SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2008-08-08** | Period of Report: **2008-06-30**
SEC Accession No. 0000950134-08-014788

(HTML Version on secdatabase.com)

FILER

WIRELESS RONIN TECHNOLOGIES INC

CIK:**1356093**| IRS No.: **411967918** | State of Incorp.:**MN** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-33169** | Film No.: **081003725**
SIC: **7373** Computer integrated systems design

Mailing Address
BAKER TECHNOLOGY PLAZA
5929 BAKER ROAD, SUITE 475
MINNETONKA MN 55345

Business Address
BAKER TECHNOLOGY PLAZA
5929 BAKER ROAD, SUITE 475
MINNETONKA MN 55345
952-564-3500

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

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

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2008

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

FOR THE TRANSITION PERIOD FROM _________ TO _________

Commission File Number 001-33169

Wireless Ronin Technologies, Inc.
(Exact name of registrant as specified in its charter)

Minnesota	**41-1967918**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

5929 Baker Road, Suite 475, Minnetonka MN 55345
(Address of principal executive offices, including zip code)

(952) 564-3500
(Registrant' s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 during the preceding 12 month (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 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☑ No

As of August 4, 2008, the registrant had 14,764,454 shares of common stock outstanding.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

WIRELESS RONIN TECHNOLOGIES, INC.

TABLE OF CONTENTS

PART I FINANCIAL INFORMATION	3
ITEM 1 FINANCIAL STATEMENTS	3
ITEM 2 MANAGEMENT' S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	20
ITEM 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	25
ITEM 4 CONTROLS AND PROCEDURES	25
PART II OTHER INFORMATION	25
ITEM 1 LEGAL PROCEEDINGS	25
ITEM 1A RISK FACTORS	25
ITEM 2 UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS	25
ITEM 3 DEFAULTS UPON SENIOR SECURITIES	26
ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS	26
ITEM 5 OTHER INFORMATION	27
ITEM 6 EXHIBITS	27
SIGNATURES	28
EXHIBIT INDEX	29

Separation Agreement and General Release
Form of Amendment to Executive Employment Agreement
Certification of Chief Executive Officer
Certification of Chief Financial Officer
Section 1350 Certification of Chief Executive Officer
Section 1350 Certification of Chief Financial Officer

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

WIRELESS RONIN TECHNOLOGIES, INC.
CONSOLIDATED BALANCE SHEETS

	June 30, 2008 (unaudited)	December 31, 2007 (audited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$8,575,185	$ 14,542,280
Marketable securities − available for sale	13,279,757	14,657,635
Accounts receivable, net of allowance of $71,995 and $84,685	3,460,190	4,135,402
Income tax receivable	167,379	231,328
Inventories	676,528	539,140
Prepaid expenses and other current assets	941,227	817,511
Total current assets	27,100,266	34,923,296
Property and equipment, net	2,164,371	1,780,390
Intangible assets, net	2,800,005	3,174,804
Restricted cash	450,000	450,000
Other assets	38,287	40,217
TOTAL ASSETS	$32,552,929	$ 40,368,707
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of capital lease obligations	$74,073	$ 100,023
Accounts payable	1,300,960	1,387,327
Deferred revenue	1,226,912	1,252,485
Accrued purchase price consideration	999,974	999,974
Accrued liabilities	1,306,230	869,759
Total current liabilities	4,908,149	4,609,568
Capital lease obligations, less current maturities	32,304	70,960
TOTAL LIABILITIES	4,940,453	4,680,528
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Capital stock, $0.01 par value, 66,666,666 shares authorized		
Preferred stock, 16,666,666 shares authorized, no shares issued and outstanding	–	–
Common stock, 50,000,000 shares authorized; 14,754,454 and 14,537,705 shares issued and outstanding	147,545	145,377
Additional paid-in capital	79,961,526	78,742,311
Accumulated deficit	(52,676,790)	(43,520,098)
Accumulated other comprehensive income	180,195	320,589
Total shareholders' equity	27,612,476	35,688,179
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$32,552,929	$ 40,368,707

See accompanying Notes to Consolidated Financial Statements.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

WIRELESS RONIN TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Sales				
Hardware	$496,087	$2,484,133	$1,259,380	$2,520,238
Software	203,937	290,097	302,228	352,839
Services and other	896,199	280,633	1,968,129	378,222
Total sales	1,596,223	3,054,863	3,529,737	3,251,299
Cost of sales				
Hardware	450,910	1,685,579	1,085,930	1,735,708
Services and other	1,083,431	187,445	1,983,207	240,579
Total cost of sales	1,534,341	1,873,024	3,069,137	1,976,287
Gross profit	61,882	1,181,839	460,600	1,275,012
Operating expenses:				
Sales and marketing expenses	1,110,004	653,526	2,329,798	1,278,175
Research and development expenses	589,549	257,858	1,043,909	507,289
General and administrative expenses	3,480,262	1,519,218	6,666,969	3,275,807
Termination of partnership agreement	–	–	–	653,995
Total operating expenses	5,179,815	2,430,602	10,040,676	5,715,266
Operating loss	(5,117,933)	(1,248,763)	(9,580,076)	(4,440,254)
Other income (expenses):				
Interest expense	(6,560)	(9,634)	(13,757)	(20,515)
Interest income	169,424	278,686	441,508	431,984
Other	(4,367)	–	(4,367)	(1,491)
Total other income	158,497	269,052	423,384	409,978
Net loss	$(4,959,436)	$(979,711)	$(9,156,692)	$(4,030,276)
Basic and diluted loss per common share	$(0.34)	$(0.09)	$(0.63)	$(0.40)
Basic and diluted weighted average shares outstanding	14,577,825	10,446,571	14,561,003	10,141,126

See accompanying Notes to Consolidated Financial Statements.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

WIRELESS RONIN TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
	2008	2007
Operating Activities:		
Net loss	$(9,156,692)	$(4,030,276)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	303,582	140,773
Amortization of acquisition-related intangibles	284,079	–
Allowance for doubtful receivables	(12,418)	50,981
Stock-based compensation expense	701,129	732,359
Change in operating assets and liabilities:		
Accounts receivable	660,112	(1,242,587)
Income tax receivable	58,024	–
Inventories	(137,389)	3,743
Prepaid expenses and other current assets	(125,061)	67,613
Other assets	1,349	2,500
Accounts payable	(82,498)	370,227
Deferred revenue	(20,238)	248,097
Accrued liabilities	439,167	(56,515)
Net cash used in operating activities	(7,086,854)	(3,713,085)
Investing activities		
Purchases of property and equipment	(699,219)	(558,422)
Purchases of marketable securities	(16,200,098)	(8,899,483)
Sales of marketable securities	17,573,199	9,517,167
Net cash provided by investing activities	673,882	59,262
Financing activities		
Net proceeds from bank lines of credit and short-term notes payable	–	(450,000)
Payments on capital leases	(64,378)	(48,628)
Proceeds from exercise of warrants and stock options	338,899	440,171
Proceeds from issuance of common stock	181,353	27,302,930
Net cash provided by financing activites	455,874	27,244,473
Effect of exchange rate changes on cash	(9,997)	–
Increase (decrease) in cash and cash equivalents	(5,967,095)	23,590,650
Cash and cash equivalents, beginning of period	14,542,280	8,273,388
Cash and cash equivalents, end of period	$8,575,185	$31,864,038

See accompanying Notes to Consolidated Financial Statements.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

WIRELESS RONIN TECHNOLOGIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Wireless Ronin Technologies, Inc. (the "Company") has prepared the consolidated financial statements included herein, without audit, pursuant to the rules and regulations of the United States ("U.S.") Securities and Exchange Commission ("SEC"). The consolidated financial statements include all wholly-owned subsidiaries. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. However, the Company believes that the disclosures are adequate to ensure the information presented is not misleading. These unaudited consolidated financial statements should be read in conjunction with the audited financial statements and the notes thereto included in the Company' s Annual Report on Form 10-KSB for the year ended December 31, 2007.

The Company believes that all necessary adjustments, which consist only of normal recurring items, have been included in the accompanying financial statements to present fairly the results of the interim periods. The results of operations for the interim periods presented are not necessarily indicative of the operating results to be expected for any subsequent interim period or for the year ending December 31, 2008.

Nature of Business and Operations

The Company is a Minnesota corporation that provides dynamic digital signage solutions targeting specific retail and service markets. The Company has designed and developed RoninCast®, a proprietary content delivery system that manages, schedules and delivers digital content over a wireless or wired network. The solutions, the digital alternative to static signage, provide business customers with a dynamic and interactive visual marketing system designed to enhance the way they advertise, market and deliver their messages to targeted audiences.

The Company' s wholly-owned subsidiary, Wireless Ronin Technologies (Canada), Inc., an Ontario, Canada provincial corporation located in Windsor, Ontario, develops "e-learning, e-performance support and e-marketing" solutions for business customers. E-learning solutions are software-based instructional systems developed specifically for customers, primarily in sales force training applications. E-performance support systems are interactive systems produced to increase product literacy of customer sales staff. E-marketing products are developed to increase customer knowledge of and interaction with customer products.

The Company and its subsidiary sell products and services primarily throughout North America.

Summary of Significant Accounting Policies

Further information regarding the Company' s significant accounting policies can be found in the Company' s most recent Annual Report filed on Form 10-KSB for the year ended December 31, 2007.

1. Revenue Recognition

The Company recognizes revenue primarily from these sources:

- Software and software license sales
- System hardware sales
- Professional service revenue
- Software development services
- Software design and development services
- Implementation services
- Maintenance and support contracts

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

The Company applies the provisions of American Institute of Certified Public Accountants (AICPA) Statement of Position (SOP) 97-2, "Software Revenue Recognition," ("SOP 97-2") as amended by SOP 98-9 "Modification of SOP 97-2, Software Revenue Recognition, With Respect to Certain Transactions" ("SOP 98-9") to all transactions involving the sale of software licenses. In the event of a multiple element arrangement, the Company evaluates if each element represents a separate unit of accounting taking into account all factors following the guidelines set forth in Financial Accounting Standards Board (FASB) Emerging Issues Task Force (EITF) Issue No. 00-21 ("EITF 00-21") "Revenue Arrangements with Multiple Deliverables."

The Company recognizes revenue when (i) persuasive evidence of an arrangement exists; (ii) delivery has occurred, which is when product title transfers to the customer, or services have been rendered; (iii) customer payment is deemed fixed or determinable and free of contingencies and significant uncertainties; and (iv) collection is probable. The Company assesses collectability based on a number of factors, including the customer' s past payment history and its current creditworthiness. If it is determined that collection of a fee is not reasonably assured, the Company defers the revenue and recognizes it at the time collection becomes reasonably assured, which is generally upon receipt of cash payment. If an acceptance period is required, revenue is recognized upon the earlier of customer acceptance or the expiration of the acceptance period.

Multiple-Element Arrangements − The Company enters into arrangements with customers that include a combination of software products, system hardware, maintenance and support, or installation and training services. The Company allocates the total arrangement fee among the various elements of the arrangement based on the relative fair value of each of the undelivered elements determined by vendor-specific objective evidence (VSOE). In software arrangements for which the Company does not have VSOE of fair value for all elements, revenue is deferred until the earlier of when VSOE is determined for the undelivered elements (residual method) or when all elements for which the Company does not have VSOE of fair value have been delivered.

The Company has determined VSOE of fair value for each of its products and services. The fair value of maintenance and support services is based upon the renewal rate for continued service arrangements. The fair value of installation and training services is established based upon pricing for the services. The fair value of software and licenses is based on the normal pricing and discounting for the product when sold separately. The fair value of hardware is based on a stand-alone market price of cost plus margin.

Each element of the Company' s multiple element arrangements qualifies for separate accounting with the exception of undelivered maintenance and service fees. The Company defers revenue under the residual method for undelivered maintenance and support fees included in the price of software and amortizes fees ratably over the appropriate period. The Company defers fees based upon the customer' s renewal rate for these services.

Software and software license sales

The Company recognizes revenue when a fixed fee order has been received and delivery has occurred to the customer. The Company assesses whether the fee is fixed or determinable and free of contingencies based upon signed agreements received from the customer confirming terms of the transaction. Software is delivered to customers electronically or on a CD-ROM, and license files are delivered electronically.

System hardware sales

The Company recognizes revenue on system hardware sales generally upon shipment of the product or customer acceptance depending upon contractual arrangements with the customer. Shipping charges billed to customers are included in sales and the related shipping costs are included in cost of sales.

Professional service revenue

Included in services and other revenues is revenue derived from implementation, maintenance and support contracts, content development, software development and training. The majority of consulting and implementation services and accompanying agreements qualify for separate accounting. Implementation and content development services are bid either on a fixed-fee basis or on a time-and-materials basis. For time-and-materials contracts, the Company recognizes revenue as services are performed. For fixed-fee contracts, the Company recognizes revenue upon completion of specific contractual milestones or by using the percentage-of-completion method.

Software development services

Software development revenue is recognized monthly as services are performed per fixed fee contractual agreements.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Software design and development services

Revenue from contracts for technology integration consulting services where the Company designs/redesigns, builds and implements new or enhanced systems applications and related processes for clients are recognized on the percentage-of-completion method in accordance with AICPA SOP 81-1, "Accounting for Performance of Construction-Type and Certain Production-Type Contracts" ("SOP 81-1"). Percentage-of-completion accounting involves calculating the percentage of services provided during the reporting period compared to the total estimated services to be provided over the duration of the contract. Estimated revenues for applying the percentage-of-completion method include estimated incentives for which achievement of defined goals is deemed probable. This method is followed where reasonably dependable estimates of revenues and costs can be made. Estimates of total contract revenue and costs are continuously monitored during the term of the contract, and recorded revenue and costs are subject to revision as the contract progresses. Such revisions may result in increases or decreases to revenue and income and are reflected in the financial statements in the periods in which they are first identified. If estimates indicate that a contract loss will occur, a loss provision is recorded in the period in which the loss first becomes probable and reasonably estimable. Contract losses are determined to be the amount by which the estimated direct and indirect costs of the contract exceed the estimated total revenue that will be generated by the contract and are included in cost of sales and classified in accrued expenses in the balance sheet.

Revenue recognized in excess of billings is recorded as unbilled services. Billings in excess of revenue recognized are recorded as deferred revenue until revenue recognition criteria are met.

Uncompleted contracts are as follows:

	June 30, 2008
Cost incurred on uncompleted contracts	$136,590
Estimated earnings	304,022
	440,612
Less: billings to date	(451,614)
	$(11,002)

Implementation services

Implementation services revenue is recognized when installation is completed.

Maintenance and support contracts

Maintenance and support consists of software updates and support. Software updates provide customers with rights to unspecified software product upgrades and maintenance releases and patches released during the term of the support period. Support includes access to technical support personnel for software and hardware issues.

Maintenance and support revenue is recognized ratably over the term of the maintenance contract, which is typically one to three years. Maintenance and support is renewable by the customer. Rates for maintenance and support, including subsequent renewal rates, are typically established based upon a specified percentage of net license fees as set forth in the arrangement.

2. Accounts Receivable

Accounts receivable are usually unsecured and stated at net realizable value and bad debts are accounted for using the allowance method. The Company performs credit evaluations of its customers' financial condition on an as-needed basis and generally requires no collateral. Payment is generally due 90 days or less from the invoice date and accounts past due more than 90 days are individually analyzed for collectability. In addition, an allowance is provided for other accounts when a significant pattern of uncollectability has occurred based on historical experience and management's evaluation of accounts receivable. If all collection efforts have been exhausted, the account is written off against the related allowance. See Note 9 for further information on security and collateral related to certain outstanding receivables at June 30, 2008.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

3. Software Development Costs

FASB Statement of Financial Accounting Standards (SFAS) No. 86 "Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed" requires certain software development costs to be capitalized upon the establishment of technological feasibility. The establishment of technological feasibility and the ongoing assessment of the recoverability of these costs requires considerable judgment by management with respect to certain external factors such as anticipated future revenue, estimated economic life, and changes in software and hardware technologies. Software development costs incurred beyond the establishment of technological feasibility have not been significant. No software development costs were capitalized during the three and six months ended June 30, 2008 or 2007. Software development costs have been recorded as research and development expense.

4. Accounting for Stock-Based Compensation

In the first quarter of 2006, the Company adopted SFAS No. 123 (Revised 2004), "Share-Based Payment," ("SFAS 123R"), which revises SFAS 123, "Accounting for Stock-Based Compensation" (SFAS 123) and supersedes Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25). Stock-based compensation expense recognized during the period is based on the value of the portion of share-based awards that are ultimately expected to vest during the period. The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option pricing model. The fair value of restricted stock is determined based on the number of shares granted and the closing price of the Company' s common stock on the date of grant. Compensation expense for all share-based payment awards is recognized using the straight-line amortization method over the vesting period. The Company adopted SFAS 123R effective January 1, 2006, prospectively for new equity awards issued subsequent to January 1, 2006.

See Note 8 for further information regarding the Company' s stock-based compensation.

5. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates of the Company are the allowance for doubtful accounts, valuation allowance for deferred tax assets, deferred revenue, depreciable lives and methods of property and equipment, valuation of warrants and other stock-based compensation and valuation of recorded intangible assets. Actual results could differ from those estimates.

Recent Accounting Pronouncements

During September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, "Fair Value Measurements" ("SFAS 157"). This statement defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, however, during December 2007, the FASB proposed FASB Staff Position SFAS 157-2 which delays the effective date of certain provisions of SFAS 157 until fiscal years beginning after November 15, 2008. Effective January 1, 2008, the Company adopted SFAS No. 157 for financial assets and liabilities recognized at fair value on a recurring basis. The partial adoption of SFAS No. 157 for financial assets and liabilities did not have a material impact on the Company' s financial position or results of operations. See Note 3 to the consolidated financial statements for further discussion.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities-Including an Amendment of FASB Statement No 115." SFAS No. 159 permits an entity to choose to measure many financial instruments and certain other items at fair value. Most of the provisions of SFAS No. 159 are elective; however, the amendment of SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," applies to all entities with available-for-sale or trading securities. For financial instruments elected to be accounted for at fair value, an entity will report the unrealized gains and losses in earnings. SFAS No. 159 was effective for the Company beginning in the first quarter of fiscal 2008. The adoption of SFAS No. 159 in the first quarter of fiscal 2008 did not materially impact the Company' s results of operations or financial position.

During December 2007, the FASB issued SFAS No. 141 (Revised 2007), "Business Combinations" ("SFAS 141 (Revised 2007)"). While this statement retains the fundamental requirement of SFAS 141 that the acquisition method of accounting (which SFAS 141 called the *purchase method*) be used for all business combinations, SFAS 141 (Revised 2007) now establishes the principles and

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

requirements for how an acquirer in a business combination: recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interests in the acquiree; recognizes and measures the goodwill acquired in the business combination or the gain from a bargain purchase; and determines what information should be disclosed in the financial statements to enable the users of the financial statements to evaluate the nature and financial effects of the business combination. The Company will adopt SFAS 141 (Revised 2007) for acquisitions that occur on or after January 1, 2009.

During December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an Amendment of ARB No. 51" ("SFAS 160"). This statement establishes accounting and reporting standards for noncontrolling interests in subsidiaries and for the deconsolidation of subsidiaries and clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This statement also requires expanded disclosures that clearly identify and distinguish between the interests of the parent owners and the interests of the noncontrolling owners of a subsidiary. SFAS 160 is effective for fiscal years beginning on or after December 15, 2008. The Company does not believe that the adoption of SFAS 160 will have a material effect on its results of operations or financial position.

During March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivatives Instruments and Hedging Activities, an Amendment of FASB Statement No. 133" ("SFAS 161"). This Statement changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity' s financial position, financial performance, and cash flows. The Company does not believe that the adoption of SFAS 161 will have a material effect on its results of operations or financial position.

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS 162"). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States. It is effective 60 days following the SEC' s approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles". The Company does not believe that the adoption of this statement will have a material effect on its results of operations or financial position.

In May 2008, the FASB issued SFAS No. 163, "Accounting for Financial Guarantee Insurance Contracts - An interpretation of FASB Statement No. 60" ("SFAS 163"). SFAS 163 requires that an insurance enterprise recognize a claim liability prior to an event of default when there is evidence that credit deterioration has occurred in an insured financial obligation. It also clarifies how Statement 60 applies to financial guarantee insurance contracts, including the recognition and measurement to be used to account for premium revenue and claim liabilities, and requires expanded disclosures about financial guarantee insurance contracts. It is effective for financial statements issued for fiscal years beginning after December 15, 2008, except for some disclosures about the insurance enterprise' s risk-management activities. SFAS 163 requires that disclosures about the risk-management activities of the insurance enterprise be effective for the first period beginning after issuance. Except for those disclosures, earlier application is not permitted. The Company does not believe that the adoption of this statement will have a material effect on its results of operations or financial position.

NOTE 2: OTHER FINANCIAL STATEMENT INFORMATION

The following tables provide details of selected financial statement items:

INVENTORIES

	June 30, 2008	December 31, 2007
Finished goods	$325,962	$ 318,451
Work-in-process	350,566	220,689
Total inventories	$676,528	$ 539,140

The Company has recorded adjustments to reduce inventory values to the lower of cost or market for certain finished goods, product components and supplies. No adjustments were made for the three or six months ended June 30, 2008 or 2007, respectively.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Table of Contents

PREPAID EXPENSES AND OTHER CURRENT ASSETS

	June 30, 2008	December 31, 2007
Deferred project costs	$575,043	$ 476,679
Prepaid expenses	366,184	340,832
Total prepaid expenses and other current assets	$941,227	$ 817,511

Deferred project costs represent incurred costs to be recognized as cost of sales once all revenue recognition criteria have been met.

PROPERTY AND EQUIPMENT

	June 30, 2008	December 31, 2007
Leased equipment	$380,908	$ 380,908
Equipment	1,272,470	923,549
Leasehold improvements	332,777	313,021
Demonstration equipment	149,992	127,556
Purchased software	486,290	226,003
Furniture and fixtures	580,151	581,355
Total property and equipment	$3,202,588	$ 2,552,392
Less: accumulated depreciation	(1,038,217)	(772,002)
Net property and equipment	$2,164,371	$ 1,780,390

OTHER ASSETS

Other assets consist of long-term deposits on operating leases.

DEFERRED REVENUE

	June 30, 2008	December 31, 2007
Deferred customer billings	$1,029,795	$ 950,066
Deferred software maintenance	82,346	90,197
Customer deposits	16,564	166,162
Deferred project revenue	98,207	46,060
Total deferred revenue	$1,226,912	$ 1,252,485

ACCRUED LIABILITIES

	June 30, 2008	December 31, 2007
Compensation	$1,030,597	$ 590,737
Accrued remaining lease obligations	128,723	170,793
Accrued rent	89,860	79,131
Sales tax and other	57,050	29,098
Total accrued liabilities	$1,306,230	$ 869,759

See Note 6 for additional information on accrued remaining lease obligations.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Table of Contents

COMPREHENSIVE LOSS

Comprehensive loss for the Company includes net loss, foreign currency translation and unrealized gain on investments. Comprehensive loss for the three and six months ended June 30, 2008 and 2007, respectively, was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Net loss	$(4,959,436)	$(979,711)	$(9,156,692)	$(4,030,276)
Foreign currency translation adjustment	39,524	–	(135,617)	–
Unrealized loss on investments	(28,417)	(46,634)	(4,777)	(19,101)
Comprehensive loss	$(4,948,329)	$(1,026,345)	$(9,297,086)	$(4,049,377)

SUPPLEMENTAL CASH FLOW INFORMATION

	Six Months Ended June 30,	
	2008	2007
Cash paid for:		
Interest	$ 11,397	$ 20,515

NOTE 3: MARKETABLE SECURITIES AND FAIR VALUE MEASUREMENT

Short-term investments are classified as available-for-sale securities and are reported at fair value as follows:

	June 30, 2008			
	Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
Money market funds	$8,437,894	$–	$(23)	$8,437,871
Total included in cash and cash equivalents	8,437,894	–	(23)	8,437,871
Government and agency securities	13,217,506	62,251	–	13,279,757
Total included in marketable securities	13,217,506	62,251	–	13,279,757
Total available-for-sale securities	$21,655,400	$62,251	$(23)	$21,717,628

	December 31, 2007			
	Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
Money market funds	$14,045,738	$43	$(15)	14,045,766
Total included in cash and cash equivalents	14,045,738	43	(15)	14,045,766
Government and agency securities	14,569,367	89,931	(1,663)	14,657,635
Total included in marketable securities	14,569,367	89,931	(1,663)	14,657,635
Total available-for-sale securities	$28,615,105	$89,974	$(1,678)	$28,703,401

The Company measures certain financial assets at fair value on a recurring basis, including cash equivalents and available-for-sale securities. In accordance with SFAS No. 157, fair value is a market-based measurement that should be determined based on the

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, SFAS No. 157 establishes a three-level hierarchy which prioritizes the inputs used in measuring fair value. The three hierarchy levels are defined as follows:

Level 1 − Valuations based on unadjusted quoted prices in active markets for identical assets. The fair value of available-for-sale securities included in the Level 1 category is based on quoted prices that are readily and regularly available in an active market. The Level 1 category at June 30, 2008 includes money market funds of $8.4 million, which are included in cash and cash equivalents in the consolidated balance sheets and $13.2 million, which are included in marketable securities in the consolidated balance sheets.

Level 2 − Valuations based on observable inputs (other than Level 1 prices), such as quoted prices for similar assets at the measurement date; quoted prices in markets that are not active; or other inputs that are observable, either directly or indirectly. The Company had no Level 2 financial assets measured at fair value on the consolidated balance sheets as of June 30, 2008.

Level 3 − Valuations based on inputs that are unobservable and involve management judgment and the reporting entity' s own assumptions about market participants and pricing. The Company had no Level 3 financial assets measured at fair value on the consolidated balance sheets as of June 30, 2008.

The hierarchy level assigned to each security in the Company' s available-for-sale portfolio is based on its assessment of the transparency and reliability of the inputs used in the valuation of such instrument at the measurement date. The Company did not have any financial liabilities that were covered by SFAS No. 157 as of June 30, 2008.

NOTE 4: TERMINATION OF PARTNERSHIP AGREEMENT

On February 13, 2007, the Company terminated its strategic partnership agreement with Marshall Special Assets Group, Inc. ("Marshall") by signing a mutual termination, release and agreement. By entering into the mutual termination, release and agreement, the Company regained the rights to directly control its sales and marketing process within the gaming industry and will obtain increased margins in all future digital signage sales in such industry. Pursuant to the terms of the mutual termination, release and agreement, the Company paid Marshall $653,995 in consideration of the termination of all of Marshall' s rights under the strategic partnership agreement and in full satisfaction of any future obligations to Marshall under the strategic partnership agreement. Pursuant to the mutual termination, release and agreement, the Company will pay Marshall a fee in connection with sales of the Company' s software and hardware to customers, distributors and resellers for use exclusively in the ultimate operations of or for use in a lottery ("End Users"). Under such agreement, the Company will pay Marshall (i) 30% of the net invoice price for the sale of the Company' s software to End Users, and (ii) 2% of the net invoice price for sale of hardware to End Users, in each case collected by the Company on or before February 12, 2012, with a minimum payment of $50,000 per year for the first three years. Marshall will pay 50% of the costs and expenses incurred by the Company in relation to any test installations involving sales or prospective sales to End Users.

NOTE 5: ACQUISITIONS AND INTANGIBLE ASSETS

On August 16, 2007, the Company closed the transaction contemplated by the Stock Purchase Agreement by and between the Company, and Robert Whent, Alan Buterbaugh and Marlene Buterbaugh (the "Sellers"). Pursuant to such closing, the Company purchased all of the Sellers' stock in holding companies that owned McGill Digital Solutions, Inc. ("McGill"), based in Windsor, Ontario, Canada. The holding companies acquired from the Sellers and McGill were amalgamated into one wholly-owned subsidiary of the Company. The results of operations of McGill (now renamed Wireless Ronin Technologies (Canada), Inc., ("WRT Canada")) have been included in the Company' s consolidated financial statements since August 16, 2007. The Company acquired McGill for its custom interactive software solutions used primarily for e-learning and digital signage applications. Most of WRT Canada' s revenue is derived from products and solutions provided to the automotive industry.

The Company acquired the shares from the Sellers for cash consideration of $3,190,563, subject to potential adjustments, and 50,000 shares of the Company' s common stock. The Company also incurred $178,217 in direct costs related to the acquisition. In addition, the Company agreed to pay earn-out consideration to the Sellers of up to $1,000,000 (CAD) and 50,000 shares of the Company' s common stock if specified earn-out criteria are met. The earn-out criteria for 2007 was at least $4,100,000 (CAD) gross sales and a gross margin equal to or greater than 50%. If the 2007 earn-out criteria had been met, 25% of the earn-out consideration would have been paid. The 2007 earn-out criteria were not met and no 2007 earn-out was paid. The earn-out criteria for 2008 consists

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

of gross sales of at least $6,900,000 (CAD) and a gross margin equal to or greater than 50%. The Company has accrued the 2008 earn-out consideration of $999,974 as part of its valuation analysis which was completed in the fourth quarter of 2007.

The purchase price of the acquisition consisted of the following:

Cash payment to sellers	$3,190,563
Transaction costs	178,217
Accrued purchase price consideration	999,974
Stock issuance	312,000
Total purchase price	$4,680,754

The Company has allocated the cost of the acquisition, as follows:

	August 16, 2007
Current assets	$1,392,391
Intangible assets	3,221,652
Property and equipment	236,878
Total assets acquired	4,850,921
Current liabilities	151,075
Long-term liabilities	19,092
Total liabilities assumed	170,167
Net assets acquired	$4,680,754

Pro Forma Operating Results (Unaudited)

The following unaudited pro forma information presents a summary of consolidated results of operations of the Company as if the acquisition of McGill had occurred at January 1, 2007. The historical consolidated financial information has been adjusted to give effect to a decrease in interest income related to the amount paid as the purchase price to the former shareholders of McGill.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Sales	$1,596,223	$3,797,812	$3,529,737	$4,834,527
Loss from operations	(5,117,933)	(1,422,905)	(9,580,076)	(4,711,940)
Net loss	(4,959,436)	1,196,913	(9,156,692)	(4,410,873)
Basic and diluted loss per common share	$(0.34)	$0.11	$(0.63)	$(0.43)
Basic and diluted weighted average shares outstanding	14,577,825	10,496,571	14,561,003	10,196,126

The unaudited pro forma condensed consolidated financial information is presented for informational purposes only. The pro forma information is not necessarily indicative of what the financial position or results of operations actually would have been had the acquisition been completed on the dates indicated. In addition, the unaudited pro forma condensed consolidated financial information does not purport to project the future financial position or operating results of the Company after completion of the acquisition.

NOTE 6: CAPITAL LEASE OBLIGATIONS

The Company leases certain equipment under three capital lease arrangements with imputed interest of 16% to 22% per year. The leases require monthly payments of $11,443 through May 2008, $7,151 through July 2009 and $5,296 through November 2009.

Other information relating to the capital lease equipment is as follows:

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

	June 30, 2008	December 31, 2007
Cost	$380,908	$ 380,908
Less: accumulated amortization	(294,308)	(260,950)
Total	$86,600	$ 119,958

Amortization expense for capital lease assets was $16,679 and $26,825 for the three months ended June 30, 2008 and 2007, respectively, and $33,358 and $53,650 for the six months ended June 30, 2008 and 2007, respectively, and is included in depreciation expense.

NOTE 7: COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases approximately 19,089 square feet of office and warehouse space under a lease that extends through January 31, 2013. In addition, the Company leases office space of approximately 14,930 square feet to support its Canadian operations at a facility located at 4510 Rhodes Drive, Suite 800, Windsor, Ontario under a lease that extends through June 30, 2009.

The Company also leases equipment under a non-cancelable operating lease that requires minimum monthly payments of $769 through October 2012.

Rent expense under the operating leases was $114,071 and $25,690 for the three months ended June 30, 2008 and 2007, respectively, and $237,138 and $49,415 for the six months ended June 30, 2008 and 2007, respectively.

Future minimum lease payments for operating leases are as follows:

At June 30, 2008	Lease Obligations
2008	$ 198,291
2009	333,810
2010	204,730
2011	200,706
2012	192,472
Thereafter	15,398
Total future minimum obligations	$ 1,145,407

Remaining Lease Obligation

On July 9, 2007, the Company moved from its former office space at 14700 Martin Drive in Eden Prairie to its new office space at 5929 Baker Road in Minnetonka. Due to the move occurring during the third quarter of 2007, a liability for the costs that will continue to be incurred under the prior lease for its remaining term without economic benefit to the Company was recognized and measured at the fair value on the cease use date, July 9, 2007. The lease accrual was charged to rent in general and administrative expenses. The remaining liability at June 30, 2008 was $128,723. The prior lease termination date is November 30, 2009. Since the prior lease is an operating lease, the fair value of the liability is based on the remaining lease rentals, reduced by estimated sublease rentals that could be reasonably obtained for the property, even though the Company has not entered into a sublease to date. Other costs included in the fair value measurement are the amortization of the remaining book values of the leasehold improvements on the premises and the listing agent fee paid on the property. The existing rental obligations, additional costs incurred and expected sublease receipts are as follows:

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

	December 31, 2007	Adjustments to Estimates	June 30, 2008
Costs to be incurred:			
Existing rental payments	$ 148,787	$ (38,814)	$ 109,973
Expected operating costs	$ 63,365	$ (16,530)	$ 46,835
Unamortized leasehold improvements	$ 79,967	$ (20,861)	$ 59,106
Listing agent fee	$ 30,429	$ (7,938)	$ 22,491
Sublease receipts			
Expected sublease rental income	$ 74,394	$ (19,407)	$ 54,987
Expected reimbursement of operating costs	$ 63,365	$ (16,530)	$ 46,835

As of June 30, 2008, the Company had incurred costs of $76,099 in rent for the former office space since vacating the property. Also, the former office space had not been subleased as of June 30, 2008, but the Company is actively searching for a sub-lessee. The Company calculated the present value based on a straight line allocation of the above costs and receipts over the term of the prior lease and a credit-adjusted risk-free rate of 8 percent. The costs listed above have been aggregated in the general and administrative line of the consolidated statements of operations.

Litigation

The Company was not party to any material legal proceedings as of August 4, 2008.

NOTE 8: STOCK-BASED COMPENSATION AND BENEFIT PLANS

Expense Information under SFAS 123R

On January 1, 2006, the Company adopted SFAS 123R, which requires measurement and recognition of compensation expense for all stock-based payments including warrants, stock options and restricted stock grants based on estimated fair values. A summary of compensation expense recognized for the issuance of stock options and warrants follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Stock-based compensation costs included in:				
Sales and marketing expenses	$45,968	$26,905	$96,451	$57,426
Research and development expenses	11,259	19,685	37,776	50,044
General and administrative expenses	248,684	89,749	566,902	624,889
Total stock-based compensation expenses	$305,911	$136,339	$701,129	$732,359

At June 30, 2008, there was approximately $2,253,000 of total unrecognized compensation expense related to unvested share-based awards. Generally, the expense will be recognized over the next four years and will be adjusted for any future changes in estimated forfeitures.

Valuation Information under SFAS 123R

For purposes of determining estimated fair value under SFAS 123R, the Company computed the estimated fair values of stock options using the Black-Scholes model. The weighted average estimated fair value of stock options granted was $3.39 and $5.05 per share for the three months ended June 30, 2008 and 2007, respectively. These values were calculated using the following weighted average assumptions:

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

	Three Months Ended June 30,	
	2008	2007
Expected life	3.75 Years	3.45 to 3.75 years
Dividend yield	0 %	0 %
Expected volatility	98.4 %	97.0 to 97.2 %
Risk-free interest rate	1.5 to 3.0%	5.0 %

The risk-free interest rate assumption is based on observed interest rates appropriate for the term of the Company' s stock options. The expected life of stock options represents the weighted-average period the stock options are expected to remain outstanding. The Company used historical closing stock price volatility for a period equal to the period its common stock has been trading publicly. The Company used a weighted average of other publicly traded stock volatility for remaining expected term of the options granted. The dividend yield assumption is based on the Company' s history and expectation of future dividend payouts.

2007 Associate Stock Purchase Plan

In November 2007, the Company' s shareholders approved the 2007 Associate Stock Purchase Plan, under which 300,000 shares were originally reserved for purchase by the Company' s associates. The purchase price of the shares under the plan is the lesser of 85% of the fair market value on the first or last day of the offering period. Offering periods are every six months ending on June 30 and December 31. Associates may designate up to ten percent of their compensation for the purchase of shares under the plan. The first purchase date under the plan took place June 30, 2008, in which approximately 74,000 shares were purchased.

Employee Benefit Plan

In 2007, the Company began to offer a defined contribution 401(k) retirement plan for eligible associates. Associates may contribute up to 15% of their pretax compensation to the plan. There is currently no plan for an employer contribution match.

NOTE 9: SEGMENT INFORMATION AND MAJOR CUSTOMERS

The Company views its operations and manages its business as one reportable segment, providing digital signage solutions to a variety of companies, primarily in its targeted vertical markets. Factors used to identify the Company' s single operating segment include the financial information available for evaluation by the chief operating decision maker in making decisions about how to allocate resources and assess performance. The Company markets its products and services through its headquarters in the United States and its wholly-owned subsidiary operating in Canada.

Net sales per geographic region, based on location of end customer, are summarized as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
United States	$1,349,918	$3,013,522	$2,886,255	$3,160,683
Canada	246,305	41,341	639,343	90,616
Mexico	–	–	4,139	–
Total Sales	$1,596,223	$3,054,863	$3,529,737	$3,251,299

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Geographic segments of property and equipment and intangible assets are as follows:

	June 30, 2008	December 31, 2007
Property and equipment, net:		
United States	$1,511,067	$ 1,425,351
Canada	653,304	355,039
Total	$2,164,371	$ 1,780,390
Intangible assets, net:		
United States	$–	$ –
Canada	2,800,005	3,174,804
Total	$2,800,005	$ 3,174,804

A significant portion of the Company' s revenue is derived from a few major customers. Customers with greater than 10% of total sales are represented on the following table:

	Three Months Ended June 30,		Six Months Ended June 30,	
Customer	2008	2007	2008	2007
NewSight Corporation	*	72.4%	*	71.1%
Chrysler (BBDO Detroit/Windsor)	38.7%	*	25.3%	*
KFC	10.0%	*	19.4%	*
Bachman' s	11.8%	*	*	*
	60.5%	72.4%	44.7%	71.1%

* Sales from these customers were less than 10% of total sales for the period reported.

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of accounts receivable. As of June 30, 2008, a significant portion of the Company' s accounts receivable was concentrated with one customer:

Customer	June 30, 2008	June 30, 2007
NewSight Corporation	70.2%	75.6%
	70.2%	75.6%

If NewSight Corporation ("NewSight") (see Note 11) fails to make payment when due under its $2.3 million promissory note, the Company would seek to enforce the security agreement and utilize collateral to satisfy NewSight' s debt obligation to the Company. Although the Company believes that the security agreement with NewSight is valid and enforceable, that the subordination agreement with Prentice Capital Management provides the Company with a first priority position with respect to the collateral, and that the financing statement the Company filed with the Delaware Secretary of State is valid and enforceable, NewSight' s debt obligation to the Company might not be fully collectible. Although the Company believes that no valuation allowance is presently necessary for the NewSight net receivable balance of $2.5 million due to its estimate of the value of the collateral, including collateral held in warehouses and its estimate of the value of the hardware composing the Meijer Network, in the case of insolvency by NewSight, the Company may not be able to fully recover the amount of the note receivable, which could adversely affect the Company' s financial position.

NOTE 10: NET LOSS PER SHARE

In accordance with SFAS No. 128, "Earnings Per Share," (SFAS 128), basic net income (loss) per share for the three and six months ended June 30, 2008 and 2007 is computed by dividing net income (loss) by the weighted average common shares outstanding during the periods presented. Diluted net income per share is computed by dividing income by the weighted average number of common shares outstanding during the period, increased to include dilutive potential common shares issuable relating to outstanding restricted stock, and upon the exercise of stock options and awards that were outstanding during the period. For all net loss periods

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

presented, diluted loss per share is the same as basic loss per share because the effect of outstanding restricted stock, options and warrants is antidilutive.

The following table presents the computation of basic and diluted net income per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Net loss	$(4,959,436)	$(979,711)	$(9,156,692)	$(4,030,276)
Shares used in computing basic net loss per share	14,577,825	10,446,571	14,561,003	10,141,126
Outstanding dilutible stock options	–	–	–	–
Shares used in computing diluted net loss per share	14,577,825	10,446,571	14,561,003	10,141,126
Basic net loss per share	$(0.34)	$(0.09)	$(0.63)	$(0.40)
Diluted net loss per share	$(0.34)	$(0.09)	$(0.63)	$(0.40)

Shares reserved for outstanding stock warrants and options totaling 3,356,952 and 3,487,489 at June 30, 2008 and 2007, respectively, were excluded from the computation of loss per share as their effect was antidilutive.

NOTE 11: OTHER EVENTS

Agreements with NewSight

On June 5, 2008, the Company announced that it had entered into a letter agreement to further extend the maturity date of the Secured Promissory Note issued to it by NewSight Corporation in October 2007 (the "Note"). Pursuant to the agreement, the maturity date of the Note has been extended to the earlier of (1) August 15, 2008, or (2) completion of NewSight' s next financing transaction, excluding any financing of less than $3,000,000 solely from Prentice Capital Management, L.P. or its affiliates.

The letter agreement also provided that the Digital Signage Agreement dated May 25, 2007, with NewSight regarding CBL Mall Installations is terminated. All other agreements with NewSight, including the Digital Signage Agreement regarding the Meijer stores network, effective Oct. 12, 2007 (the "Meijer Agreement"), and the Security Agreement with NewSight and Prentice Capital Management effective October 12, 2007, remain in full force and effect.

NewSight has agreed to make payment in advance to Wireless Ronin for all services or goods requested by NewSight pursuant to any agreements now in force until all amounts due from NewSight to Wireless Ronin are paid in full.

The letter agreement provides that the amount due under the note will be due and payable immediately upon the occurrence of one or more of the following events: (1) NewSight' s breach of or default under the Meijer Agreement, the Note, the Security Agreement, or the letter agreement extending the note maturity date (in each case after giving effect to any applicable cure periods described therein); or (2) NewSight' s completion of a financing transaction, excluding any financing of less than $3,000,000 solely from Prentice Capital Management or its affiliates. Termination by NewSight of its engagement agreement with Lazard Freres will not constitute a default under the Note. The letter agreement specifies that, except as Wireless Ronin and NewSight may subsequently agree in writing, no additional credit shall be extended to NewSight by Wireless Ronin pursuant to the Note or on trade credit terms.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Item 2. Management' s Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

The following discussion contains various forward-looking statements within the meaning of Section 21E of the Exchange Act. Although we believe that, in making any such statement, our expectations are based on reasonable assumptions, any such statement may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. When used in the following discussion, the words "anticipates," "believes," "expects," "intends," "plans," "estimates" and similar expressions, as they relate to us or our management, are intended to identify such forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties that could cause actual results to differ materially from those anticipated. Factors that could cause actual results to differ materially from those anticipated, certain of which are beyond our control, are set forth herein and in our Form 10-Q for the period ended March 31, 2008 under the caption "Cautionary Statement."

Our actual results, performance or achievements could differ materially from those expressed in, or implied by, forward-looking statements. Accordingly, we cannot be certain that any of the events anticipated by forward-looking statements will occur or, if any of them do occur, what impact they will have on us. We caution you to keep in mind the cautions and risks described in this document and to refrain from attributing undue certainty to any forward-looking statements, which speak only as of the date of the document in which they appear. We do not undertake to update any forward-looking statement.

Overview

Wireless Ronin Technologies, Inc. is a Minnesota corporation that has designed and developed application-specific visual marketing solutions. We provide dynamic digital signage solutions targeting specific retail and service markets through a suite of software applications collectively called RoninCast®. RoninCast® is an enterprise-level content delivery system that manages, schedules and delivers digital content over wireless or wired networks. Our solution, a digital alternative to static signage, provides our customers with a dynamic visual marketing system designed to enhance the way they advertise, market and deliver their messages to targeted audiences. Our technology can be combined with interactive touch screens to create new platforms for conveying marketing messages.

Our Sources of Revenue

We generate revenues through system sales, license fees and separate service fees, including consulting, content development and implementation services, as well as ongoing customer support and maintenance, including product upgrades. We currently market and sell our software and service solutions through our direct sales force and value added resellers.

Our Expenses

Our expenses are primarily comprised of three categories: sales and marketing, research and development and general and administrative. Sales and marketing expenses include salaries and benefits for our sales associates and commissions paid on sales. This category also includes amounts spent on the hardware and software we use to prospect new customers including those expenses incurred in trade shows and product demonstrations. Our research and development expenses represent the salaries and benefits of those individuals who develop and maintain our software products including RoninCast® and other software applications we design and sell to our customers. Our general and administrative expenses consist of corporate overhead, including administrative salaries, real property lease payments, salaries and benefits for our corporate officers and other expenses such as legal and accounting fees.

Significant Accounting Policies and Estimates

A discussion of the Company' s significant accounting policies was provided in Item 7 in our Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007. There were no significant changes to these accounting policies during the first six months of 2008.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Table of Contents

Results of Operations

The following table sets forth, for the periods indicated, certain unaudited Consolidated Statements of Operations information:

	Three Months Ended					
	June 30, 2008	% of total sales	June 30, 2007	% of total sales	$ Increase (Decrease)	% Increase (Decrease)
Sales	$1,596,223	100 %	$3,054,863	100 %	$(1,458,640)	-48 %
Cost of sales	1,534,341	96 %	1,873,024	61 %	(338,683)	-18 %
Gross profit	61,882	4 %	1,181,839	39 %	(1,119,957)	-95 %
Sales and marketing expenses	1,110,004	70 %	653,526	21 %	456,478	70 %
Research and development expenses	589,549	37 %	257,858	8 %	331,691	129 %
General and administrative expenses	3,480,262	218 %	1,519,218	50 %	1,961,044	129 %
Total operating expenses	5,179,815	325 %	2,430,602	80 %	2,749,213	113 %
Operating loss	(5,117,933)	-321 %	(1,248,763)	-41 %	(3,869,170)	310 %
Other income (expenses):						
Interest expense	(6,560)	0 %	(9,634)	0 %	(3,074)	32 %
Interest income	169,424	11 %	278,686	9 %	(109,262)	-39 %
Other	(4,367)	0 %	–	0 %	4,367	0 %
Total other income (expense)	158,497	10 %	269,052	9 %	(110,555)	-41 %
Net loss	$(4,959,436)	-311 %	$(979,711)	-32 %	$(3,979,725)	406 %

	Three Months Ended					
	June 30, 2008	% of total sales	June 30, 2007	% of total sales	$ Increase (Decrease)	% Increase (Decrease)
United States	$1,349,918	85 %	$3,013,522	99 %	$(1,663,604)	-55 %
Canada	246,305	15 %	41,341	1 %	204,964	496 %
Total Sales	$1,596,223	100 %	$3,054,863	100 %	$(1,458,640)	-48 %

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

	Six Months Ended					
	June 30, 2008	% of total sales	June 30, 2007	% of total sales	$ Increase (Decrease)	% Increase (Decrease)
Sales	$3,529,737	100 %	$3,251,299	100 %	$278,438	9 %
Cost of sales	3,069,137	87 %	1,976,287	61 %	1,092,850	55 %
Gross profit	460,600	13 %	1,275,012	39 %	(814,412)	-64 %
Sales and marketing expenses	2,329,798	66 %	1,278,175	39 %	1,051,623	82 %
Research and development expenses	1,043,909	30 %	507,289	16 %	536,620	106 %
General and administrative expenses	6,666,969	189 %	3,275,807	101 %	3,391,162	104 %
Termination of partnership agreement	–	0 %	653,995	20 %	(653,995)	-100 %
Total operating expenses	10,040,676	284 %	5,715,266	176 %	4,325,410	76 %
Operating loss	(9,580,076)	-271 %	(4,440,254)	-137 %	(5,139,822)	116 %
Other income (expenses):						
Interest expense	(13,757)	0 %	(20,515)	-1 %	(6,758)	33 %
Interest income	441,508	13 %	431,984	13 %	9,524	2 %
Other	(4,367)	0 %	(1,491)	0 %	2,876	-193 %
Total other income (expense)	423,384	12 %	409,978	13 %	13,406	3 %
Net loss	$(9,156,692)	-259 %	$(4,030,276)	-124 %	$(5,126,416)	127 %

	Six Months Ended					
	June 30, 2008	% of total sales	June 30, 2007	% of total sales	$ Increase (Decrease)	% Increase (Decrease)
United States	$2,886,255	82 %	$3,160,683	97 %	$(274,428)	-9 %
Canada	639,343	18 %	90,616	3 %	548,727	606 %
Mexico	4,139	0 %	–	0 %	4,139	413900 %
Total Sales	$3,529,737	100 %	$3,251,299	100 %	$278,438	9 %

Three and Six Months Ended June 30, 2008 and 2007

Sales

Our sales totaled $1,596,223 for the three months ended June 30, 2008, compared to $3,054,863 for the same period in the prior year, a decrease of $1,458,640 or 48%. The decrease was due primarily to the significant sales of hardware to a single customer in the three months ended June 30, 2007. For the quarter, hardware sales and installations decreased approximately $1,988,000, software sales decreased approximately $86,000, and network hosting and other services increased $615,000, due primarily to our acquisition of McGill Digital Solutions, Inc. in August 2007.

Our sales totaled $3,529,737 for the six months ended June 30, 2008, compared to $3,251,299 for the same period in the prior year for an increase of $278,438 or 9%. The overall increase in our sales was due primarily to our acquisition of McGill Digital Solutions, Inc. For the six months ended June 30, 2008, hardware sales and installations decreased approximately $1,261,000 due primarily to the significant sales of hardware to a single customer in the six months ended June 30, 2007, software sales decreased approximately $51,000, and network hosting and other services increased $1,590,000 for the six months, due primarily to our acquisition of McGill Digital Solutions, Inc.

Cost of Sales

Our cost of sales decreased $338,683, or 18%, for the three months ended June 30, 2008, compared to the same period in the prior year. The decrease in cost of sales for the quarter was due to a lower mix of lower margin hardware sales.

Our cost of sales increased $1,092,850, or 55%, for the six months ended June 30, 2008, compared to the same period in the prior year. The increase in cost of sales for the six months was due to a higher mix of lower margin hardware sales in the first three months of the year.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Operating Expenses

Our operating expenses increased 113% or $2,749,213 to $5,179,815 for the three months ended June 30, 2008 compared to the same period in the prior year. Our operating expenses increased 76% or $4,325,408 to $10,040,674 for the six months ended June 30, 2008 compared to the same period in the prior year. The acquisition of McGill accounted for approximately $1,006,000 and $1,918,000 of this increase in operating expenses for the three and six month periods ended June 30, 2008, respectively. In addition, for the quarter, salaries and benefits increased approximately $856,000, which was directly related to our increase in headcount from 37 to 72 associates in our Minneapolis headquarters and severance payments, and by an increase in stock-based compensation expense of approximately $170,000. Our rent in the Minneapolis headquarters and utilities increased approximately $49,000 for the three months ended June 30, 2008 due to our move in July 2007 to larger office space. We also increased our advertising costs by approximately $71,000 as a result of increased tradeshow participation and the continued marketing of RoninCast. Our expenses also increased due to higher professional fees of approximately $421,000 for the three months ended June 30, 2008, largely due to the expense of being a public entity and growth of our business. Depreciation, insurance, telephone, travel and other expenses increased approximately $176,000 mainly due to the growth of our business.

For the six month period, salaries and benefits increased approximately $1,452,000, which was directly related to our increase in headcount from 37 to 72 associates and severance payments, partially offset by a decrease in stock-based compensation expense of approximately $31,000. Our rent and utilities increased approximately $111,000 due to our move in July 2007 to larger office space. We also increased our advertising costs by approximately $229,000 as a result of tradeshow participation and the continued marketing of RoninCast. Our expenses also increased due to higher professional fees of approximately $823,000, largely due to the expense of being a public entity and growth of our business. Depreciation, insurance, telephone, travel and other expenses increased approximately $477,000 mainly due to the growth of our business.

The increases above for the six months ended June 30, 2008 were partially offset by a decrease of approximately $654,000 related to the 2007 termination of a partnership agreement described below and in Note 4, Termination of Partnership Agreement.

On February 13, 2007, we terminated a strategic partnership agreement with Marshall Special Assets Group, Inc., a company that provides financing services to the Native American gaming industry, by signing a Mutual Termination, Release and Agreement. We paid $654,000 in consideration of the termination of all rights under the strategic partnership agreement and in full satisfaction of any further obligations under the strategic partnership agreement. Going forward, we will pay a fee in connection with sales of our software and hardware to customers, distributors and resellers for use exclusively in the ultimate operations of or for use in a lottery (“End Users”). Under such agreement, we will pay a percentage of the net invoice price for the sale of our software and hardware to End Users, in each case collected by us on or before February 12, 2012, with a minimum annual payment of $50,000 for three years. We will be reimbursed for 50% of the costs and expenses incurred by us in relation to any test installations involving sales or prospective sales to End Users.

Interest Expense

Interest expense decreased by $3,074 to $6,560 from $9,634 for the three months ended June 30, 2008 compared to the same period in the prior year. Interest expense decreased $6,758 to $13,757 from $20,515 for the six months ended June 30, 2008 compared to the same period in the prior year. The decreases were the result of reduced debt balances under our capital leases.

Interest Income

Interest income decreased by $109,262 for the three months ended June 30, 2008 and increased $9,524 for the six months ended June 30, 2008, compared to the same periods in the prior year, respectively. Invested cash was lower for the quarter as we used funds for operations, while invested funds for the six months ended June 30, 2008 was higher than the same period in the previous year as a result of the follow-on public offering of securities we closed in June 2007.

Liquidity and Capital Resources

Operating Activities

We do not currently generate positive cash flows. Our investments in infrastructure have been greater than sales generated to date. As of June 30, 2008, we had an accumulated deficit of $52,676,790. The cash flow used in operating activities was $7,086,854 and $3,713,085 for the six months ended June 30, 2008 and 2007, respectively. The increase in cash used in operations was due to the

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

increase in our net loss during the six months ended June 30, 2008 as compared to the six months ended June 30, 2007. Based on our current expense levels, we anticipate that our cash will be adequate to fund our operations for the next twelve months.

Investing Activities

Net cash provided by investing activities was $673,882 in the six months ended June 30, 2008, compared to cash provided of $59,262 for the six months ended June 30, 2007. The increase in cash was primarily due to net sales of marketable securities of $1,373,101 offset by purchases of capital equipment of $699,219. Marketable securities consisted of debt securities issued by federal government agencies with maturity dates in 2008.

Financing Activities

We have financed our operations primarily through sales of common stock, exercise of warrants, and the issuance of notes payable to vendors, shareholders and investors. For the six months ended June 30, 2008 and 2007, net cash provided by financing activities was $455,874 and $27,244,473, respectively. Exercises of warrants and issuances of stock through our employee stock purchase plan contributed funds in 2008 while increases in funds for 2007 were the result of the follow-on public offering of securities we closed in June 2007.

We believe we can continue to develop our sales to a level at which we will become cash flow positive. Based on our current expense levels and existing capital resources, we anticipate that our cash will be adequate to fund our operations for the next twelve months.

Contractual Obligations

Although we have no material commitments for capital expenditures, we anticipate continued capital expenditures consistent with our anticipated growth in operations, infrastructure and personnel. We expect that our operating expenses will continue to grow as our overall business grows and that they will be a material use of our cash resources.

Operating and Capital Leases

At June 30, 2008, our principal commitments consisted of long-term obligations under operating leases. We lease approximately 19,089 square feet of office and warehouse space under a lease that extends through January 31, 2013. In addition, we lease office space of approximately 14,930 square feet to support our Canadian operations at a facility located at 4510 Rhodes Drive, Suite 800, Windsor, Ontario under a lease that extends through June 30, 2009. We also lease our former headquarters facility of approximately 8,610 square feet at 14700 Martin Drive, Eden Prairie, Minnesota. We do not occupy this building and are currently attempting to sub-lease this facility through the expiration of our lease on November 30, 2009. In the third quarter of 2007, we recognized a liability for anticipated remaining net costs on this lease obligation. The remaining liability at June 30, 2008 was $128,723.

The following table summarizes our obligations under contractual agreements as of June 30, 2008 and the time frame within which payments on such obligations are due.

	Payment Due by Period				
Contractual Obligations	**Total Amount Committed**	**Less Than 1 Year**	**1-3 Years**	**3-5 Years**	**More Than 5 Years**
Capital Lease Obligations (including interest)	$ 119,176	$42,906	$76,270	$−	$−
Operating Lease Obligations	1,145,407	198,291	739,246	207,870	−
Total	$ 1,264,583	$241,197	$815,516	$207,870	−

Based on our working capital position at June 30, 2008, we believe we have sufficient working capital to meet our current obligations.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents, marketable securities, and accounts receivables. We maintain our accounts for cash and cash equivalents and marketable securities principally at one major bank. We invest our available cash in United States government securities and money market funds. We have not experienced any losses on our deposits of our cash, cash equivalents, or marketable securities.

We currently have outstanding approximately $106,000 of capital lease obligations at a fixed interest rate. We do not believe our operations are currently subject to significant market risks for interest rates or other relevant market price risks of a material nature.

Foreign exchange rate fluctuations may adversely impact our consolidated financial position as well as our consolidated results of operations. Foreign exchange rate fluctuations may adversely impact our financial position as the assets and liabilities of our Canadian operations are translated into U.S. dollars in preparing our consolidated balance sheet. These gains or losses are recognized as an adjustment to shareholders' equity through accumulated other comprehensive income/(loss).

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain a system of disclosure controls and procedures that is designed to ensure that information required to be disclosed in our Exchange Act reports 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, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of June 30, 2008, our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2008, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We were not party to any material legal proceedings as of August 4, 2008.

Item 1A. Risk Factors

The discussion of our business and operations should be read together with the risk factors set forth in our "Cautionary Statement" in our Form 10-Q for the period ended March 31, 2008. These risks and uncertainties have the potential to affect our business, financial condition, results of operations, cash flow, strategies or prospects in a material and adverse manner.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On various dates during the three months ended June 30, 2008, accredited investors who held warrants for the purchase of an aggregate of 133,110 shares of common stock exercised such warrants. We obtained gross proceeds of $338,650 in connection with these warrant exercises. The proceeds of the exercises were applied to working capital for general corporate purposes. Details regarding such warrant exercises appear in the table below:

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Date	Shares	Exercise Price	Proceeds
4/14/ 2008	333	$0.45	$150
5/16/ 2008	10,000	3.20	32,000
5/22/ 2008	10,000	3.20	32,000
5/30/ 2008	40,000	3.20	128,000
6/4/ 2008	10,000	3.20	32,000
6/6/ 2008	10,000	3.20	32,000
6/10/ 2008	10,000	3.20	32,000
6/12/ 2008	10,000	3.20	32,000
6/19/ 2008	5,000	3.20	16,000
6/27/ 2008	27,777	0.09	2,500
	133,110		$338,650

The foregoing issuances were made in reliance upon the exemption provided in Section 4(2) of the Securities Act. The certificates representing such securities contain a restrictive legend preventing the sale, transfer, or other disposition, absent registration or an applicable exemption from registration requirements. The recipients of such securities received, or had access to, material information concerning our company, including, but not limited to, our reports on Form 10-KSB, Form 10-Q and Form 8-K, as filed with the Securities and Exchange Commission. No discount or commission was paid in connection with the issuance of common stock upon exercise of such warrants.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

(a) The Annual Meeting of the Company’ s shareholders was held on Thursday, June 5, 2008.

(b) Election of Directors

The following persons, who together constituted all the members of our Board of Directors at that time, were elected at the Annual Meeting of Shareholders to serve as directors for the ensuing year:

Jeffrey C. Mack	**William F. Schnell**
Gregory T. Barnum	**Brett A. Shockley**
Thomas J. Moudry	**Geoffrey J. Obeney**

(c) Matters Voted Upon

Proxies for the Annual Meeting were solicited pursuant to Regulation 14A under the Securities Exchange Act of 1934. There was no solicitation in opposition to management’ s nominees, and the shareholders voted as follows:

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Table of Contents

1. ELECTION OF DIRECTORS

To elect six directors for the ensuing year and until their successors shall be elected and duly qualified.

Nominee	FOR	WITHHOLD
Jeffrey C. Mack	11,785,392	48,624
Gregory T. Barnum	9,905,477	1,928,539
Thomas J. Moudry	11,785,490	48,526
William F. Schnell	11,785,275	48,741
Brett A. Shockley	9,470,892	2,363,124
Geoffrey J. Obeney	11,785,590	48,426

2. APPOINTMENT OF AUDITOR

To ratify the appointment of Virchow, Krause & Company, LLP as our independent auditors for the year ending December 31, 2008.

FOR	AGAINST	ABSTAIN	BROKER NON-VOTES
11,777,911	5,100	51,005	0

(d) Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

See “Exhibit Index.”

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WIRELESS RONIN TECHNOLOGIES, INC.

Date: August 8, 2008

By: /s/ Brian S. Anderson
Brian S. Anderson
Vice President, Interim Chief Financial Officer and Controller
As Principal Financial Officer, Chief Accounting Officer and Duly Authorized Officer of Wireless Ronin Technologies, Inc.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

EXHIBIT INDEX

Exhibit Number	Description
3.1	Articles of Incorporation of the Registrant, as amended (incorporated by reference to our Pre-Effective Amendment No. 1 to our Form SB-2 filed on October 12, 2006 (File No. 333-136972)).
3.2	Bylaws of the Registrant, as amended (incorporated by reference to our Quarterly Report on Form 10-QSB filed on November 14, 2007 (File No. 001-33169)).
4.1	See exhibits 3.1 and 3.2.
4.2	Specimen common stock certificate of the Registrant (incorporated by reference to Pre-Effective Amendment No. 1 to our Form SB-2 filed on October 12, 2006 (File No. 333-136972)).
10.1	Letter Agreement by and between the Registrant and NewSight Corporation, dated April 4, 2008 (incorporated by reference to our Current Report on Form 8-K filed on April 8, 2008 (File No. 001-33169)).
10.2	Letter Agreement by and between the Registrant and NewSight Corporation, dated June 5, 2008 (incorporated by reference to our Current Report on Form 8-K filed on June 5, 2008 (File No. 001-33169)).
10.3	Separation Agreement and General Release between the Registrant and John A. Witham, dated July 1, 2008.
10.4	Form of Amendment to Executive Employment Agreements, entered into by the Registrant and each of our executive officers, dated May 8, 2008.
31.1	Chief Executive Officer Certification pursuant to Exchange Act Rule 13a-14(a).
31.2	Chief Financial Officer Certification pursuant to Exchange Act Rule 13a-14(a).
32.1	Chief Executive Officer Certification pursuant to 18 U.S.C. Section 1350.
32.2	Chief Financial Officer Certification pursuant to 18 U.S.C. Section 1350.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

EXHIBIT 10.3

SEPARATION AGREEMENT AND GENERAL RELEASE

This Separation Agreement and General Release ("Agreement") is between Wireless Ronin Technologies, Inc. (the "Company") and John A. Witham (referred to in this Agreement as "I" or "me.")

1. **Recital.** I voluntarily resigned from all offices and other positions I may have had with the Company effective June 9, 2008, (the "Resignation Date"). For certain purposes specified below, I remained an employee of the Company from June 9 through June 30, 2008, but exercised no authority on behalf of the Company, was required to perform no substantial duties and did not report to work. This Agreement sets forth certain agreements between the Company and me with respect to my separation from the Company.

2. **The Company' s Payment and Benefits.** Notwithstanding my resignation, pursuant to this Agreement, the Company will provide to me:

2.1 The Severance Payment that would have been paid to me upon a termination by the Company without Cause (and not in connection with a Change of Control) as described in Section 7.01 of the Executive Employment Agreement effective April 1, 2006 between the Company and me ("Employment Agreement"). Pursuant to Section 7.01 of the Employment Agreement, the Company shall pay the Severance Payment in equal installments over the non-competition period of one year specified in Section 9.01 of the Employment Agreement (as modified in Section 4.2 below) on regularly scheduled pay dates pursuant to the then current payroll practices of the Company starting July 3, 2008. The Severance Payment is a total of $285,000. The Severance Payment installment for the pay period ending July 3, 2008, will be a check but the Company will pay subsequent Severance Payment installments through the Company' s direct deposit facility unless I otherwise notify the Company that I wish to change this means of receiving payment. In the event that I die before the Company has paid the full Severance Payment amount to me, the Company agrees to continue Severance Payment installments to my estate until such Severance Payment amount has been paid in full.

2.2 The Severance Bonus that would have been paid to me upon a termination by the Company without Cause (and not in connection with a Change of Control) as described in Section 7.03 of the Employment Agreement, subject to all of the terms and limitations set forth in Section 7.03 of the Agreement, payable by check on July 3, 2008.

2.3 Payment of such portion of the premiums for COBRA coverage by the Company as the Company would have paid upon a termination by the Company without Cause (and not in connection with a Change of Control) as described in Section 7.04 of the Employment Agreement, plus payment of the Company' s share of premiums for life and dental insurance, subject to all of the terms and limitations set forth in Section 7.04 of the Agreement. The Company shall pay the Company' s share of premiums for life and dental insurance until such time as I may become eligible for comparable coverage under policies offered by another employer or until the date one year following the Resignation Date, whichever occurs first.

2.4 The Company agrees to maintain me on its payroll through June 30, 2008, using accrued but unused paid time off first, then unpaid leave as necessary. I will obtain the Associate Stock Purchase Plan ("ASPP") benefit for the first "offering period" ended June 30, 2008, so that my contributions to the ASPP will be used to buy the Company' s stock pursuant to terms of the ASPP. Since I have contributed more money than necessary to purchase the 5,000 share per offering period maximum, I understand that I will receive a refund of approximately $670 from the ASPP as soon as administratively feasible because such funds were not applicable to purchase shares from the first offering period.

2.5 All such benefits and payments will remain subject to the provisions of Section 6.05, 7.05, 7.06, 7.07, 7.08, and Articles 8, 9 and 10 and of the Employment Agreement.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

3. **My Release**.

In exchange for the consideration provided to me in this Agreement, including the Company' s payment of severance benefits to me despite my resignation, and the Company' s willingness to allow me to resign, on my own behalf and on behalf of anyone claiming any rights through me, I fully and finally release, waive, and give up all My Claims (as defined below) against the Company and all Related Parties (as defined below).

"Related Parties" means any parent, subsidiary, predecessor, successor, affiliate or other organization or entity related to the Company, and any of their past or present officers, directors, individuals in their capacities as shareholders, employees, committees, insurers, indemnitors, pension or welfare, and other benefit plans, successors, assigns, committees, administrators, and all persons acting on behalf of, or on instruction from the Company or any other related organization or entity.

"My Claims" as used in this Agreement means, all claims, actions, causes of action, demands, and rights I have or may have against the Company or any Related Parties, arising out of any acts, facts, or events which occurred in whole or in part before I signed this Agreement whether or not I now know about or suspect them and whether past or present. "My Claims" includes but is not limited to, all such claims for damages, compensation, expenses (including attorneys' fees) and any other form of relief, regardless of the law or legal theory on which such claim is based and includes but is not limited to all claims under the federal Age Discrimination in Employment Act ("ADEA"), the Older Worker' s Benefit Protection Act, Title VII of the Civil Rights Act, the Civil Rights Act of 1991, the American with Disabilities Act, the Employee Retirement Income Security Act, the Family and Medical Leave Act, the Minnesota Human Rights Act, as each may have been amended, and all claims of any nature under any other federal, state, or local statute, ordinance or other law or legal theory, including any based on wrongful discharge, breach of any contract, promissory estoppel, emotional distress, defamation, negligence, invasion of privacy, or any other theory, and including all claims related to my employment or separation from employment with the Company.

I understand that I am giving up all of My Claims as described above. I will not bring any lawsuits against the Company or any Related Party relating to any of My Claims.

This release does not bar those few claims that cannot legally be waived under applicable law, including my right to challenge whether this Agreement constitutes a knowing and voluntary waiver of my claims within the meaning of the Older Workers' Benefit Protection Act. This release also does not bar me from filing a claim with the EEOC (Equal Employment Opportunity Commission) or participating in an EEOC proceeding, but if any administrative or other claims are pursued on my behalf, I understand that this Agreement will act as a bar to any individual damages or other relief for me. To the fullest extent allowed by applicable law, it is my intent to waive all of My Claims and rights and to have this be interpreted as a full and general release.

This Agreement does not affect my rights, if any, under the Company' s directors and officers liability insurance policy. This release does not affect the Company' s obligations to indemnify me to the fullest extent allowed under Minnesota law and pursuant to Minnesota Statutes Section 302A.521 for claims, actions or damages made, brought or assessed against me based upon my employment by the Company. This Agreement also does not affect my rights to indemnification and defense as more fully set forth in the Company' s bylaws.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

4. **Additional Agreements and Understandings.**

4.1 **Final Payments.** I acknowledge and agree that, upon my receipt of

Base Salary payable through the Resignation Date pursuant to Section 4.01 of the Employment Agreement,

the Severance Bonus of $52,500 due pursuant to Section 7.03 of the Employment Agreement,

accrued but unused paid time off ("PTO") as of the Resignation Date (80 hours carryover from 2007, less 48 hours of PTO taken in 2008 plus accrued PTO of 77 hours for a total of 109 hours or $9,956.73 total, less those accrued but unused hours paid from the Resignation Date through June 30, 2008.) On my paycheck for the pay period ending June 30, 2008, I will receive payment for 37 hours of accrued but unused PTO and will use eleven hours of unpaid leave, such amounts to be reflected on my payroll records,

each of which above amounts shall be subject to applicable withholding,

reimbursement of any reasonable business expenses incurred by me in carrying out my duties, properly documented and submitted to the Company but unpaid as of the Resignation Date, of which I verify that I have none as of the date of this Agreement,

the Company will extend the date to exercise those options in which I was vested on the Resignation Date by 180 days after the current blackout period imposed upon the Company' s associates ends. The Company agrees to notify me when the current blackout period ends, and

the Company' s purchase of up to $3,500 of outplacement benefits at Right Management in Edina for my benefit.

I will have been paid all wages, salary, other compensation, and benefits due me as an employee of the Company through my Resignation Date. The Company acknowledges its obligation to pay the amounts stated in this Section 4.1 within 30 days following the Resignation Date subject to my compliance with terms of this Agreement. I understand that any interest in any 401K, stock purchase plan or other similar employee benefit plan, or in any option agreements that I may have as a former employee of the Company will be governed by the terms the relevant plan(s) and/or agreement.

4.2 **Continuing Obligations.** I acknowledge and agree that the provisions of Sections 6.05, and 6.06, and Articles 8, 9 and 10 of the Employment Agreement remain in full force and effect and that I remain bound by and obligated under all such provisions in accordance with their terms. I agree that my obligations under Article 9 of the Employment Agreement shall extend through June 30, 2009.

4.3 **Sufficient Consideration.** I agree that the payments and benefits described in this Agreement are full and sufficient consideration for my promises in this Agreement, including but not limited to my Release.

4.4 **Cooperation.** I agree to be reasonably available for consultation with and assistance to the Company with respect to matters and issues within my former job responsibilities for a period of 60 days after my termination. I acknowledge and agree that such cooperation with the Company is necessary for a proper and orderly transition and that the consideration set forth herein fully compensates me for this reasonable cooperation.

4.5 **Return of Property.** I will promptly and no later than three business days after my Resignation Date, collect and return all property of the Company in my possession or control to the Company. Property of the Company includes but is not limited to all equipment, communication devices (e.g. cell phones, laptops, pagers, etc), all information stored in any tangible form, including electronic (e.g. on disks, hard drives audio or visual tapes, etc.) and paper forms, and all other property of any nature. To the extent that I have any information of the Company stored on any personal or other non-Company equipment or devices, on or before the Resignation Date, I will deliver such information to the Company and remove it from all such personal equipment in a manner and form agreed upon by the Company.

4.6 **Severability/Modification.** If any one or more of the provisions of this Agreement are determined to be invalid, that provision will be severed and shall not affect the validity of any other provisions of this Agreement. This Agreement can only be modified by a subsequent written agreement.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

5. **Rights to Consider and Revoke; Knowing and Voluntary Waiver.**

5.1 ***I understand that by way of this paragraph, the Company is specifically advising me to consult an attorney prior to signing this Agreement.***

5.2 I understand that I have twenty one (21) days after I receive this Agreement to consider this Agreement. I understand that changes in this Agreement will not restart the 21-day period whether or not those changes are material. If I sign this Agreement, I understand that I am then entitled to revoke my signature within fifteen (15) days after I sign it. To be effective, the rescission or revocation must be in writing and (a) properly addressed to Scott Ross at Wireless Ronin Technologies, Inc, Baker Technology Plaza, 5929 Baker Road, Suite 475, Minnetonka, MN 55345 and mailed Certified Mail, Return Receipt Requested, with a postmark within the 15-day period, or (b) hand delivered to Scott Ross at the same address within the 15-day period. This revocation period includes, and is not in addition to, the seven (7) day revocation period under the Age Discrimination in Employment Act. I understand that if I revoke this Agreement, all of the Company' s obligations under this Agreement will immediately cease, and will be of no force and effect.

I have read this Agreement carefully and understand all of its terms. I am entering into this Agreement knowingly and voluntarily after considering all of its terms. I have had the opportunity to discuss this Agreement with my own attorney prior to signing it. In agreeing to sign this Agreement I have not relied on any statements or explanations made by the Company, its agents or its attorneys, other than those contained in this Agreement.

Dated: 7/1/08

/s/ John A. Witham
John A. Witham

Wireless Ronin Technologies, Inc.

By /s/ Jeffrey C. Mack
Jeffrey C. Mack

Its Chairman, President and
Chief Executive Officer

Dated: 7/1/08

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

EXHIBIT 10.4

FORM OF AMENDMENT
TO THE
EXECUTIVE EMPLOYMENT AGREEMENT

In accordance with Section 10.04, which allows the parties to amend this Executive Employment Agreement (“Agreement”), the Agreement is hereby amended as follows:

1. Section 5.01 shall be deleted and replaced with the following provisions:

   “Executive shall be entitled to twenty-two (22) business days of paid time off (“PTO”) for each twelve (12) months of employment, in addition to the Company’ s normal holidays. PTO includes sick days and leaves of absence. PTO will be scheduled taking into account the Executive’ s duties and obligations at the Company. Effective January 1, 2008, all unused PTO starting with the 2007 carry forward shall be accumulated from year to year, in accordance with the Company’ s PTO Policy. PTO and sick leave and all other leaves of absence will be taken in accordance with the Company’ s stated personnel policies. Upon termination or expiration of the Executive’ s employment, Executive shall be entitled to compensation for any accrued, unused PTO time in accordance with the Company’ s PTO Policy as of date of termination.”

Dated: May 8, 2008 Executive: ______________________________

Dated: May 8, 2008 By: ______________________________
Wireless Ronin

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

EXHIBIT 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a)

I, Jeffrey C. Mack, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2008, of Wireless Ronin Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant' s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter (the registrant' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and

5. The registrant' s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Dated: August 8, 2008

By: /s/ Jeffrey C. Mack
Jeffrey C. Mack
President and Chief Executive Officer

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

EXHIBIT 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a)

I, Brian S. Anderson, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2008, of Wireless Ronin Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant' s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter (the registrant' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and

5. The registrant' s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of registrant' s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Dated: August 8, 2008

By: /s/ Brian S. Anderson
Brian S. Anderson
Vice President, Interim Chief Financial Officer and Controller

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

EXHIBIT 32.1

CHIEF EXECUTIVE OFFICER CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Wireless Ronin Technologies, Inc. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffrey C. Mack, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: August 8, 2008

By: /s/ Jeffrey C. Mack
Jeffrey C. Mack
President and Chief Executive Officer

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

EXHIBIT 32.2

CHIEF FINANCIAL OFFICER CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Wireless Ronin Technologies, Inc. (the “Company”) on Form 10-Q for the quarterly period ended June 30, 2008, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Brian S. Anderson, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: August 8, 2008

By: /s/ Brian S. Anderson
Brian S. Anderson
Vice President, Interim Chief Financial Officer and Controller

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document