VERITEC INC
Form 10-K
June 26, 2015

U. S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-K

(Mark one)

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

For the fiscal year ended June 30, 2013

or

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

For the transition period from _ to _

Commission File No. 0-15113

VERITEC, INC.

(Exact Name of Registrant as Specified in its Charter)

Nevada	95-3954373

(State or Other Jurisdiction of	(IRS Employer
Incorporation or Organization)	Identification No.)
2445 Winnetka Avenue N. Golden Valley, MN (Address of principal executive offices)	55427 (Zip Code)
Registrant's Telephone Number, Including Area Code:	763-253-2670
Securities registered under Section 12(b) of the Act:	None
Securities registered under Section 12(g) of the Act:	Common stock, $.01 par value (Title of Class)

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

Yes No

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

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

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

Large accelerated filer	Accelerated filer	Non-accelerated filer (Do not check if a smaller reporting company)	Smaller Reporting Company

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

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

Yes No

The aggregate market value of the common stock of the registrant held by non-affiliates, computed by reference to the average bid price of the common stock on December 31, 2012, was $467,996.

Number of shares outstanding as of June 30, 2013 was: 15,920,088.

VERITEC, INC.

FORM 10-K

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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PART I

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (“Annual Report”), the other reports, statements, and information that we have previously filed or that we may subsequently file with the Securities and Exchange Commission (“SEC”) and public announcements that we have previously made or may subsequently make include, may include, incorporate by reference or may incorporate by reference certain statements that may be deemed to be forward-looking statements. The forward-looking statements included or incorporated by reference in this Annual Report and those reports, statements, information and announcements address activities, events or developments that Veritec, Inc. (together with its subsidiaries hereinafter referred to as “we,” “us,” “our”, the "Company" or “Veritec”) expects or anticipates will or may occur in the future. Any statements in this document about expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and are forward-looking statements. These statements are often, but not always, made through the use of words or phrases such as “may,” “should,” “could,” “predict,” “potential,” “believe,” “ likely result,” “expect,” “will continue,” “anticipate,” “seek,” “estimate,” “intend,” “plan,” “projection,” “would” and “outlook expressions. Accordingly, these statements involve estimates, assumptions and uncertainties, which could cause actual results to differ materially from those expressed in them. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this document. All forward-looking statements concerning economic conditions, rates of growth, rates of income or values as may be included in this document are based on information available to us on the dates noted, and we assume no obligation to update any such forward-looking statements.

ITEM 1. BUSINESS

Summary

The Company is primarily engaged in the development, marketing, sales and licensing of products and rendering of professional services related thereto in the following two fields of technology: (1) proprietary two-dimensional matrix symbology (also commonly referred to as “two-dimensional barcodes” or “2D barcodes”), and (2) mobile banking prepaid debit card solutions.

In this Form 10-K, the Company's two-dimensional matrix symbology technology will hereafter be referred to as the Company's "Barcode Technology", and the Company's mobile software banking technology will hereafter be referred to as its "Mobile Banking Technology". The Mobile Banking Technology is used to offer Prepaid Card Programs to sponsor banks and approved applicants/cardholders. These programs may also be referred to as the MTC™ card or the Blinx ON-OFF™ Prepaid Card programs.

Company History

Veritec, Inc. was incorporated in the State of Nevada on September 8, 1982 for the purpose of development, marketing and sales of a line of microprocessor based encoding and decoding system products that utilize matrix symbology technology, a two-dimensional barcode technology originally invented by the founders of Veritec under United States patents 4,924,078, 5,331,176, 5,612,524 and 7,159,780.

In 1995, an involuntary proceeding under Chapter 7 of the United States Bankruptcy Code was commenced against Veritec. The proceeding was subsequently converted to a Chapter 11 proceeding and a plan of reorganization was confirmed on April 23, 1997. The Chapter 11 plan was successfully completed and the proceeding was closed on October 13, 1999.

In November 2003, Veritec formed a wholly owned subsidiary, Vcode, Inc., to which it assigned its United States patents 4,924,078, 5,331,176 and 5,612,524, together with all corresponding patent applications, foreign patents, foreign patent applications, and all continuations, continuations in part, divisions, extensions, renewals, reissues and re-examinations. Vcode in turn entered into an Exclusive License Agreement with VData LLC (VData), an Illinois limited liability company unrelated to Veritec. The purpose of the incorporation of Vcode and the Exclusive Licensing Agreement was to allow VData to pursue enforcement and licensing of the patents against parties who wrongfully exploit the technology of such patents.

VData is the wholly owned subsidiary of Acacia Research Corporation (NASDAQ: ACTG). The Exclusive License Agreement provided that all expenses related to the enforcement and licensing of the patents will be the responsibility of VData, with the parties sharing in the net proceeds, as specified under the terms of the agreement, arising from enforcement or licensing of the patents. In November 2008, VData and Vcode mutually agreed to terminate the Exclusive License Agreement between the two companies. As a result of the termination of the Exclusive License Agreement and conclusion of all lawsuits and enforcement activities by VData, infringement revenue has ceased.

In February 2005, an adverse ruling was made in the arbitration proceeding against Veritec in favor of Mitsubishi. This ruling compelled Veritec to file a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court (Bankruptcy Court) for the District of Minnesota on February 28, 2005. After reaching an agreement with Mitsubishi and other creditors, in April 2006, Veritec's Third Amended Plan of Reorganization was confirmed by the Bankruptcy Court. On August 8, 2006, the Bankruptcy Court entered an Order and Final Decree and closed the Chapter 11 case. In connection with the settlement with Mitsubishi, Veritec obtained a license to certain Mitsubishi EDAC technology and Veritec granted Mitsubishi a license to Veritec's proprietary

VeriCode® Barcode Technology software.

Pursuant to an April 27, 2007 agreement between Veritec and RBA International, Inc. (“RBA”), Veritec acquired from RBA the source code, documentation and software to RBA’s Java and IVR software (used for the RBA banking system). In furtherance of such agreement, RBA granted Veritec a perpetual royalty-free non-exclusive worldwide license to use, modify and distribute such software, without restriction, to any existing or future customers. Veritec’s development under this license, as well as Veritec’s independent development of its own mobile banking applications and components, and integration of such items comprises Veritec’s Mobile Banking Technology.

On January 12, 2009, Veritec formed a wholly owned subsidiary, Veritec Financial Systems, Inc., a Delaware corporation, to bring its Mobile Banking Technology, products and related professional services to market. In May 2009 Veritec was registered by Security First Bank in Visa’s Third Party Registration Program as a Cardholder Independent Sales Organization and Third-Party Servicer. As a Cardholder Independent Sales Organization, Veritec was able to promote and sell Visa branded card programs. As a Third-Party Servicer, Veritec provided back-end cardholder transaction processing services for Visa branded card programs on behalf of Security First Bank. As of October 2010 the Company’s registration with Security First Bank terminated. As of April 2011, the Company signed an ISO and processor agreement with Palm Desert National Bank (which was later assigned to First California Bank) to market and process the Company’s Visa branded card program on behalf of the bank. On August 8, 2014 Veritec signed a letter of intent to purchase all assets of Tangible Payments System LLC, With Veritec’s purchase of Tangible’s payment processing software solutions, Veritec is uniquely positioned for growth and expansion into an open market.

The program was implemented at First California Bank (FCB) in June, 2011. The blinx On-Off brand was introduced as part of the implementation, at FCB. Going forward, accounts would be issued as blinx ON-OFF™ branded cards under First California Bank. In 2013 First California Bank was acquired by Pacific Western Bank (PWB) in its entirety. PWB decided to exit the Prepaid Card sponsorship business and notified all of its Prepaid Card Program Managers, including (Veritec) that their bank sponsorship agreements were terminated and the programs would be closed by the end of 2013. PWB provided Veritec several references to banks that were interested in sponsoring Prepaid Card programs such as Veritec’s blinx ON-OFF™ program including Central Bank of Kansas City (CBKC). Veritec entered into discussions with CBKC about sponsoring the Veritec program and a sponsorship agreement was reached between Veritec and CBKC in October 2013. The Visa and First Data Payment Networks approved the bank sponsorship change in November, 2013. Unexpected regulatory delays to the transfer process caused PWB to extend the program closure date to February 28, 2014. The transfer and transition of the blinx ON-OFF™ Prepaid Card program from PWB to CBKC was completed on February 5, 2014. The Veritec blinx ON-OFF™ Prepaid Card Program became live at CBKC on that date.

The Veritec Prepaid Card Program provides full services to the sponsor bank. These services include program management, promotion and marketing, application processing, account activation, compliance management, fraud monitoring, accounts reconciliation and dispute resolution. Veritec provides cardholders with automated and live agent customer service, full disclosures, an online account management portal, monthly statements, convenient deposit options, global access to PIN and Signature transactions, and, ATM withdrawals through the Visa and First Data/Star Networks.

On September 30, 2014, Veritec ("Buyer"), and Tangible Payments LLC ("Seller"), a Maryland Limited Liability Company, entered into an Asset Purchase Agreement (the "Asset Purchase Agreement") pursuant to which Veritec

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acquired certain assets and liabilities of the Tangible Payments LLC. As part of the Asset Purchase Agreement, Timothy Spear, the President of Tangible Payments LLC, entered into employment agreement with Veritec. The employment agreement makes Timothy Spear a principal officer in the Veritec Company.

The purchase price for the acquisition was comprised of 250,000 shares of restricted stock of Veritec valued at $37,500, issuable upon closing, and an earnout payment of $155,000. The earnout payment is payable on a monthly basis from the net profits derived from the acquired assets commencing three months after the closing. The earnout payment is accelerated and the balance of the earnout payment shall be due in full at such time as Veritec receives equity investments aggregating $1.3 million.

Our Products and Solutions

I. Barcode Technology

Based on our proprietary Barcode Technology, we developed and are marketing the following main products:

(a) Product Identification: The VeriCode®

Our principal licensed product to date that contains our VeriCode® barcode technology has been a Product Identification system for identification and tracking of manufactured parts, components and products. This technology has been licensed by the Company to manufacturers in the LCD screen manufacturing industry for many years. Licensing revenue for this product has come from the Asia-Pacific region.

The VeriCode® symbol is a two-dimensional high data density machine-readable symbol that can contain up to approximately 500 bytes of data. The VeriCode® symbol is based on a matrix pattern. The matrix is made up of data cells, which are light and dark contrasting squares. This part of the symbol looks like a scrambled chessboard. The matrix is enclosed within at least one or more solid lines and/or a solid border. Surrounding the solid border is a quiet zone of empty cells. This simple structure is the basis for the space efficiency of the symbol.

The size of the VeriCode® symbol is variable and can be increased or decreased depending on application requirements. The symbol can be configured to fit virtually any space. The data capacity of the symbol is also variable. By using a greater or smaller number of data cells, more or less information can be stored in the symbol.

Special orientation for reading the symbol is not necessary. The VeriCode® symbol can be read at high degrees of angularity from vertical, in any direction relative to the reader. Veritec's symbology and reading software presently employs Error Detection and Correction (EDAC) technology of our own design. That means if a symbol is partially damaged or obscured, the complete data set stored in the symbol might be recovered. EDAC lowers the symbol's data capacity, but it can permit data recovery if up to 25% of the symbol is damaged. With EDAC, the code will return either accurate information or no information, but it will not return false or wrong information.

The VeriCode® symbol offers high degrees of security and the level of this security can be specified depending on the user's requirements. For any specific application or organization, a unique encryption algorithm can be created so that only authorized persons can create or read a VeriCode® symbol within the user's application.

The VeriCode® symbol can hold any form of binary information that can be digitized including numbers, letters, images and the minutia for biometric information to the extent of its data storage capacity.

(b) Secure Bio-ID Cards: The VSCode®

The VSCode® is a derivative of the VeriCode® symbol with the ability to encrypt a greater amount of data by increasing data density. The VSCode® is a data storage "container" that offers a high degree of security and which can also be tailored to the application requirements of the user. The VSCode® symbol can hold any form of binary information that can be digitized, including numbers, letters, images, photos, graphics, and the minutia for biometric information, including fingerprints and facial image data, to the extent of its data storage capacity, that are likewise limited by the resolution of the marking and reading devices employed by the user. VSCode® is ideal for secure identification documents (such as national identification cards, drivers licenses, voter registration cards), financial cards, medical

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records and other high security applications. Because the code may be encrypted on the card it can be an independent portable database containing non-duplicative information that is unique to the individual owner of the data or account information and/or the data can be verified through a central database while maintaining high security for the card issuer without the need of a PIN.

Secure Bio-ID cards contain the cardholder's picture, fingerprint minutia and other pertinent data that can be produced in either a soft or hard card material. In fiscal 2008, the Company sold its first ID card printing system to an Indian tribe living in the U.S. that frequently crosses the U.S./Canadian border. The card printing system, which produces the ID card inclusive of the individual's picture and Veritec's VSCode®, allows the Indian tribe to produce identification cards that enable them to enroll tribal members and their descendants. The ID card includes the individual's personal information and fingerprint, and can also store their facial image, all of which is stored inside the VSCode® in about the size of a postage stamp.

The FCR-100 is a compact fingerprint and card reader used to read and decode the VSCode® symbol and can be modified to meet specific application needs. The FCR-100 can be designed to work on most PC based operating systems, including the full suite of Windows® operating systems. This allows the operating system to function with the many different types of VSCode® applications such as bankcards, access control, personnel identification, border control, and hospital identification cards. The FCR–100 is connected and powered by a USB cable connection to a PC or server. The FCR-100 can be utilized with wireless applications and will allow multiple reading stations to be connected to a single computer.

Our VeriSuite™ card enrollment system was released in July 2009. The VeriSuite™ system is a user friendly and cost effective solution that gives governments and businesses the ability to provide cardholders with an identity card containing Veritec's VSCode®. The VSCode® may have multiple encryption layers and the symbol has enough capacity to store personal data, fingerprint and/or facial image data, and other identifying information utilizing Veritec's custom templates for each card type. The VeriSuite™ system includes the system software, facial image camera, fingerprint sensor, card reader, and an optional electronic signature pad. The system components are adaptable to be compliant with applicable government identity and financial card standards. The system supports magnetic stripe encoding for numerous applications including: financial cards, rewards programs, internal financial transactions (i.e. school lunch programs), and track three rewritable agency functions. It can also enable identity cards to link to Veritec's unique real time, web based, PCI compliant processing capabilities to empower card issuers with Veritec's sophisticated closed looped debit payment card infrastructure. The VeriSuite™ system provides secure Bio-ID Cards such as citizen identification, employee cards, health benefit cards, border control cards, financial cards, and more.

II. Mobile Banking Technology

The Company believes that its Mobile Banking Technology platform and its blinx On-Off™ debit card Program is a significant advance in mobile banking and close loop/open loop debit technology and is capable of bringing significant value to card issuing and sponsoring organizations, whether they be commercial or government.

(a) MTC™ Debit Card - Visa® Prepaid Card Programs

In the fourth quarter of fiscal 2009, the Company announced the release of its Mobile Toggle Card (MTC™) Program on the Company's mobile banking software platform under the sponsorship of Security First Bank. Veritec's mobile banking software platform is a debit based, pre-paid and gift card solution that is licensed by Veritec's wholly owned subsidiary, Veritec Financial Systems, Inc. to debit card issuers and sponsoring organizations. Under the MTC™ Program, card issuers and sponsors may provide the MTC™ branded debit or gift cards to individuals with and without demand deposit accounts (e.g., the latter the "under-banked"). The MTC™ card may be part of a Visa® branded program and, as such, the cards are accepted anywhere in the world that Visa cards are accepted.

With an MTC™ card, the cardholders are empowered to combat unpermitted and fraudulent use of their debit cards by "toggling" their cards "on" and "off" with their mobile phones. Cardholders no longer have to completely rely on their card issuers to monitor possible fraudulent activity on their accounts. Cardholders can now de-activate their cards themselves, in real time, any time they choose to do so. In addition to this toggling feature, cardholders may apply for their cards online, arrange for direct deposits to be made to their cards, and transfer money to their card from another account. Cardholders may also elect to receive various alerts on their mobile phones about activity on their card. In the first quarter of fiscal 2010, the Company began accepting applications for the MTC™ card from individual applicants and issuing live Visa® branded debit cards under the MTC Mobile Toggle Card Program.

(b) <u>blinx ON-OFF Debit Card - Visa® Prepaid Card Programs</u>

In June, 2011 Veritec began marketing the blinx ON-OFF™ branded card under the sponsorship of First California Bank, The blinx ON-OFF™ card is based on the Mobile Banking Technology platform and offers the same features and functions as the MTC™ branded card but with different pricing for First California Bank sponsored cards.

(c) Custom Branded Debit Card Programs

In addition to the MTC™ and blinx ON-OFF™ branded program, the Company enables card issuers and sponsors to issue debit, pre-paid and gift cards under their own branded programs through licensed use of the mobile banking platform and the Company's provision of related professional services.

Veritec's mobile banking solution also enables member card programs to be processed and settled member rewards to its members in either an open or closed loop processing environment. In addition to its front-end licensing and professional services, the Company also provides back-end card processing services to the card issuing institutions for all cardholder transactions on the licensed platform. The Company's Mobile Banking Technology resides within a Payment Card Industry (PCI) compliant data processing center.

<u>Intellectual Property Rights</u>

The Company was founded upon its intellectual property and in our opinion its intellectual property will give the Company a commercial advantage in the global marketplace. The Company relies on patent, trade secret, copyright and trademark law, as well as the company's contractual terms with its customers, to define, maintain and enforce the Company's intellectual property rights in its Barcode Technology, Mobile Banking Technology and other technologies and relationships.

The Company has a portfolio of Seven United States and Eight foreign patents. In addition, we have three U.S. and Eight foreign pending patent applications.

A significant amount of the Company's intellectual property takes the form of trade secrets and copyrighted works of authorship. The Company treats the source code to its Barcode Technology and Mobile Banking Technology as trade secrets, and its licensed software applications are copyrightable subject matter.

We have a portfolio of registered and pending trademarks in the U.S. and foreign jurisdictions, including registrations for the marks "VSCode®" and "VeriCode®". The Company uses "Veritec" as a trade mark and service mark, as well as it serving as the Company's trade name.

Major Customers

The Company's five biggest customers in fiscal 2013 represented an aggregate of 98% of our revenue. During fiscal 2013 and 2012, 98% and 56% respectively, of our revenue was from customers outside the United States.

Engineering, Research and Development

As of June 30, 2013, the Company employed two engineers and engaged five engineering independent contractors. During the fiscal year that ended June 30, 2013, we concentrated on several projects which included the development of our Mobile debit and member rewards banking platform, and the continued development of the FCR-500 fingerprint and card reader, the VeriSuite™ Bio-ID software platform, the PhoneCodes™ software platform. All of these projects are currently in various stages of development or have been completed.

Competition

Our Mobile Banking Technology competes with other independent sales organizations and third party services of Visa branded card programs, including TransCash Corporation, Ready Debit Card by MetaBank, Millenium Advantage Card

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by New Millenium Bank, and Wired Plastic by Bancorp Bank. The Company believes, however, that there are very few companies that have the Company's collective attributes of (1) being an independent sales organization of Visa branded and non-branded prepaid card programs, (2) being a third party servicer (e.g., back end processor) for banks issuing Visa branded and non-branded prepaid card programs, (3) being the developer, marketer and licensor of the mobile banking platform on which Visa branded and non-branded card program cardholder transactions take place, and (4) having a mobile banking platform that enables real-time transaction processing and enabling cardholders to manage their accounts by enabling cardholders to toggle their cards and their website accounts on and off via their mobile phones.

Our Barcode Technology (e.g., VeriCode® and VSCode®) competes with alternative machine-readable codes such as conventional one dimensional and two dimensional bar code systems, including Data Matrix, QR, CP, Maxi Code, PDF-417, RF-ID and smart cards (e.g., cards with integrated circuits). We think that the Company's Barcode Technology is far better than the 2D barcode competition because the competition here is a commodity focused principally on convenience. Our Barcode Technology is much more robust in terms of data storage and much more secure, due in part to the source code being kept as a trade secret. The Company's Barcode Technology is far better than RF-ID and smart cards because it is far less expensive and it is not susceptible to breaking. Competitors offering alternative symbologies include Motorola Inc. (NYSE: MOT); Zebra Technologies Corporation (NASDAQ: ZBRA); and Siemens Energy and Automation, Inc., a subsidiary of Siemens AG (NYSE: SI).

Many two-dimensional matrix symbology codes such as Data Matrix, QR Code and PDF-417 are "public domain" and are readily available on the Internet. As public domain technology, the source code containing the methods for writing and reading these codes are in the public domain and therefore known to developers and technology "hackers". Veritec's Barcode Technology remains proprietary; its source code is kept as a trade secret and thus is more secure than any such public domain code. Veritec believes that while many potential customers and users of symbology prefer to use a system that is believed to be in the public domain with open source code software applications, other companies, especially those requiring high security encoding and decoding capability will prefer to purchase "closed" or proprietary systems. Our technology may be the technology of choice for these potential customers.

Employees

As of June 30, 2013, the Company employed three employees and nine independent contractor consultants.

Financial Information about Geographic Areas

For the fiscal year ended, June 30, 2013, United States customers accounted for 2% (44% in fiscal 2012) of the Company's total revenue. The remaining revenue of 98% (56% in fiscal 2012) was from foreign customers. Our foreign revenues in all periods have been concentrated in Japan, Korea, Taiwan, China and Germany.

ITEM 2. PROPERTIES

We lease approximately 4,200 square feet of office and laboratory space at 2445 Winnetka Avenue North, Golden Valley, Minnesota, which serves as our primary place of business. This lease is with Van Thuy Tran, the Chairman of the Board and the Chief Executive Officer of the Company. Our lease requires monthly payments of $4,200 which runs through June 30, 2015, and was automatically extended for two one-year terms.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we are a party to claims and legal proceedings arising in the ordinary course of business. Our management evaluates our exposure to these claims and proceedings individually and in the aggregate and provides for potential losses on such litigation if the amount of the loss is estimable and the loss is probable.

In December, 2013, the Company filed a complaint in Eighth Judicial District Court of Clark County, Nevada against Pacific Stock Transfer Company (“Pacific”). Veritec utilized the service of Pacific to administer its securities transfer for a period of time, but because dissatisfied with Pacific’s performance Veritec sent Pacific a letter terminating its services as transfer agent. Pacific refused to turn over Veritec’s documents and file a required termination notice, demanding a “termination fee” of $7,500. Believing it was being extorted and its securities documents held hostage, Veritec filed a lawsuit seeking injunctive relief. On September 15, 2014, this case was settled between both parties to split the $11,260 deposited with the court.

Except as set forth above, there are no material litigation matters at the current time.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is quoted on the OTCQB under the symbol VRTC. Prior to that, our common stock was quoted on the OTC Bulletin Board. Prior to September 4, 2009, our common stock was traded in the over the counter markets and quoted on the OTC Pink Sheets. The following table sets forth the range of high and low bid quotes of our common stock per quarter as provided by the National Quotation Bureau (which reflect inter-dealer prices without retail mark-up, mark-down or commission and may not necessarily represent actual transactions).

Market Price Range of Common Stock	Fiscal 2013		Fiscal 2012	
Quarter Ended	High	Low	High	Low
September 30	.05	.05	.40	.04
December 31	.08	.08	.50	.06
March 31	.20	.16	.25	.06
June 30	.15	.15	.25	.05

Shareholders

As of June 30, 2013, there were approximately 780 shareholders of record, inclusive of those brokerage firms and/or clearinghouses holding our common shares for their clientele.

Dividend Information

We have not paid or declared any dividends upon our common stock since our inception and, by reason of our present financial status and contemplated financial requirements; we do not anticipate paying any dividends in the foreseeable future.

Unregistered Sales of Equity Securities

During fiscal year 2013, we did not issue any other equity securities that were not registered under the Securities Act of 1933, as amended.

During 2012, the Company issued to The Matthews Group and some individuals unsecured and convertible related party demand notes payable totaling $46,000 at interest rates ranging from 5% to 10%. In addition in July 2012 through October 2012 the Company issued unsecured convertible demand note payable totaling $81,000, bearing interest rate of 10% per annum to a related party and an individual.

On August 29, 2011, the Company granted 25,000 shares of its common stock to each of its three directors (75,000 shares in the aggregate).

The issuances described above were issued pursuant to exemption under Section 4(2) of the Securities Act of 1933, as amended.

During fiscal year 2012, we did not issue any other equity securities that were not registered under the Securities Act of 1933, as amended.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth information with respect to shares of common stock issuable under outstanding awards granted pursuant to our equity compensation plan.

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Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	—	—	—
Equity compensation plans not approved by security holders (1)	3,165,583	$ 0.42	—
Total	3,165,583	$ 0.42	—

(1) The Board of Directors authorized the Chief Executive Officer to issue up to 1,000,000 shares of the Company's common stock in the form of options or stock bonuses to employees and consultants. The Company has agreements with certain employees that provide for five years of annual grants of options, on each employment anniversary date,

to purchase shares of the Company’s common stock. The option price is determined based on the market price on the date of grant, the options vest one year from the date of grant, and the options expire five years after vesting. The Company granted 10,000 and 0 options under this arrangement in 2013 and 2012, respectively.

ITEM 6. SELECTED FINANCIAL DATA

The Company, as a smaller reporting company, is not required to provide disclosure under this Item 6.

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

Results of Operations – June 30, 2013 compared to June 30, 2012

We had a net loss of $821,572 in the fiscal year ended June 30, 2013 compared to a net loss of $846,461 in the fiscal year ended June 30, 2012.

License and other revenue

Details of revenues are as follows:

	Year Ended June 30,		Increase (Decrease)	
	2013	2012	$	%
BarCode Technology	$707,526	$473,103	$234,423	49.6
Mobile Banking Technology	12,646	113,681	(101,035)	(88.9)
Total Revenues	$720,172	$586,784	$133,388	22.7

License and hardware revenues are derived from our Product Identification systems sold principally to customers in the LCD manufacturing industry. Identification Card revenues in these periods were a result of sales of identification card and mobile banking systems.

The license revenue increase or decrease was mainly attributable to the demand for LCD screens. Revenues from the LCD market remain unpredictable as they are generated when customers open new production facilities or update production equipment; however, for now the Company continues to experience relatively low demand for product

identification product licenses in the LCD industry. A large portion of our license sales are concentrated in the Asia-Pacific market, which decreased in Taiwan, Japan, Germany, and increase in Korea and China. The largest increase of our license sales for the year ended June 30, 2013, was in China.

Cost of Sales

Cost of sales for the year ended June 30, 2013 and 2012, totaled $258,217 and $244,687, respectively. As a percentage of revenue, for the year ended June 30, 2013, cost of sales was 35.9% compared to 41.7% for the year ended June 30, 2012.

Operating Expenses

General and administrative expenses for the fiscal year ended June 30, 2013 were $791,315, compared to $605,721 for fiscal year ended June 30, 2012, a decrease of $185,594. The decrease was the result of decreases in employee stock bonuses of $181,171, legal fees of $39,913, Patent renewal charges of $30,984, and public company fees of $21,031.

Sales and marketing expense for the fiscal year ended June 30, 2013 was $86,067 compared to $144,965 for the fiscal year ended June 30, 2012, a decrease of $58,898. The Company’s sales and marketing payroll and related costs decreased by $25,826 for the year ended June 30, 2013 as a result of the Company’s cost reduction strategy.

Research and development expense for the year ended June 30, 2013 totaled $128,672 compared to $206,748 for the year ended June 30, 2012, a decrease of $78,076. This decrease was a result of research and development for the Company’ mobile banking and members’ rewards program.

Other Expenses, net

Other expense, net balances for the years ended June 30, 2013 and 2012 of $277,473 and $231,235, respectively, were substantially attributable to Interest expense for the years then ended. Interest expense for the fiscal year ended June 30, 2013 was $279,481 compared to $231,235 for the fiscal year ended June 30, 2012, an increase of $48,246. The increase was a result of increased debt levels.

Capital Expenditures and Commitments

We made no capital purchases in fiscal 2013 and 2012, respectively.

Liquidity

Our decrease in cash and cash equivalent to $75,918 at June 30, 2013 compared to $62,115 at June 30, 2012 was the result of $99,765 in cash provided by operating activities and $85,962 used in financing activities. Net cash provided by operating activities during 2013 was $99,765 compared with $471,546 used in operating activities during the same period in 2012. Cash provided by operations during 2013 was primarily due to the increase in deferred revenues. Net cash used in investing activities of $0 during 2013 compared with $11,668 during 2012 was the result of advances on notes receivable. Net cash used in financing activities of $85,962 during 2013 was primarily due to proceeds received from notes payable of $180,000 offset by payments of $265,962 on notes payable. During the same period in 2012, the net cash provided by financing activities of $530,333 was from proceeds received from notes payable of $535,217 offset by payments of $4,884 on notes payable.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. At June 30, 2013, the Company had a working capital deficit of $5,412,538 and a stockholders' deficiency of $4,913,261. The Company is currently in default of $3,313,101 of notes payable and is also delinquent in payment of certain amounts due of $680,461 for payroll taxes and accrued interest and penalties as of June 30, 2013. The Company believes its cash and forecasted cash flow from operations will not be sufficient to continue operations through fiscal 2014 without continued external investment. The Company believes it will require additional funds to continue its operations through fiscal 2014 and to continue to develop its existing projects and plans to raise such funds by finding additional investors to purchase the Company's securities, generating sufficient sales revenue, implementing dramatic cost reductions or any combination thereof. There is no assurance that the Company can be successful in raising such funds, generating the necessary sales or reducing major costs. Further, if the Company is

successful in raising such funds from sales of equity securities, the terms of these sales may cause significant dilution to existing holders of common stock. The consolidated financial statements do not include any adjustments that may result from this uncertainty. Our auditor has issued a "going concern" qualification as part of their opinion in the Audit Report for the year ended June 30, 2013.

The Company has relied on The Matthews Group, LLC (TMG), a related party owned 50% by Van Tran, the Company's CEO/Executive Chair and a director, and 50% by Larry Johanns, a significant stockholder of the Company, for funding. Through June 2013, TMG, executives, and some individuals have funded $68,500 mostly in the form of convertible notes payable. During fiscal year 2013, TMG and some individuals funded $180,000, mostly in the form of convertible notes payable.

Commitments and Contractual Obligations

The Company has one annual lease commitment of $50,400 for the corporate office building, which is leased from Ms. Tran, our chief executive officer, which expired on June 30, 2015 and was automatically extended for two one-year terms. The commitment is for the corporate offices at 2445 Winnetka Avenue North, Golden Valley, Minnesota. The total amount of the two-year lease commitment is $100,800.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Critical Accounting Policies

Stock-Based Compensation

The Company periodically issues stock options and warrants to employees and non-employees in capital raising transactions, for services and for financing costs. Stock-based compensation for employees are measured at the grant date, based on the fair value of the award, and is recognized as expense over the requisite service period. Options vest and expire according to terms established at the grant date. The value of the stock compensation to non-employees is based upon the measurement date as determined at either a) the date at which a performance commitment is reached, or b) at the date at which the necessary performance to earn the equity instruments is complete.

We estimate volatility and forfeitures based upon historical data. As permitted by the authoritative guidance issued by the Financial Accounting Standards Board, we use the “simplified” method to determine the expected life of an option due to the Company’s lack of sufficient historical exercise data to provide a reasonable basis, which is a result of the relative high turnover rates experienced in the past for positions granted options. All of these variables have an effect on the estimated fair value of our share-based awards.

Revenue Recognition

The Company accounts for revenue recognition in accordance with SEC Staff Accounting Bulletin (SAB) No. 101 "Revenue Recognition in Financial Statements" and related amendments. Revenues for the Company are classified into four separate products; license revenue (Veritec’s Multi-Dimensional matrix symbology), hardware revenue, identification card revenue, and debit card revenue. Revenues from licenses, hardware, and identification cards are recognized when the product is shipped, when there is no longer any service or other continuing obligation, and collection is reasonably assured. The process typically begins for license and hardware revenue with a customer purchase order detailing its hardware specifications so the Company can import its software into the customer's hardware. Once importation is completed, if the customer only wishes to purchase a license, the Company typically transmits the software to the customer via the Internet. Revenue is recognized at that point. If the customer requests both license and hardware products, once the software is imported into the hardware and the process is complete, the product is shipped and revenue is recognized at time of shipment. Once the software and/or hardware are either shipped or transmitted, the customers do not have a right of refusal or return. Under some conditions, the customers remit payment prior to the Company having completed importation of the software. In these instances, the Company delays revenue recognition and reflects the prepayments as customer deposits.

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The process for identification cards begins when a customer requests, via the Internet, an identification card. The card is reviewed for design and placement of the data, printed and packaged for shipment. At the time the identification cards are shipped and collection is reasonably assured, revenue is recognized.

The Company, as a processor and a distributor, recognizes revenue from transaction fees charged cardholders for the use of its issued mobile debit cards. The fees are recognized on a monthly basis after all cardholder transactions have been summarized and reconciled with third party processors.

Recently Issued Accounting Standards

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-09 (ASU 2014-09), *Revenue from Contracts with Customers*. ASU 2014-09 will eliminate transaction- and industry-specific revenue recognition guidance under current U.S. GAAP and replace it with a principle based approach for determining revenue recognition. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for reporting periods beginning after December 15, 2016, and early adoption is not permitted. Entities can transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. Management is currently assessing the impact the adoption of ASU 2014-09 and has not determined the effect of the standard on our ongoing financial reporting.

In April 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-08 (ASU 2014-08), *Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360)*. ASU 2014-08 amends the requirements for reporting discontinued operations and requires additional disclosures about discontinued operations. Under the new guidance, only disposals representing a strategic shift in operations or that have a major effect on the Company's operations and financial results should be presented as discontinued operations.

This new accounting guidance is effective for annual periods beginning after December 15, 2014. The Company is currently evaluating the impact of adopting ASU 2014-08 on the Company's results of operations or financial condition.

In August 2014, the FASB issued Accounting Standards Update No. 2014-15 (ASU 2014-15), Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern, which provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity’s ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity’s ability to continue as a going concern. The ASU applies to all entities and is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the AICPA, and the Securities Exchange Commission (the "SEC") did not or are not believed by management to have a material impact on the Company's present or future financial statements.

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ITEM 8. FINANCIAL STATEMENTS

VERITEC, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders

Veritec, Inc.

Golden Valley, Minnesota

We have audited the accompanying consolidated balance sheets of Veritec, Inc. and Subsidiaries (the "Company") as of June 30, 2013 and 2012, and the related consolidated statements of operations, changes in stockholders' deficiency and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Veritec, Inc. and Subsidiaries as of June 30, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has had recurring losses from operations and had a stockholders' deficiency as of June 30, 2013. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans concerning these matters are also described in Note 2. The accompanying consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of this uncertainty.

/s/ Weinberg & Company, P.A.

Weinberg & Company, P.A.

Los Angeles, California

June 26, 2015

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VERITEC, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2013 AND 2012

	2013	2012
ASSETS		
Current Assets:		
Cash	$75,918	$62,115
Accounts receivables, net of allowance of $13,151 and $12,604, respectively	288,323	11,133
Inventories	4,815	3,603
Prepaid expenses	32,887	4,350
Employee expenses	—	637

Total Current Assets	401,943	81,838
Restricted cash	499,277	500,000
Property and Equipment, net	—	644
Total Assets	$901,220	$582,482
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current Liabilities:		
Notes payable – in default	$787,153	$835,602
Notes payable, related party – in default	2,525,948	2,283,985
Accounts payable	497,518	584,109
Accounts payable, related party	82,129	43,306
Customer deposits	1,097,962	469,114
Payroll tax liabilities	680,461	521,568
Accrued expenses	143,310	128,135
Total Current Liabilities	5,814,481	4,865,819
Commitments and Contingencies		
Stockholders' Deficiency:		
Convertible preferred stock, par value $1.00; authorized 10,000,000 shares, 276,000 shares of Series H authorized, 1,000 shares issued and outstanding as of June 30, 2013 and 2012	1,000	1,000
Common stock, par value $.01; authorized 50,000,000 shares, 15,920,088 shares issued and outstanding as of June 30, 2013 and 2012	159,201	159,201
Common stock to be issued, 50,000 shares and no shares, respectively	10,477	—
Additional paid-in capital	14,594,181	14,413,010
Accumulated deficit	(19,678,120)	(18,856,548)
Total Stockholders' Deficiency	(4,913,261)	(4,283,337)
Total Liabilities and Stockholders' Deficiency	$901,220	$582,482

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

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VERITEC, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
License and other revenue	$ 720,172	586,784

Cost of Sales		258,217			244,687	
Gross Profit		461,955			342,097	
Operating Expenses:						
General and administrative		791,315			605,721	
Sales and marketing		86,067			144,965	
Research and development		128,672			206,748	
Total Operating Expenses		1,006,054			957,434	
Loss from Operations		(544,099	)		(615,337	)
Other Expense:						
Interest income		2,008			111	
Interest expense, including $171,963 and $150,092, respectively, to related parties		(279,481	)		(231,235	)
Total Other Expense		(277,473	)		(231,124	)
Net Loss	$	(821,572	)	$	(846,461	)
Net Loss Per Common Share -						
Basic	$	(0.05	)	$	(0.05	)
Diluted	$	(0.05	)	$	(0.05	)
Weighted Average Number of Shares Outstanding -						
Basic		15,920,088			15,920,088	
Diluted		15,920,088			15,920,088	

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

VERITEC, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIENCY

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	Preferred Stock		Common Stock		Common Stock to be Issued	Additional Paid-in	Accumulated	Stockholders'
	Shares	Amount	Shares	Amount		Capital	Deficit	Deficiency
BALANCE, June 30, 2011	1,000	$1,000	15,920,088	$159,201	$—	$14,283,077	$(18,010,087)	$(3,566,809)
Stock based compensation	—	—	—	—	—	2	—	2
Fair Value of Shareholder Guarantee of Notes Payable	—	—	—	—	—	129,931	—	129,931
Net loss	—	—	—	—	—	—	(846,461)	(846,461)
BALANCE, June 30, 2012	1,000	1,000	15,920,088	159,201	—	14,413,010	(18,856,548)	(4,283,337)
Shares issued for services	—	—	—	—	10,477	—	—	10,477
Stock based compensation	—	—	—	—	-	181,171	—	181,171
Net income	—	—	—	—	—	—	(821,572)	(821,572)
BALANCE, June 30, 2013	1,000	$1,000	15,920,088	$159,201	$10,477	$14,594,181	$(19,678,120)	(4,913,261)

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

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VERITEC, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$(821,572)	$(846,461)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	644	15,824
Allowance on accounts receivable	547	5,454

Shares issued for services	10,477	—
Fair value of stock options issued to employees	181,171	2
Amortization of discount on notes payable	69,742	60,189
Interest accrued on notes payable	209,734	170,546
Changes in operating assets and liabilities:		
Accounts receivable	(277,737)	14,048
Restricted cash	723	(500,000)
Inventories	(1,212)	2,529
Prepaid expenses	(27,900)	18,931
Employee advances	—	2,200
Payroll tax liabilities	158,893	180,940
Customer deposit	628,848	397,572
Accounts payables and accrued expenses	(32,593)	6,680
Net cash provided by (used in) operating activities	99,765	(471,546)
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances on notes receivable	—	(11,668)
Net cash used in investing activities	—	(11,668)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of notes payable	(163,962)	—
Proceeds from notes payable	—	489,217
Proceeds from notes payable, related party	180,000	46,000
Payment on notes payable, related party	(102,000)	(4,884)
Net cash provided by (used in) financing activities	(85,962)	530,333
NET INCREASE IN CASH	13,803	47,119
CASH AT BEGINNING OF YEAR	62,115	14,996
CASH AT END OF YEAR	$75,918	$62,115

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest	$—	$5,383

NON CASH INVESTING AND FINANCING ACTIVITIES

Issuance of secured note payable upon conversion of accounts payable	$—	$257,957
Fair value of shareholder guarantee on notes payable recorded as valuation discount	$—	$129,931
Notes payable canceled through notes receivable	$—	$10,168

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

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VERITEC, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 1 - OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company

The Company refers to Veritec, Inc. (Veritec) and its wholly owned subsidiaries, Vcode Holdings, Inc. (Vcode®), and Veritec Financial Systems, Inc. (VTFS).

Nature of Business

The Company is primarily engaged in the development, marketing, sales and licensing of products and rendering of professional services related thereto in the following two fields of technology: (1) proprietary two-dimensional matrix symbology (also commonly referred to as “two-dimensional barcodes” or “2D barcodes”), and (2) mobile banking solutions.

The Company’s two-dimensional matrix symbology technology will hereafter be referred to as the Company’s “Barcode Technology”, and the Company’s mobile banking technology will hereafter be referred to as its “Mobile Banking Technology”.

The Company’s Barcode Technology was originally invented by the founders of Veritec under United States patents 4,924,078, 5,331,176, 5,612,524 and 7,159,780. Our principal licensed product to date that contains our VeriCode ® Barcode Technology has been a product identification system for identification and tracking of manufactured parts, components and products mostly in the liquid crystal display (LCD) markets. The VeriCode® symbol is a two-dimensional high data density machine-readable symbol that can contain up to approximately 500 bytes of data.

The Company’s VSCode® Barcode Technology is a derivative of the VeriCode® symbol with the ability to encrypt a greater amount of data by increasing data density. The VSCode ® is a data storage “container” that offers a high degree of security and which can also be tailored to the application requirements of the user. The VSCode ® symbol can hold any form of binary information that can be digitized, including numbers, letters, images, photos, graphics, and the minutia for biometric information, including fingerprints and facial image data, to the extent of its data storage capacity, that are likewise limited by the resolution of the marking and reading devices employed by the user. VSCode ® is ideal for secure identification documents (such as national identification cards, driver’s licenses, and voter registration cards), financial cards, medical records and other high security applications.

In its PhoneCodes™ product platform, Veritec developed software to send, store, display, and read a VeriCode® Barcode Technology symbol on the LCD screen of a mobile phone. With the electronic media that provide the ease of transferring information over the web, Veritec's PhoneCodes™ technology enables individuals and companies to receive or distribute gift certificates, tickets, coupons, receipts, or engage in banking transactions using the VeriCode ® technology via wireless phone or PDA.

On January 12, 2009, Veritec formed VTFS, a Delaware corporation, to bring its Mobile Banking Technology, products and related professional services to market. In May 2009 Veritec was registered by Security First Bank in Visa's Third Party Registration Program as a Cardholder Independent Sales Organization and Third-Party Servicer. As a Cardholder Independent Sales Organization, Veritec was able to promote and sell Visa branded card programs. As a Third-Party Servicer, Veritec provided back-end cardholder transaction processing services for Visa branded card programs on behalf of Security First Bank. As of October 2010 the Company's registration with Security First Bank terminated. As of April 2011 the Company signed an ISO and processor agreement with Palm Desert National Bank (which was later assigned to First California Bank) to market and processes the Company's Visa branded card program on behalf of the bank. First California Bank was sold to Pacific Western Bank and in June 2013 Pacific Western Bank closed its entire debit card division and transferred its contract with VTFS to Central Bank of Kansas City Bank. On February 5th, 2014 the entire relationship between Veritec and Pacific Western Bank ended and the new relationship with Central Bank of Kansas City began.

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Our VeriSuite™ card enrollment system was released in July 2009. The VeriSuite™ system is a user friendly and cost effective solution that gives governments and businesses the ability to provide cardholders with an identity card containing Veritec's VSCode® Barcode Technology. The VeriSuite™ system provides secure Bio-ID Cards such as citizen identification, employee cards, health benefit cards, border control cards, financial cards, and more.

The Company has a portfolio of five United States and eight foreign patents. In addition, we have seven U.S. and twenty-eight foreign pending patent applications.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. Intercompany transactions and balances were eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Those estimates and assumptions include estimates for reserves of uncollectible accounts, analysis of impairments of long lived assets, accruals for potential liabilities and assumptions made in valuing stock instruments issued for services.

Accounts Receivable

The Company sells to domestic and foreign companies and grants uncollateralized credit to customers, but requires deposits on unique orders. Management periodically reviews its accounts receivable and provides an allowance for doubtful accounts after analyzing the age of the receivable, payment history and prior experience with the customer. The estimated loss that management believes is probable is included in the allowance for doubtful accounts.

While the ultimate loss may differ, management believes that any additional loss will not have a material impact on the Company's financial position. Due to uncertainties in the settlement process, however, it is at least reasonably possible that management's estimate will change during the near term.

Inventories

Inventories, consisting of purchased components for resale, are stated at the lower of cost or market, applying the first-in, first-out (FIFO) method. Inventory is net of reserves of $23,900 at both June 30, 2013 and 2012.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over estimated useful lives of 3 to 7 years. When assets are retired or otherwise disposed, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is recognized. Maintenance and repairs are expensed as incurred; significant renewals and betterments are capitalized.

Management regularly reviews property, equipment and other long-lived assets for possible impairment. This review occurs quarterly, or more frequently if events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. If there is indication of impairment, management prepares an estimate of future cash flows (undiscounted and without interest charges) expected to result from the use of the asset and its eventual disposition. If these cash flows are less than the carrying amount of the asset, an impairment loss is recognized to write down the asset to its estimated fair value. Based upon management's assessment, there were no indicators of impairment at June 30, 2013 or 2012.

Concentrations

The Company's cash balances on deposit with banks are guaranteed by the Federal Deposit Insurance Corporation up to $250,000. The Company may be exposed to risk for the amounts of funds held in one bank in excess of the insurance limit. In assessing the risk, the Company's policy is to maintain cash balances with high quality financial institutions. The Company had cash balance in excess of the guarantee during the year ended June 30, 2013.

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Major Customers:

Customers in excess of 10% of total revenues were as follows:

	Years Ended June 30, 2013	2012
Customer A	18%	19%
Customer B	11%	12%
Customer C	31%	6 %
Customer D	12%	- %
Customer E	- %	23%
Customer F	- %	11%
	72%	71%

As of June 30, 2013, the Company had approximately 250,000 (83%) and $26,563 (9%), respectively, of accounts receivable due from its major customers. As of June 30, 2012, the Company had $6,050 (25%) and $10,025 (42%), respectively, of accounts receivable due from its major customers.

Foreign Revenues

Foreign revenues accounted for 96% of the Company’s total revenues in fiscal 2013 and 56% in fiscal 2012. (21% Taiwan, 70% Korea, and 5% others in fiscal 2013 and 10% Taiwan, 41% Korea, and 5% others in fiscal 2012.)

Fair Value of Financial Instruments

Fair Value Measurements are adopted by the Company based on the authoritative guidance provided by the Financial Accounting Standards Board, with the exception of the application of the statement to non-recurring, non-financial assets and liabilities as permitted. The adoption based on the authoritative guidance provided by the Financial Accounting Standards Board did not have a material impact on the Company's fair value measurements. Based on the authoritative guidance provided by the Financial Accounting Standards Board defines fair value as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. FASB authoritative guidance establishes a fair value hierarchy, which prioritizes the inputs used in measuring fair value into three broad levels as follows:

Level 1 -	Quoted prices in active markets for identical assets or liabilities.
Level 2 -	Inputs, other than the quoted prices in active markets that are observable either directly or indirectly.
Level 3 -	Unobservable inputs based on the Company's assumptions.

The Company had no such assets or liabilities recorded to be valued on the basis above at June 30, 2013 or 2012.

For certain financial instruments, the carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable, and current liabilities, including notes payable and convertible notes, each qualify as financial instruments and are a reasonable estimate of their fair values because of the short period of time between the origination of such instruments and their expected realization and their current market rates of interest.

Revenue Recognition

The Company accounts for revenue recognition in accordance with guidance of the Financial Accounting Standards Board. Revenues for the Company are classified into four separate products: license revenue (Veritec’s Multi-Dimensional matrix symbology), hardware revenue, identification card revenue, and debit card revenue.

Revenues from licenses, hardware, and identification cards are recognized when the product is shipped, the Company no longer has any service or other continuing obligations, and collection is reasonably assured. The process typically begins for license and hardware revenue with a customer purchase order detailing its hardware specifications so the Company can import its software into the customer's hardware. Once importation is completed,

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if the customer only wishes to purchase a license, the Company typically transmits the software to the customer via the Internet. Revenue is recognized at that point. If the customer requests both license and hardware products, once the software is imported into the hardware and the process is complete, the product is shipped and revenue is recognized at time of shipment. Once the software and/or hardware are either shipped or transmitted, the customers do not have a right of refusal or return. Under some conditions, the customers remit payment prior to the Company having completed importation of the software. In these instances, the Company delays revenue recognition and reflects the prepayments as customer deposits.

The process for identification cards begins when a customer requests, via the Internet, an identification card. The card is reviewed for design and placement of the data, printed and packaged for shipment. At the time the identification cards are shipped and collection is reasonably assured, revenue is recognized.

The Company, as a processor and a distributor, recognizes revenue from transaction fees charged to cardholders for the use of its issued mobile debit cards. The fees are recognized on a monthly basis after all cardholder transactions have been summarized and reconciled with third party processors.

Shipping and Handling Fees and Costs

For the years ended June 30, 2013 and 2012, shipping and handling fees billed to customers of $1,816 and $3,156, respectively were included in revenues and shipping and handling costs of $1,675 and $2,988, respectively were included in cost of sales.

Research and Development

Research and development costs were expensed as incurred.

Loss per Common Share

Basic earnings (loss) per share are computed by dividing the net income (loss) applicable to Common Stockholders by the weighted average number of shares of Common Stock outstanding during the year. Diluted earnings (loss) per share is computed by dividing the net income (loss) applicable to Common Stockholders by the weighted average number of common shares outstanding plus the number of additional common shares that would have been outstanding if all dilutive potential common shares had been issued, using the treasury stock method. Potential common shares are excluded from the computation as their effect is antidilutive.

For the years ended June 30, 2013 and 2012, the calculations of basic and diluted loss per share are the same because potential dilutive securities would have an anti-dilutive effect.

The potentially dilutive securities consisted of the following as of:

	June 30,	
	2013	2012
Warrants	275,000	275,000
Series H Preferred Stock	10,000	10,000
Convertible Notes Payable	8,146,039	6,382,758
Options	3,165,583	754,249
Total	11,596,622	7,422,007

Stock-Based Compensation

The Company periodically issues stock options and warrants to employees and non-employees in capital raising transactions, for services and for financing costs. Stock-based compensation for employees are measured at the grant date, based on the fair value of the award, and is recognized as expense over the requisite service period. Options vest and expire according to terms established at the grant date. The value of the stock compensation to non-employees is based upon the measurement date as determined at either a) the date at which a performance commitment is reached, or b) at the date at which the necessary performance to earn the equity instruments is complete.

Income Taxes

Current income tax expense is the amount of income taxes expected to be payable for the current year. A deferred income tax asset or liability is established for the expected future consequences of temporary differences in the financial reporting and tax bases of assets and liabilities. The Company considers future taxable income and ongoing, prudent and feasible tax planning strategies, in assessing the value of its deferred tax assets. If the Company determines that it is more likely than not that these assets will not be realized, the Company will reduce the value of these assets to their expected realizable value, thereby decreasing net income. Evaluating the value of these assets is necessarily based on the Company's judgment. If the Company subsequently determined that the deferred tax assets, which had been written down, would be realized in the future, the value of the deferred tax assets would be increased, thereby increasing net income in the period when that determination was made.

Recently Issued Accounting Standards

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-09 (ASU 2014-09), *Revenue from Contracts with Customers*. ASU 2014-09 will eliminate transaction- and industry-specific revenue recognition guidance under current U.S. GAAP and replace it with a principle based approach for determining revenue recognition. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for reporting periods beginning after December 15, 2016, and early adoption is not permitted. Entities can transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. Management is currently assessing the impact the adoption of ASU 2014-09 and has not determined the effect of the standard on our ongoing financial reporting.

In April 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-08 (ASU 2014-08), *Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360).* ASU 2014-08 amends the requirements for reporting discontinued operations and requires additional disclosures about discontinued operations. Under the new guidance, only disposals representing a strategic shift in operations or that have a major effect on the Company's operations and financial results should be presented as discontinued operations. This new accounting guidance is effective for annual periods beginning after December 15, 2014. The Company is currently evaluating the impact of adopting ASU 2014-08 on the Company's results of operations or financial condition.

In August 2014, the FASB issued Accounting Standards Update No. 2014-15 (ASU 2014-15), Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, which provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity's ability to continue as a going concern. The ASU applies to all entities and is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the AICPA, and the Securities Exchange Commission (the "SEC") did not or are not believed by management to have a material impact on the Company's present or future financial statements.

NOTE 2 - GOING CONCERN

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. At June 30, 2013, the Company had a working capital deficit of $5,412,538 and a stockholders' deficiency of $4,913,261. The Company is in default of $3,313,101 of its note payable obligations and is also delinquent in payment of certain amounts due of $680,461 for payroll taxes and accrued interest and penalties as of June 30, 2013. As a result, the Company's independent registered public accounting firm, in its report on the Company's June 30, 2013 consolidated financial statements, has raised substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

The Company believes it will require additional funds to continue its operations through fiscal 2014 and beyond and to continue to develop its existing projects and plans to raise such funds by finding additional investors to

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purchase the Company's securities, generating sufficient sales revenue, implementing dramatic cost reductions or any combination thereof. There is no assurance that the Company can be successful in raising such funds, generating the necessary sales or reducing major costs. Further, if the Company is successful in raising such funds from sales of equity securities, the terms of these sales may cause significant dilution to existing holders of common stock. The consolidated financial statements do not include any adjustments that may result from this uncertainty.

The Company has relied on The Matthews Group, LLC (TMG), a related party owned 50% by Van Tran, the Company's CEO/Executive Chair and a director, and 50% by Larry Johanns, a significant stockholder of the Company, for funding. Through June 2013, TMG, executives, and some individuals have funded $68,500 mostly in the form of convertible notes payable. During fiscal year 2013, TMG and some individuals funded $180,000, mostly in the form of convertible notes payable.

NOTE 3 – RESTRICTED CASH

The Company entered into Store Value Prepaid Card Sponsorship Agreements (the "Agreement") with certain banks whereas the Company markets and sells store value prepaid card programs (the "Programs"). The Programs are marketed and managed daily at the direction of the Bank, for which the company receives a transaction fee. In connection with the agreements the Company is required to establish a Reserve Account controlled by the bank. At June 30, 2013 and 2012, the restricted cash totaled $499,277 and $500,000, respectively. Since this amount is restricted for the purposes related to the Programs, it is classified as restricted cash on the consolidated balance sheet.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of:

	June 30, 2013	2012
Furniture and equipment	$139,083	$139,083
Software	73,000	73,000
Vehicles	23,301	23,301
	235,384	235,384
Less accumulated depreciation	235,384	234,740
	$—	$644

Depreciation expense for the years ended June 30, 2013 and 2012 was $644 and $15,824, respectively.

NOTES 5 – RELATED PARTY TRANSACTIONS

During the years ended June 30, 2013 and 2012 the Company received various unsecured, non-interest bearing, due on demand advances from its CEO Ms. Van Tran, a related party. The balances due Ms. Tran as of June 30, 2013 and 2012 were $82,129 and $43,306, respectively. These advances have been classified as accounts payable, related party on the accompanying consolidated balance sheets.

The Company has relied on The Matthews Group, LLC (TMG), and a related party owned 50% by Van Tran, the Company's CEO/Executive Chair and a director, and 50% by Larry Johanns, a significant stockholder of the Company, for funding (see Note 6). The Company also leases its office facilities from Ms. Van Tran (see Note 10).

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NOTE 6 – NOTES PAYABLE

Notes payable consists of the following as of:

	June 30, 2013	2012
Convertible notes payable (includes $132,920 and $124,921, respectively, to non-related parties), unsecured, interest at 8%, due September 2010 through November 2010. The	$739,815	$695,815

principal and accrued interest is convertible at a conversion price of $0.30. The principal and interest is due immediately on the event of default or change of control. The notes are currently in default.		
Convertible notes payable to related parties, unsecured, principal and interest are convertible into common stock at $0.30 to $0.33 per share, interest at 8% to 10%, due on demand to November 2010. The notes are currently in default.	1,023,173	871,951
Convertible note payable to related party, secured by the Company’s intellectual property, principal and interest are convertible into common stock at $0.25 per share subject to board of directors’ approval, interest at 8%. The note was due November 2010 and is now in default.	258,871	242,871
Note payable to related party, secured by the Company’s intellectual property, interest at 8% due August 2010 and is now in default.	502,578	471,838
Notes payable to related parties, unsecured, interest at 0% to 8%, due on demand.	134,430	126,430
Note payable, unsecured, interest at 10%. The note was due in January 2010 and is now in default.	27,167	25,167
Notes payable, secured by the Company's certificate of deposit with a financial institution and classified on the balance sheet as restricted cash, interest at 5%, convertible into common stock at $0.08 per share, due on demand	30,753	29,293
Convertible note payable, unsecured, principal and interest are convertible into common stock at $0.30 to $0.40 per share subject to board of directors’ approval, interest at 5% to 8%, due January 2011 to March 2013 and is now in default.	23,411	22,110
Notes payable, unsecured, interest at 5%, due January 2013 and now in default. (1)	301,228	444,374
Note payable, secured by the Company's intellectual property, interest at variable rates starting September 1, 2012, due December 2012 and is now in default.	270,150	257,957
Convertible note payable, unsecured, principal and interest are convertible into common stock at $1.00 per share subject to board of directors’ approval, interest at 8%. The note was due November 2009 and is now in default.	1,525	1,523
Total	$3,313,101	$3,189,329
Less valuation discount on notes payable	—	(69,742)
Grand total	$3,313,101	$3,119,587

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(1) In connection with the issuance of the notes payable, two stockholders of the Company granted the lender the option to acquire 1,600,000 unrestricted shares of the Company's common stock from the stockholder's at a price of $0.40 per share. The agreement to provide the lender with the option to purchase shares of the two shareholders was presumed to be a separate arrangement between the Company and the lender. As such, the Company valued the shares as if they had provided the lender an option to acquire these shares. The aggregate value of the 1,600,000 shares was valued at $129,931 using Black-Scholes option valuation model with the following assumptions: expected life, 1 year, risk free interest rate, 0.10%, volatility, 250%, and dividend rate, 0%. The value of the option is being considered as a valuation discount and was amortized over the one year life of the Note. For the year ended June 30, 2013, the Company recognized the remaining $69,742 of expense related to the amortization of this discount and is included in the interest expense in the consolidated statement of operations.

For the purposes of Balance Sheet presentation notes payable have been presented as follows:

	June 30, 2013	2012
Notes payable	$787,153	$835,602
Notes payable, related party	2,525,948	2,283,985
	$3,313,101	$3,119,587

NOTE 7 - STOCKHOLDERS' EQUITY (DEFICIT)

Preferred Stock

The articles of incorporation of Veritec authorize 10,000,000 shares of preferred stock with a par value of $1.00 per share. The Board of Directors is authorized to determine any number of series into which shares of preferred stock may be divided and to determine the rights, preferences, privileges and restrictions granted to any series of the preferred stock.

In 1999, a new Series H convertible preferred stock was authorized. Each share of Series H convertible preferred stock is convertible into 10 shares of the Veritec's common stock at the option of the holder. As of June 30, 2013 and 2012, there were 1,000 shares of Series H convertible preferred stock issued and outstanding.

Common Stock

Common stock consists of $.01 par value, 50,000,000 shares authorized, 15,920,088 shares issued and outstanding as of June 30, 2013 and 2012.

Common Stock to be issued

Shares to be issued to consultant for services rendered

On June 7, 2013, the Company entered into a "Business Development Agreement" with a consultant to assist the Company in establishing business relationships in the United States and to assist in seeking financing for the Company. Upon signing of the agreement the Company granted the consultant 50,000 shares of common stock with a fair value at the date of grant of $7,477 as an initial non-refundable engagement fee and recognized such amount as consulting fee during the fiscal year June 30, 2013. The shares due have not been issued as of June 30, 2013 and have been reflected as common shares to be issued in the accompanying consolidated balance sheet.

NOTE 8 – STOCK OPTIONS AND WARRANTS

Stock Options

A summary of stock options as of June 30, 2013 and for the two years then ended is as follows:

	Number of Shares	Weighted - Average Exercise Price
Outstanding at June 30, 2011	824,249	$0.47
Granted	—	$0.00
Forfeited	(70,000)	$1.02
Outstanding at June 30,	754,249	$0.42

2012		
Granted	2,500,000	$0.08
Forfeited	(88,666)	$0.00
Outstanding at June 30, 2013	3,165,583	$0.42
Exercisable at June 30, 2013	3,165,583	$0.42

The Company has agreements with certain employees that provide for five years of annual grants of options, on each employment anniversary date, to purchase shares of the Company's common stock. The option price is determined based on the market price on the date of grant, the options vest one year from the date of grant, and the options expire five years after vesting. The Company granted 2,500,000 options under this arrangement 2013. The weighted-average grant date fair value for options granted in fiscal 2013 was $0.43. The Company recognized stock-based compensation expense of $181,171 and $0 during the years ended June 30, 2013 and 2012, respectively. As of June 30, 2013, there was no remaining unrecognized compensation costs related to stock options. Based upon the trading value of the common shares, there was no intrinsic value of these options as of June 30, 2013.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing model that uses the weighted-average assumptions noted in the following table. The risk-free rate for periods within the contractual life of the options is based on the U. S. Treasury yield in effect at the time of the grant. Volatility was based on the historical volatility of the Company's common stock. The Company estimated the expected life of options based on historical experience and other averaging methods.

	Years Ended June 30,	
	2013	2012
Risk-free interest rates	-- %	-- %
Dividend yields	-- %	-- %
Volatility	-- %	-- %
Weighted average expected life	N/A	N/A

<u>Additional information regarding options outstanding as of June 30, 2013 is as follows:</u>

Options Outstanding at June 30, 2013				Options Exercisable at June 30, 2013	
Range of Exercise	Number of Shares Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number of Shares Exercisable	Weighted Average Exercise Price
$0.13 - $1.45	3,165,583	3.06	$0.42	3,165,583	$0.42
	3,165,583			3,165,583	

The weighted-average remaining contractual life of stock options outstanding and exercisable at June 30, 2013 is 3.06 years.

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Stock Warrant

A summary of stock warrants as of June 30, 2013 and for the two years then ended is as follows:

	Number of Shares	Weighted - Average Exercise Price
Outstanding at June 30, 2011	275,000	$2.0
Granted	—	
Forfeited	—	
Outstanding at June 30, 2012	275,000	$2.0
Granted	—	
Forfeited	—	
Outstanding at June 30, 2013	275,000	$2.0

The Company issued 275,000 shares of warrants related to notes payable issued in fiscal year 2009. The warrants are fully vested as of issue date, and were exercisable at $2 per share. The weighted average contractual life of the warrants was 5 years, which expired in March 2014 and May 2014.

NOTE 9 - INCOME TAXES

Veritec files a consolidated income tax return in the United States. For the year ended June 30, 2013, net loss was $821,572 and our provision for income taxes was zero. We made no provision for income taxes due to our utilization of federal net operating loss carry forwards to offset both regular taxable income and alternative minimum taxable income. For the year ended June 30, 2012, net loss was $846,461 and no income tax provision was recorded.

It is the Company's practice to recognize penalties and/or interest related to income tax matters in the interest and penalties expense. There are no interest and penalties recognized in the consolidated statement of operations or accrued on the consolidated balance sheets.

The company is subject to U.S. federal, state, or local income tax examination by tax authorities for all years for which a loss carry forward is utilized in subsequent periods.

A reconciliation between the expected federal income tax rate and the actual tax rate is as follows:

	Year Ended June 30,	
	2013	2012
Federal Statutory tax rate	(34)%	(34)%
State tax, net of federal benefit	(6) %	(6) %
Change in valuation	(40)%	(40)%
Allowance	40 %	40 %
Effective tax rate	- %	- %

The following is a summary of the deferred tax assets:

	June 30,	
	2013	2012
Net operating loss carryforwards	4,150,073	3,328,501
Valuation allowance	(4,150,073)	(3,328,501)
Net deferred tax asset	$—	$—

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Deferred income tax assets have been reduced by a valuation allowance as it is more likely than not that they will not be realized.

Veritec has net operating loss carryforwards of $10,356,000 for federal purposes available to offset future taxable income that expire in varying amounts through 2032. The ability to utilize the net operating loss carry forwards could be limited by Section 382 of the Internal Revenue Code which limits their use if there is a change in control (generally a greater than 50% change in ownership).

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases its U.S. office facilities from its CEO/Executive Chair under a lease that expired June 30, 2013 and was automatically extended for a 2-year extension, requiring monthly payments of $4,200 plus common area costs. Future annual minimum lease payments are $50,400 in each fiscal year through 2014 totaling $100,800.

Strategic Partnership Agreements

On October 25, 2010, the Company entered into a Strategic Services Agreement with National Identity Solutions (NIS). The term of the license is for 5 years commencing on the effective date, which was the date of the first payment, or September 28, 2011. NIS paid the total fee of $250,000 in two installments. The Company classified this fee as deferred revenue to be recognized over the license term of 5 years as the Company has a continuing obligation. As of June 30, 2013, the amount of deferred revenues was $165,347.

During the third and fourth quarter of the fiscal year ended June 30, 2013, the Company received $100,850 from a major customer for purchase of Veriwrite™ ID cards and custom platform/program. These products and services were not delivered or completed as of June 30, 2013. As a result, the $100,850 advanced money received from the Client was deferred as of June 30, 2013.

On November 14, 2012 (effective date), the Company entered into a Strategic Product License Agreement with AAA Western and Central New York (AAA) for $100,000 license fee. The term of the license is for 5 years commencing on the effective date. The Company has classified the license fee as deferred revenue to be recognized ratably over the license term of 5 years as the Company has a continuing obligation. As of June 30, 2013, the amount of deferred revenue was $92,500.

In May 2013 and June 2013, the Company received $500,000 and $52,600 (aggregated to $552,600) from Winforsys Co., Ltd. and Pan-Co International, Inc. respectively, as payment for 2,500 dongles and Vericode® license software and 130 dongles and Veriread™ license software. As of June 30, 2013, the Company was not able to complete and deliver the ordered items as a result the Company recorded the $552,600 as deferred revenues.

Incentive Compensation Bonus Plan

On December 5, 2008, the Company adopted an incentive compensation bonus plan to provide payments to key employees in the aggregated amount of 10% of pre-tax earnings in excess of $3,000,000 after the end of each fiscal year to be distributed annually to employees.

NOTE 11 – SUBSEQUENT EVENTS

Strategic Partnership Agreement

On July 14, 2014, the Company entered into a strategic partnership agreement with Cellular Network Centers (CNC) to combine the distribution of CNC products and services with the Company's blinx On-Off™, TogglePay™ close loop/open loop prepaid and BI-O ID cards. Per the terms of the agreement, the Company received $75,000 and plans to receive the remaining $75,000 by August 2014. The Company, upon the receipt of the remaining $75,000, is obligated to issue CNC 100,000 shares of its common stock.

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On March, 2014, the Company responded to a RFI (request for information) from AAA National to submit a proposal for the AAA Member Data Capture (MDC) program. After an extensive evaluation process by the AAA MDC Committee which consists of 16 committee members, on August 2014, the Company received final confirmation and got the highest rate amongst the 4 remaining companies. The Company is waiting for the AAA MDC Committee to formally request the test launch for a national merchant discounts programs to be fully tested for AAA members.

In August 2014, AAA Western & Central NY also notified its commitment and ready to launch the "Swipe and Save" and "Load and Pay" program with the Company before the end of 2014.

On September 30, 2014, Veritec ("Buyer"), and Tangible Payments LLC ("Seller"), a Maryland Limited Liability Company, entered into an Asset Purchase Agreement (the "Asset Purchase Agreement") pursuant to which Veritec acquired certain assets and liabilities of the Tangible Payments LLC. As part of the Asset Purchase Agreement, Timothy Spear, the President of Tangible Payments LLC, entered into employment agreement with Veritec. The employment agreement makes Timothy Spear a principal officer in the Veritec Company.

The purchase price for the acquisition was comprised of 250,000 shares of restricted stock of Veritec valued at $37,500, issuable upon closing, and an earnout payment of $155,000. The earnout payment is payable on a monthly basis from the net profits derived from the acquired assets commencing three months after the closing. The earnout payment is accelerated and the balance of the earnout payment shall be due in full at such time as Veritec receives equity investments aggregating $1.3 million.

Other

These consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Form 10-K for the year ended June 30, 2014 filed on October 20, 2014 with the Securities and Exchange Commission, which contains additional information of events subsequent to June 30, 2013.

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

None

ITEM 9A. CONTROLS AND PROCEDURES

Managements' Evaluation of Disclosure Controls and Procedures

We maintain "disclosure controls and procedures" as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are designed to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable assurance of achieving the desired objectives, and we necessarily are required to apply our judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. It was concluded that the disclosure controls and procedures were not effective, because certain deficiencies involving internal control over financial reporting constituted material weaknesses, as identified below. The material weaknesses identified did not result in the restatement of any previously reported financial statements or any other related financial disclosures, nor does management believe that it had any effect on the accuracy of our financial statements for the current reporting period.

Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control over financial reporting is a process, under the supervision of our Chief Executive Officer and Chief Financial Officer, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Our internal control over financial reporting include those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of our assets;

- provide reasonable assurance that our transactions are recorded as necessary to permit preparation of our financial statements in accordance with accounting principles generally accepted in the United States of America, and that our receipts and expenditures are being made only in accordance with authorizations of our management and our directors; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

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Our management, including our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on its evaluation, our management concluded that there are material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of control 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.

The material weaknesses relate to lack of proper financial statement closing procedures, limited oversight from our audit committee on the external financial reporting process and internal control over financial reporting and lack of segregation of duties. Under the segregation of duties issues, our Chief Financial Officer was the sole preparer of the financial statements and periodic SEC reports with limited separate independent detailed review to prevent material errors. Also the Chief Executive Officer has had authority to enter into significant contracts, as well as authority to sign checks, which could result in material fraud.

We are undergoing ongoing evaluation and improvements in our internal control over financial reporting. Regarding our identified weaknesses, we have performed the following remediation efforts:

In order to mitigate these material weaknesses to the fullest extent possible, the Company has assigned its audit committee with oversight responsibilities. Financial statements, periodic SEC reports and monthly bank statement and imaged checks are continuously reviewed by the Chief Financial Officer and the Chief Executive Officer. In addition all significant contracts are now being reviewed and signed off by the Company's board of directors in conjunction with the Chief Executive Officer.

As a result of the material weaknesses described above, management concluded that, as of June 30, 2014, we did ***not*** maintain effective internal control over financial reporting based on the criteria established in Internal Control – Integrated Framework, issued by COSO.

This annual report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our independent registered public accounting firm, pursuant to provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act that permit us to provide only management's report in this Annual Report on Form 10-K.

This report shall not be deemed to be filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that section, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Internal Control over Financial Reporting

There have not been any other changes in our internal control over financial reporting during the fiscal year ended June 30, 2013 to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B.   OTHER INFORMATION

None

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The members of the present Board of Directors and Officers are:

Name	Office	Age
Van Thuy Tran	Chief Executive Officer, Chairman of the Board, Treasurer	70
Laird Powers	Director	67
Keith Lane	Director	56
Sandra Hartfield	Director	63

Each director will serve until the next annual meeting of shareholders, or until their respective successors have been elected and duly qualified. Directors serve one-year terms. The Board of Directors appoints officers.

Ms. Van Thuy Tran was elected as the Chief Executive Officer of the company since December 23, 2009 and has served as Chairman of the Board of the Company since December 5, 2008. Ms. Tran was President of Asia Consulting and Trading Company from 1979 to 1999, a company dealing with trade in the Pacific Rim countries. In 1995, she founded Circle of Love, a non-profit providing mission work in Vietnam. In 1993, she founded Equal Partners, Inc., a construction and building company in Minnesota. Ms. Van Tran has a medical degree from Bethel College/University of Minnesota and worked in the medical field as a Technologist/Hematologist for over 17 years.

Laird E. Powers was appointed as a member of our Board on March 4, 2008 and the Company's audit committee on August 29, 2011. He is a private investor in emerging technology companies. He has been involved with Veritec since its early stages in 1986. In addition, for the past 25 years, he has been the president and owner of L.E. Powers Construction, a construction company in the Silicon Valley of California. He holds BS degree in Psychology with a Math minor from California State University - Hayward.

Keith Lane was appointed as a member of the Board on March 19, 2014. High school class of 1968, Keith was member National Honor society 1966-1968, a graduate of U of M School of Journalism. He worked for the Minneapolis Star Tribune newspaper in charge of advertising art and creative department and advertising sales department for many years. Keith went on to open his own Lane-Gorton advertising company in 1977 and now Lane & Associate Productions from 1984 to the present. Keith is specializing in consumer retail, financial institution advertising and marketing, packaging, graphic design and audio/video production.

Ms. Sandra Hartfield was appointed as a member of the Board and the Company's audit committee on August 29, 2011. Ms. Hartfield has over 37 years of banking knowledge and leadership experience. Ms. Hartfield is the President and Chief Executive officer of Hartfield Financial Services. Prior to that Ms. Hartfield was the President and Chief Executive Officer of the Electronic Banking Division of Palm Desert National Bank from 1994 to 2008. Prior to that Ms. Hartfield was the Chief Financial Officer and Chief Administrative Officer of Palm Desert National Bank from 1989 to 1994. Ms. Hartfield served other leadership roles in the banking industry for over 18 years before joining Palm Desert National Bank.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") requires our directors and executive officers and beneficial holders of more than 10% of our common stock to file with the SEC initial reports of ownership and reports of changes in ownership of our equity securities.

To our knowledge, based solely upon a review of Forms 3 and 4 and amendments thereto furnished to Veritec under 17 CFR 240.16a-3(e) during our most recent fiscal year and Forms 5 and amendments thereto furnished to Veritec with respect to our most recent fiscal year or written representations from the reporting persons, we believe that during the year ended December 31, 2011 our directors, executive officers and persons who own more than 10% of our common stock complied with all Section 16(a) filing requirements.

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Committee and Board Meetings

One meeting of our Board of Directors was held in fiscal 2013. We have the same audit committee during the fiscal year 2013. The directors have regularly communicated to discuss our affairs in addition to formal board meetings to transact and approve appropriate business.

As of August 29, 2011, our Board has formed an audit committee composed of two of the current board members. The board of directors has determined that two members of the Audit Committee are independent under the rules of the SEC and the Nasdaq National Market and that Sandra Hartfield qualifies as an "audit committee financial expert," as defined by the rules of the SEC. Our board of directors has adopted a written charter for the Audit Committee meeting applicable standards of the SEC and the Nasdaq Capital Market.

Director Independence

The board of directors has determined that two members of our board of directors, Laird Powers and Sandra Hartfield, are independent under the revised listing standards of The Nasdaq Stock Market, Inc. We intend to maintain at least two independent directors on our board of directors in the future.

Code of Ethics

We have adopted a code of ethics, which is available on our website at http://www.veritecinc.com/about_veritecInc.html. Our code of ethics applies to all of our employees, including our CEO, CFO and directors. If our Board grants any waivers of, or amendments to, the code of ethics to any of our executive officers or directors, we will disclose these matters through our website.

Family Relationships

None of our directors or executive officers is related to one another.

Legal Proceedings

To the best of our knowledge, none of our executive officers or directors are parties to any material proceedings adverse to Veritec, have any material interest adverse to Veritec or have, during the past ten years:

- been convicted in a criminal proceeding or been subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
- had any bankruptcy petition filed by or against him/her or any business of which he/she was a general partner or executive officer, either at the time of the bankruptcy or within two years prior to that time;
- been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his/her involvement in any type of business, securities, futures, commodities or banking activities;

- been found by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;

- been subject to, or party to, any judicial or administrative order, judgment, decree , or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of (i) any Federal or State securities or commodities law or regulation, (ii) any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order or (iii) any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or been the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C. 78c(a)(26))), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C. 1(a)(29))), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

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Corporate Governance

We are committed to having sound corporate governance principles. We believe that such principles are essential to running our business efficiently and to maintaining our integrity in the marketplace.

There have been no changes to the procedures by which stockholders may recommend nominees to our Board of

Directors.

Director Qualifications

We believe that our directors should have the highest professional and personal ethics and values, consistent with our longstanding values and standards. They should have broad experience at the policy-making level in business or banking. They should be committed to enhancing stockholder value and should have sufficient time to carry out their duties and to provide insight and practical wisdom based on experience. Their service on other boards of public companies should be limited to a number that permits them, given their individual circumstances, to perform responsibly all director duties for us. Each director must represent the interests of all stockholders. When considering potential director candidates, the board of directors also considers the candidate’s character, judgment, diversity, age and skills, including financial literacy and experience in the context of our needs and the needs of the board of directors.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation Table

The following table summarizes all compensation for fiscal years 2013 and 2012 received by individuals that served as our principal executive officer and principal financial officer during the last fiscal year, who are the only executive officers of the Company, our "Named Executive Officers".

Name and Principal Position	**Fiscal Year Ended June 30**	**Salary ($)**	**Bonus ($)**	**Stock Awards ($)**	**Option Awards ($)**	**All Other Compensation ($)**	**Total ($)**
Van Thuy Tran Chief	2013	$150,000	$—	$—	$—	$—	$150,000
Executive Officer	2012	$150,000	$—	$1,000	$—	$—	$151,000

Employment Agreements

On December 5, 2008, the Company entered into an employment agreement with Van Thuy Tran providing for an annual base salary of $150,000 and customary medical and other benefits. The agreement may be terminated by either party upon 30 days' notice. In the event the Company terminates the agreement without cause, Ms. Tran will be entitled to $1,000,000 payable upon termination. If Ms. Tran is terminated by the Company without cause, she will be entitled to severance equal to 12 months compensation and benefits. The Company has also agreed to indemnify Ms. Tran against any liability or damages incurred within the scope of her employment.

Director Compensation

The following table summarizes the compensation paid to our directors for the fiscal year ended June 30, 2013:

Name	Fees Earned or Paid-in Cash ($)	Total ($)
(a)	(b)	(h)
Van Thuy Tran	$ 0	$0

Laird Powers	$ 0	$0
Sandra Hartfield	$ 0	$0
Keith Lane	$ 0	$0

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Directors currently receive fees of $0 per meeting attended, plus expenses.

Outstanding Equity Awards at Fiscal Year End

None of our Named Executive Officers has outstanding equity awards received as compensation, including unexercised options, stock that has not vested or equity incentive plan awards, as of the end of the Company's last completed fiscal year.

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

Beneficial ownership is determined in accordance with the rules of the SEC. Shares of common stock subject to options or warrants currently exercisable or exercisable within 60 days of October 2012 are deemed outstanding for computing the percentage ownership of the stockholder holding the options or warrants but are not deemed outstanding for computing the percentage ownership of any other stockholder. Unless otherwise indicated in the footnotes to this table, we believe stockholders named in the table have sole voting and sole investment power with respect to the shares set forth opposite such stockholder’s name. Percentage of ownership is based on approximately 15,920,088 shares of common stock outstanding as of September 30, 2013.

The following table reflects, as of the date of this Annual Report, the beneficial common stock ownership of: (a) each of our directors, (b) each of our current named executive officers, (c) each person known by us to be a beneficial holder of 5% or more of our common stock, and (d) all of our executive officers and directors as a group.

Except as otherwise indicated below, the persons named in the table have sole voting and investment power with respect to all shares of common stock held by them. Unless otherwise indicated, the principal address of each listed executive officer and director is 2445 Winnetka Avenue North, Golden Valley, MN 55427.

Name	Number of Shares Beneficially Owned	Percent of Shares
Sandra Hartfield	0	
Laird Powers(2)	102,984	1%
Van Thuy Tran (1)	79,250	
Keith lane	0	
All Officers and Directors as a group (4 persons)	182,234	1%
Van thuy Tran	3,971,564	25%
The Matthews Group LLC	7,784,628	49%
Larry Johanns (1)		
518 North 12 Street, Osage, IA 50461	3,892,314	24%

(1) The above shares include 50% of the shares owned or issuable to The Matthews Group. Van Thuy Tran and Larry Johanns each own 50% of The Matthews Group. Includes unexercised warrants to purchase 75,000 shares of common stock issued for note payable to The Matthews Group that vested in March 2009.

(2) Includes 25,000 unexercised warrants issued for note payable that vested in March 2009.

ITEM 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The Company's transactions with its officers, directors and affiliates have been and such future transactions will be, on terms no less favorable to the Company than could have been realized by the Company in arms-length transactions with non-affiliated persons and will be approved by the board of directors.

The Company leases its U.S. office facilities from its Chief Executive Officer under a lease that expired June 30, 2012 and was automatically extended for two one-year terms and requiring monthly payments of $4,200 plus common area costs. Rent expense, included in operating cost, to related parties was $52,655 and $49,350 in 2013 and 2012, respectively. Future annual minimum lease payments total is $100,800 through 2015.

During 2014, the company issued to The Mathews Group unsecured notes totaling $68,500 at interest rate of 10%, due on demand.

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During 2012, the Company issued to The Matthews Group and some individuals unsecured and convertible related party demand notes payable totaling $46,000 at interest rates ranging from 5% to 10%. In addition in July 2012 through October 3, 2012 the Company issued unsecured convertible demand note payable totaling $67,000, bearing interest rate of 10% per annum to a related party and an individual.

In 2011, the Company issued to The Matthew Group, and an individual unsecured and secured, unconvertible and convertible notes payable totaling $134,700 at interest rates ranging from 8% to 10%, due on demand.

In 2010, the Company issued to The Matthew Group, members of the Board of Directors, and an individual unsecured and secured, unconvertible and convertible notes payable totaling $1,036,750 (net of payment $65,000) at interest rates ranging from 8% to 10%, that matured July 2010 through January 2011. Included in the notes payable financing during fiscal 2010 was $291,000 due on demand and $956,750 was due to related parties. In addition in July 2010 through September 2010 the Company issued unsecured convertible demand notes payable totaling $100,000, bearing interest rate of 8% per annum to a related party. In 2010 the Company repaid $65,000 to related parties. The Company converted $70,000 note payable by issuing 70,000 shares of its common stock in payment of the note.

In fiscal 2009, pursuant to the terms of a Subscription Agreement and Investment of Intent (the "Subscription Agreement") the Company issued to The Matthews Group, individuals, and employees of the Company unsecured convertible notes payable totaling $550,000, at an interest rate of 8% for a period of eighteen months. Included in this convertible notes payable was $450,000 to related parties. Under the terms of the note interest is accrued on the principal and becomes payable at maturity. The holders of the note have option to convert the note into whatever form of security offered by the Company if there is subsequent financing. As part of Subscription Agreement, the holders of the notes also received warrants to purchase one share of common stock of the Company for every $2.00 of investment, at an exercise price of $2.00 per warrant share. The Company recorded a $20,981 discount on the notes payable for the value of the warrants issued. The discount was fully amortized over the term of the notes payable. Unamortized discount was $0 at June 30, 2012. In addition the Company issued unsecured notes payable to related parties and certain individual totaling $355,000 bearing an annual interest rate of 8% and matured November 2009 and July 2010. Included in the unsecured notes payable was $335,000 issued to related parties.

Item 14 Principal Accountant Fees and Services

Audit Fees

The aggregate fees billed by Weinberg & Company, P.A. for professional services rendered for the audit of our annual consolidated financial statements, including reviews of the interim consolidated financial statements, for fiscal year ended June 30, 2013 and 2012 was $12,751 and $53,903 respectively.

Audit Related Fees

None.

Tax Fees

Weinberg & Company, P.A. was paid $0 and $5,289 for preparation of income tax returns for fiscal years ended 2013 and 2012.

All Other Fees

None.

Audit Committee Pre-Approval Policies and Procedures

Under the SEC's rules, the Audit Committee is required to pre-approve the audit and non-audit services performed by the independent registered public accounting firm in order to ensure that they do not impair the auditors' independence. The Commission's rules specify the types of non-audit services that an independent auditor may not provide to its audit client and establish the Audit Committee's responsibility for administration of the engagement of the independent registered public accounting firm.

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Consistent with the SEC's rules, the Audit Committee Charter requires that the Audit Committee review and pre-approve all audit services and permitted non-audit services provided by the independent registered public accounting firm to us or any of our subsidiaries. The Audit Committee may delegate pre-approval authority to a member of the Audit Committee and if it does, the decisions of that member must be presented to the full Audit Committee at its next scheduled meeting. Accordingly, all audit services and non-audit services described in this Item 14 were pre-approved by the Audit Committee.

There were no hours expended on the principal accountant's engagement to audit the registrant's financial statements for the most recent fiscal year that were attributed to work performed by persons other than the principal accountant's full-time, permanent employees.

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PART IV

ITEM 15 EXHIBITS AND FINANCIAL STATEMENT SCHEDULES *(a) 1. Financial Statements*

See Index to Financial Statements in Item 8 of this Annual Report on Form 10-K, which is incorporated herein by reference.

2. Financial Statement Schedules

All other financial statement schedules have been omitted because they are either not applicable or the required information is shown in the financial statements or notes thereto.

3. Exhibits

See the Exhibit Index which follows the signature page of this Annual Report on Form 10-K, which is incorporated herein by reference.

(b) Exhibits

See Item 15(a) (3) above.

(c) Financial Statement Schedules

See Item 15(a) (2) above.

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.

VERITEC, INC.
a Nevada corporation

By*/s/ VAN THUY TRAN* June 26, 2015
Van Thuy Tran
Chief Executive Officer
(Principal Executive Officer)

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

Signature	**Title**	**Date**
/s/ VAN THUY TRAN Van Thuy Tran	Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)	June 26, 2015
/s/ LAIRD POWERS Lair Powers	Director	June 26, 2015
/s/ KEITH LANE Keith Lane	Director	June 26, 2015

EXHIBIT INDEX

3.1	Restated Articles of Incorporation of Veritec, Inc. dated May 3, 1997 (incorporated by reference to exhibit 3(i) to Veritec's Quarterly Report on Form 10QSB for the quarter ended March 31, 2007, as filed on May 15, 2007).
3.2	Bylaws of Veritec, Inc. (incorporated by reference to exhibit 3(ii) to Veritec's Quarterly Report on Form 10QSB for the quarter ended December 31, 2006, as filed on February 14, 2007).
10.1	Subscription Agreement and Letter of Investment Intent between Veritec, Inc. and various accredited investors dated March 3, 2009 (incorporated by reference to exhibit 10.1 to Form 10-Q for the quarter ended March 31, 2009, as filed on May 15, 2009).

10.2 Unsecured Term Promissory Note in favor of various lenders, dated March 3, 2009 (incorporated by reference to exhibit 10.2 to Form 10-Q for the quarter ended March 31, 2009, as filed on May 15, 2009).

10.3 Warrant to Purchase Common Stock issued to various accredited investors, dated March 3, 2009 (incorporated by reference to exhibit 10.3 to Form 10-Q for the quarter ended March 31, 2009, as filed on May 15, 2009).

10.4* Employment Agreement by and between Veritec, Inc. and Jeffrey Hattara dated January 5, 2009 (incorporated by reference to exhibit 10.4 to Form 10-K for the year ended June 30, 2010, as filed on October 12, 2010).

10.5* Employment Agreement by and between Veritec, Inc. and Thomas McPherson dated December 5, 2008 (incorporated by reference to exhibit 10.5 to Form 10-K for the year ended June 30, 2010, as filed on October 12, 2010).

10.6 Form of Stock Option Agreement (incorporated by reference to exhibit 10.6 to Form 10-K for the year ended June 30, 2010, as filed on October 12, 2010).

10.7 Form of Restricted Stock Agreement (incorporated by reference to exhibit 10.7 to Form 10-K for the year ended June 30, 2010, as filed on October 12, 2010).

10.8 2008 Incentive Compensation Bonus Plan (incorporated by reference to exhibit 10.8 to Form 10-K for the year ended June 30, 2011 as filed on October 13, 2011).

10.9* Employment Agreement by and between Veritec, Inc. and Van Thuy Tran dated December 5, 2008 (incorporated by reference to exhibit 10.9 to Form 10-K for the year ended June 30, 2011 filed on October 13, 2011).

10.10* Employment Agreement by and between Veritec, Inc. and John Quentin dated May 29, 2009 (incorporated by reference to exhibit 10.10 to Form 10-K for the year ended June 30,2011, as filed on October 13, 2011).

10.11 Amended and Restated Promissory Note by Veritec, Inc. in favor of Larry Konfirst dated May 18, 2012 (incorporated by reference to exhibit 10.1 to Form 10-Q for the quarter ended March 31, 2012, as filed on May 21, 2012).

10.12 Letter Agreement by and among Veritec, Inc. and Larry Konfirst, John Johanns and Mary Adams dated May 18, 2012 (incorporated by reference to exhibit 10.2 to Form 10-Q for the quarter ended March 31, 2012 as filed on May 21, 2012).

14. Code of Ethics of Veritec, Inc. (incorporated by reference to exhibit 14 to Veritec, Inc.'s Annual Report on Form 10KSB for the year ended June 30, 2007, as filed).

21.1	Subsidiaries of Veritec, Inc. (incorporated by reference to exhibit 21.1 to Form 10-K for the year ended June 30, 2010, as filed on October 12, 2010).
31.1	Certification by Chief Executive Officer required by Rule 13a14(a)/15d14(a) under the Securities Exchange Act of 1934, filed herewith.
31.2	Certification by Chief Financial Officer required by Rule 13a14(a)/15d14(a) under the Securities Exchange Act of 1934, filed herewith.
32.1**	Veritec, Inc. Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. §1350), filed herewith.
32.2**	Veritec, Inc. Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. §1350), filed herewith.
101.1+	The following financial information from Veritec, Inc.'s Annual Report on Form 10-K for the year ended June 30, 2012 formatted in XBRL. (i) Consolidated Balance Sheets a June 30, 2012 and June 30, 2011; (ii) Consolidated Statement of Operations for the year ended June 30, 2012 and 2011; (iii) Consolidated Statement of Stockholders' Deficit as at June 30, 2012; (v) Consolidated Statement of Cash Flows for the year ended June 30, 2012 and 2011; Notes to the Consolidated Financial Statements.

* Management compensatory plan or arrangement.

** The certifications attached as Exhibits 32.1 and 32.2 accompany the Annual Report on Form 10-K pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed "filed" by Veritec, Inc. for purposes of Section 18 of the Securities Exchange Act.

\+ Furnished herewith. XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.