/A	333-192465	10.11	2/13/2014	
10.16*	Employment Agreement, dated March 5, 2012, between John Turner and TriNet Group, Inc.	S-1/A	333-192465	10.12	2/13/2014	
10.17*	Employment Agreement, dated May 8, 2015, between Brady Mickelsen and TriNet Group, Inc.	10-Q	001-36373	10.2	08/06/2015	
10.18*	Amended and Restated First Lien Credit Agreement, dated as of August 20, 2013, as amended and restated as of July 9, 2014, among TriNet HR Corporation, as borrower, TriNet Group, Inc., the lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as administrative agent.	8-K	001-36373	10.1	7/10/2014	
10.19	Creekside Plaza Office Lease between Creekside Associates, LLC and TriNet Group, Inc., dated April 24, 2001.	S-1	333-192465	10.15	11/21/2013	
10.20	First Amendment to Creekside Plaza Office Lease between Creekside Associates, LLC and TriNet Group, Inc., dated June 21, 2012.	S-1	333-192465	10.16	11/21/2013	
21.1	List of Subsidiaries.					X
23.1	Consent of Ernst & Young LLP, independent registered public accounting firm.					X
24.1	Power of Attorney (included on the signature page of this report).					
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the					X

	Sarbanes-Oxley Act of 2002.	
32.1**	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X
101.INS	XBRL Instance Document.	X
101.SCH	XBRL Taxonomy Extension Schema Document.	X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.	X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	X

* Constitutes a management contract or compensatory plan or arrangement.

** Document has been furnished, is deemed not filed and is not to be incorporated by reference into any of the Company's filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, irrespective of any general incorporation language contained in any such filing.

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