

GATTI WILLIAM J
 Form 4
 May 22, 2013

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549**

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
GATTI WILLIAM J

(Last) (First) (Middle)

800 PHILADELPHIA STREET

(Street)

INDIANA, PA 15701

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
S&T BANCORP INC [STBA]

3. Date of Earliest Transaction
 (Month/Day/Year)
05/20/2013

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
Common Stock	05/20/2013		A ⁽¹⁾	V Amount 1,400 (A) or (D) A	Price \$ 19.29	22,652	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Underlying Securities (Instr. 3 and 4)
Stock Options (Right to Buy)	\$ 29.965					01/01/2005 12/15/2013	Common Stock 2,500	
Stock Options (Right to Buy)	\$ 37.08					01/01/2006 12/20/2014	Common Stock 2,500	
Stock Options (Right to Buy)	\$ 37.855					01/01/2007 12/19/2015	Common Stock 2,500	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
GATTI WILLIAM J 800 PHILADELPHIA STREET INDIANA, PA 15701		X		

Signatures

/s/ Timothy P. McKee P.O.A. for William J. Gatti 05/22/2013

__Signature of Reporting Person Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

The Registrant's Board of Directors awarded 1,400 restricted shares of the Registrant's common stock to each non-employee director on (1) the Board on May 20, 2013 (the "Grant Date"), with such shares vesting in full on May 19, 2014. The fair market value of the common stock was the ending share price of \$19.29 per share on the Grant Date.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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Expected Life

-

2-5 years

Dividend yield

- 0%

Forfeiture Rate

- 6%

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A summary of option activity for non-employees under the plans and changes during the years ended *December 31, 2018* and *2017*, is presented below:

	Number of Options	Weighted Averaged Exercise Price \$	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Options Value \$
Options outstanding December 31, 2016	224,999	2.53	5.32	-
Granted	-	-	-	-
Exercised during 2017	-	-	-	-
Forfeited or expired	-	-	-	-
Options outstanding December 31, 2017	224,999	2.53	4.32	-
Exercisable, December 31, 2017	23,067	2.22	4.38	-
Granted	8,333	0.75	4.33	-
Exercised during 2018	-	-	-	-
Forfeited or expired	(200,000)	2.55	-	-
Options outstanding December 31, 2018	33,332	1.87	2.94	-
Exercisable, December 31, 2018	27,777	2.10	2.66	-

The fair value of the non-employee options was estimated on the date of grant using the Black Scholes option-pricing model at the date of grant. For the twelve months ended December 31, 2018 and 2017, Milestone Scientific recognized \$10,720 and \$9,384 expense related to non-employee options, respectively.

NOTE M—EMPLOYMENT CONTRACT AND CONSULTING AGREEMENTS

Employment Contracts

As of September 1, 2009, Milestone Scientific entered into a five-year employment agreement with Leonard Osser as its then Chief Executive Officer (the "2009 Agreement"). The terms of the 2009 Agreement are automatically extended for successive one-year periods unless prior to August 1 of any year, either party notifies the other that he or it chooses not to extend the term. Under the 2009 Agreement, the CEO receives base compensation of \$300,000 per year. In addition, the CEO, may earn annual bonuses up to an aggregate of \$400,000, payable one half in cash and one half in common stock, contingent upon achieving targets set for each year by the Compensation Committee. In addition, if in any year of the term of the agreement the CEO earns a bonus, he shall also be granted five-year stock options to purchase twice the number of bonus shares earned. Each such option is to be exercisable at a price per share equal to the fair market value of a share on the date of grant 110% of the fair market value if the CEO is a 10% or greater stockholder on the date of grant). On the grant date one-third of options are vested, the remaining options shall

be vested over a 3 years period, with one- third vesting each year on the grant date but shall only be exercisable while the CEO is employed by Milestone Scientific or within 30 days after the termination of his employment. In addition, the CEO also receives other compensation represents payments made for health insurance coverage \$4,900 and car allowance \$7,200, pension payment \$203,111.

In accordance with the 2009 Agreement, 1,055,135 shares of common stock were to be paid out at the end of the term in settlement of \$1,205,707 of deferred compensation accrued at December 31, 2018 and 886,866 shares of common stock are to be paid out at the end of the contract in settlement of \$1,030,875 of deferred compensation accrued at December 31, 2017 and, accordingly, such shares have been classified in stockholders' equity with the common stock classified as to be issued.

On December 1, 2016, Wand Dental and Gian Domenico Trombetta (“Trombetta”) entered into an Amended and Restated Employment Agreement (the “Agreement”), pursuant to which Trombetta receives base compensation of \$280,000 per year and is eligible to receive annual bonuses in the sole discretion of the Compensation Committee. Pursuant to the Agreement, Trombetta will continue to serve as the Chief Executive Officer of Wand Dental for a period of one-year beginning on September 1, 2016 through August 31, 2017 (the “Employment Term”). The Employment Term automatically renews for a one-year period, from September 1st through August 31st of each successive year (each a “Renewal Term”), unless prior to June 1st of the Employment Term or any Renewal Term, as applicable, either party notifies the other that he or it chooses not to extend the term of employment in accordance with the terms of the Agreement.

In July 2017, Milestone Scientific entered into a *three*-year employment agreement with Daniel Goldberger to serve as President and Chief Executive Officer of Milestone Scientific. Under the agreement, Mr. Goldberger would receive base compensation of \$300,000 per annum and *may* additionally earn annual bonuses of up to an aggregate of \$400,000, payable *one* half in cash and *one* half in Milestone Scientific common stock (“Bonus Shares”) contingent upon achieving performance benchmarks periodically set for each year by the compensation committee of the Board. In addition to any such shares of common stock, Mr. Goldberger was entitled to receive stock options (“Bonus Options”) to acquire twice the number of any Bonus Shares earned, pursuant to a non-qualified stock option grant agreement under Milestone Scientific’s then existing equity compensation plan. The Bonus Options had a *five*-year term and were to vest in equal annual installments on each of the first, *second* and *third* anniversary of the grant date, subject to continued employment on such vesting date and accelerated vesting upon the occurrence of certain events. The exercise price of the Bonus Options was based on the fair market value of per share of common stock on the date of grant.

In July 2017, Milestone Scientific granted to Mr. Goldberger non-qualified stock options to purchase 921,942 shares of common stock at an exercise price of \$2.00 per share. Those options had a *five*-year term and were to vest in equal annual installments on each of the first, *second* and *third* anniversaries of the grant date, subject to his continued employment on the vesting date and accelerated vesting upon the occurrence of certain events.

On October 2, 2017, Milestone Scientific accepted the resignation of the then CEO, Daniel Goldberger. Subsequent to that date, Mr. Goldberger through his attorney advised Milestone Scientific’s attorneys, that Mr. Goldberger was entitled, based on the circumstances he asserted with respect to his resignation after acceptance of such resignation, to his basic salary (\$300,000) for one year and certain other benefits (health and disability insurance for one year (\$30,000 estimated) and a car allowance of \$1,200 per month), in accordance with his employment contract dated July 10, 2017.

In February 2018, Milestone Scientific and Daniel Goldberger, the Company’s former President and Chief Executive Officer, who resigned effective October 2, 2017, signed a Settlement and Release Agreement with respect to Mr. Goldberger’s leaving the Company. The gross settlement was \$175,000, which was paid in full as of December 31, 2018.

In July 2017, Milestone Scientific entered into a *ten*-year new employment agreement with Leonard Osser, who previously served as the Company’s President and Chief Executive Officer, to serve as Managing Director – China Operations. This new agreement provides for annual compensation of \$300,000 consisting of \$100,000 in cash and \$200,000 in the Company’s common stock valued at the average closing price of the Company’s common stock on the NYSE or such other market or exchange on which its shares are then traded during the *first fifteen (15)* trading days of the last full calendar month of each year during the term of this agreement. This agreement supersedes all prior employment agreements between Mr. Osser and Milestone Scientific. If the Company terminates Mr. Osser’s employment “Without Cause,” other than due to his death or disability, or if Mr. Osser terminates his employment for “Good Reason” (both as defined in the agreement), Mr. Osser is entitled to be paid in *one* lump sum payment as soon as practicable following such termination: an amount equal to the aggregate present value (as determined in accordance

with Section 280G(d)(4) of the Code) of all compensation pursuant to this agreement from the effective date of termination hereunder through the remainder of the Employment Term.

In *July 2017*, Mr. Osser also resigned from his positions of Chairman of the Board, Chief Executive Office and President of Milestone Medical. Upon his resignation, Milestone Medical entered in a consulting agreement with U.S. Asian Consulting Group LLC, an entity controlled by Mr. Osser, pursuant to which he will provide specific services to Milestone Medical for a *ten-* year term. Pursuant to the consulting agreement, U.S. Asian Consulting Group, LLC, is entitled to receive *\$100,000* per year for Mr. Osser's services.

On *October 5, 2017*, Milestone Scientific Inc. announced that Daniel Goldberger had resigned as President and Chief Executive Officer effective *October 2, 2017*, upon which the previously described stock options granted to him in *July 2017* terminated prior to vesting. All previous compensation expense recorded to the date of the resignation, related to the stock options, was reversed as of the resignation date.

On *October 5, 2017*, Milestone Scientific also announced the appointment of Leslie Bernhard, the Company's current Chairman of the Board, as the Company's Interim Chief Executive Officer, to serve in such role until the appointment of a new Chief Executive Officer. In connection with her appointment to serve as the Company's Interim Chief Executive Officer, Ms. Bernhard was paid an annual salary of *\$200,000* received a *one-time* bonus of *100,000* shares of the Company's Common Stock. In addition, at the completion of her service as Interim Chief Executive Officer, Ms. Bernhard shall be entitled to receive a cash bonus in an amount to be determined by the Board of Directors at that time. On *December 19, 2017* the Board of Directors appointed Leonard Osser Interim Chief Executive Officer, replacing Leslie Bernhard. Ms. Bernhard agreed to accept *25,000* shares of Milestone Scientific stock for her services as Interim Chief Executive Officer in-lieu of the *100,000* shares she was previously awarded.

On December 19, 2017 the Board of Directors appointed Leonard Osser Interim Chief Executive Office, replacing Leslie Bernhard. Mr. Osser will enter into a similar employment contract that he received in 2017 before he resigned his position as CEO of the company. Mr. Osser placed on hold his position as Managing Director-China Operations and his consulting agreement with Milestone Medical to rejoined Milestone Scientific Inc. as Interim Chief Executive Officer and will not receive or earn any compensation under those agreements until he is no longer Interim Chief Executive Officer.

NOTE N — INCOME TAXES

Due to Milestone Scientific's history of operating losses, a full valuation allowances have been provided for all of Milestone Scientific's deferred tax assets. At December 31, 2018 and 2017, no recognition was given to the utilization of the remaining net operating loss carry forwards in each of these periods.

Deferred tax attributes resulting from differences between financial accounting amounts and tax bases of assets and liabilities at December 31, 2018 and 2017 are as follows:

	2018	2017
Allowance for doubtful accounts	\$3,000	\$3,000
Warranty reserve	29,000	20,000
Impaired Assets	435,000	5,000
Inventory Reserve	551,000	
Capital Gains	-	45,000
Deferred officers' compensation	715,000	636,000
Depreciation and Amortization	345,000	181,000
Deferred revenue		478,000
Net operating loss carryforward	16,500,000	15,116,000
Subtotal	18,578,000	16,484,000
Valuation allowance	(18,578,000)	(16,484,000)
Non-current deferred tax asset	\$-	\$-

The deferred tax asset, before valuation allowance, has been calculated on rates anticipated to be effect when the temporary differences reverse. Accordingly, based on the change in Federal tax rates promulgated in December 2017, effective January 1, 2018, the Company utilized a Federal rate of 21% and accordingly existing deferred tax assets upon the tax law act being signed into law on December 22, 2017, the Company revalued its deferred tax assets which resulted in a tax provision charge of \$8,677,000, offset by a corresponding decrease in the valuation allowance.

As of December 31, 2018, federal net operating loss carry-forwards are approximately \$65,300,000. As of December 31, 2017, and Milestone Scientific has federal net operating loss carry-forwards of approximately \$60,000,000, which is comprised solely of losses attributable Milestone Scientific and its subsidiaries. Net operating losses will be available to offset future taxable income, if any, through December 2038. As of December 31, 2018, state net operating losses were approximately \$30,800,000. As of December 31, 2017 Milestone, Scientific has state net operating loss carry-forwards of approximately \$26,000,000. Net operating losses will be available to offset future taxable income, if any, through December 2038.

The utilization of Milestone Scientific's net operating losses may be subject to a substantial limitation due to the "change of ownership provisions" under Section 382 of the Internal Revenue Code and similar state provisions. Such limitation may result in the expiration of the net operating loss carry forwards before their utilization. Milestone Scientific has established a 100% valuation allowance for all its deferred tax assets due to uncertainty as to their future realization.

As of December 31, 2018, and 2017, state tax liability was approximately \$24,000 and \$19,000 respectively. Such expense was recognized in the accompanying consolidated financial statements.

Accounting for uncertainties in income taxes prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, disclosure and transition. At December 31, 2018 and 2017, we had no uncertain tax positions that required recognition in the consolidated financial statements. Milestone Scientific's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense in the Statements of Operations. No interest and penalties are present for periods open. Tax returns for the 2015, 2016, and 2017 years are subject to audit by federal and state jurisdictions.

A reconciliation of the statutory tax rates for the years ended December 31, is as follows:

	2018		2017	
Statutory rate	21	%	34	%
State income tax-all states	7	%	6	%
Non-deductible Stock based compensation	0	%	0	%
Deferred provision for effect of change in Federal rate	0	%	164	%
	28	%	204	%
Valuation allowance	-28	%	-204	%
Effective tax rate	0	%	0	%

NOTE O — SEGMENT AND GEOGRAPHIC DATA

We conduct our business through *two* reportable segments: dental and medical. These segments offer different products and services to different customer base. The following tables present information about our reportable and operating segments:

	Years Ended December 31,	
	2018	2017
Sales		
Net Sales:		
Dental	\$9,502,276	\$11,279,886
Medical	119,800	2,000
Total net sales	\$9,622,076	\$11,281,886
Operating Income (Loss):	2018	2017
Dental	\$1,373,178	\$3,127,570
Medical	(2,611,231)	(2,389,145)
Corporate	(6,761,282)	(5,972,743)
Total operating loss	\$(7,999,335)	\$(5,234,318)
Depreciation and Amortization:	2018	2017
Dental	\$16,474	\$17,305
Medical	24,492	26,950
Corporate	840,319	528,895
Total depreciation and amortization	\$881,285	\$573,150
Income (loss) before taxes and equity in earnings of affiliates:	2018	2017
Dental	\$1,363,662	\$3,136,167

Explanation of Responses:

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Medical	(2,704,630)	(2,391,082)
Corporate	(6,658,152)	(5,975,035)
Total loss before taxes and equity in earnings of affiliate	\$(7,999,120)	\$(5,229,950)

The following table presents information about our operations by geographic area as *December 31, 2018* and *2017*. Net sales by geographic area are based on the respective locations of our subsidiaries

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	2018		
	Dental	Medical	Total
Domestic US / Canada:			
Device	\$491,375	\$32,500	\$523,875
Handpieces	4,211,243	-	4,211,243
Other	96,088	-	96,088
Total Domestic US / Canada	\$4,798,706	\$32,500	\$4,831,206
International Rest of the World:			
Device	\$1,292,844	\$81,000	\$1,373,844
Handpieces	2,444,639	6,100	2,450,739
Other	66,087	200	66,287
Total International Rest of the World	\$3,803,570	\$87,300	\$3,890,870
International China:			
Device	\$109,374	\$-	\$109,374
Handpieces	790,626	-	790,626
Other	-	-	-
Total International China	\$900,000	\$-	\$900,000
Total Product Sales	\$9,502,276	\$119,800	\$9,622,076

The following table presents information about our operations by geographic area as *December 31, 2018* and *2017*. Net sales by geographic area are based on the respective locations of our subsidiaries

	2017		
	Dental	Medical	Total
Domestic US / Canada:			
Device	\$914,495	\$-	\$914,495
Handpieces	4,346,664	-	4,346,664
Other	78,550	-	78,550
Total Domestic US / Canada	\$5,339,709	\$-	\$5,339,709
International Rest of the World:			
Device	\$1,427,016	\$-	\$1,427,016
Handpieces	2,325,622	2,000	2,327,622
Other	116,539	-	116,539
Total International Rest of the World	\$3,869,177	\$2,000	\$3,871,177
International China:			
Device	\$643,600	\$-	\$643,600
Handpieces	1,425,600	-	1,425,600
Other	1,800	-	1,800
Total International China	\$2,071,000	\$-	\$2,071,000

Explanation of Responses:

Total Product Sales \$11,279,886 \$2,000 \$11,281,886

Total Assets:	December 31, 2018	December 31, 2017
Dental	\$5,169,944	\$10,255,144
Medical	328,208	655,513
Corporate	902,816	4,718,130
Total assets	\$6,400,968	\$15,628,787

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NOTE P -- CONCENTRATIONS

Milestone Scientific has informal arrangements with third-party manufacturers of the STA, *CompuDent* and *CompuMed* devices, pursuant to which they manufacture these products under specific purchase orders but without any long-term contract or minimum purchase commitment. Consequently, advances on contracts have been classified as current at December 31, 2018 and 2017. The termination of the manufacturing relationship with any of these manufacturers could have a material adverse effect on Milestone Scientific's ability to produce and sell its products. Although alternate sources of supply exist, and new manufacturing relationships could be established, Milestone Scientific would need to recover its existing tools or have new tools produced. Establishment of new manufacturing relationships could involve significant expense and delay. Any curtailment or interruption of the supply, because of termination of such a relationship, would have a material adverse effect on Milestone Scientific's financial condition, business and results of operations.

For the twelve months ended December 31, 2018, an aggregate of approximately 53% of Wand Dental's net product sales were to two customers/distributors (one of which, Milestone China, is a related party), 43% and 10% respectively. For the twelve months ended December 31, 2017, an aggregate of approximately 70% of Milestone Scientific's net product sales were to two customer/distributors (one of which, Milestone China, is a related party), 51% and 19% respectively.

Accounts receivable for the major customer/distributors amounted to approximately or 82%, or 49% and 33% of Milestone Scientific's gross accounts receivable as of December 31, 2018. Accounts receivable, including related party accounts receivable, for the major customer/distributors (one of which, Milestone China, is a related party), amounted to approximately \$2,555,000, or 78% of Milestone Scientific's accounts receivable, as of December 31, 2017. As of December 31, 2018, Milestone China owed \$1,917,990 to Milestone Scientific. Due to the delinquent nature of the scheduled payments and Milestone China's further liquidity constraints, Milestone Scientific reduced accounts receivable, related party and deferred revenue, related party by \$1,817,990 at December 31, 2018. Additionally, Milestone Scientific recorded a reserve of \$1,250,928 against the associated deferred cost, related party.

NOTE Q -- RELATED PARTY TRANSACTIONS

United Systems

Milestone Scientific has a manufacturing agreement with United Systems (whose controlling shareholder, Tom Cheng, is a significant stockholder of Milestone Scientific), the principal manufacturers of its handpieces, pursuant to which it manufactures products under specific purchase orders, but without minimum purchase commitments. Purchases from this manufacturer were \$1.2 million and \$2.1 million for the years ended December 31, 2018 and 2017, respectively. As December 31, 2018 and 2017, Milestone Scientific owed this manufacturer \$1.3 million and \$1.0 million, respectively, which is included in accounts payable, related party on the consolidated balance sheets. In February 2019, Milestone Scientific board of directors granted United Systems (controlling shareholder, Tom Cheng) 285,714 shares of stock at \$.35 or \$100,000 for consulting services. These shares were included in shares to be issued at December 31, 2018.

During 2018 Milestone Scientific through its wholly owned subsidiary, Wand Dental, entered into an agreement with United Systems. The agreement was a Royalty Agreement for handpieces sold to Milestone China by United Systems. United Systems will pay Wand Dental a royalty equal to the net profit that Wand Dental would have received if the handpieces were sold directly to Milestone China or its Agent. As of December 31, 2018, Wand Dental has deferred royalty income of \$342,540 that will be recognized at the earlier of when payment of the royalties is received from United Systems or when collectability is deemed to be assured and is included in accounts receivable, related party and deferred revenue, related party on the consolidated balance sheets.

Also, during the year ended December 31, 2018, a Distribution Agreement between Wand Dental and United Systems was formed. Under the Distribution agreement United Systems purchased 1,000 STA instruments in June 2018, for delivery to Milestone China. Due to the related party nature and collectability concerns Wand Dental has deferred the sale. As of December 31, 2018, Milestone Scientific had recorded deferred revenues and deferred costs associated with the sale to United Systems of \$750,000 and \$686,365, respectively. Milestone Scientific entered into a payment arrangement with Milestone China to satisfy past due receivables from Milestone China and it's agents which increased to \$ 2.8 million at the time of the payment arrangement. The payment terms required \$200,000 payments per month beginning in July 2018 through November 2018 and a balloon payment of approximately \$1,425,000 during December 2018. During 2018 Milestone Scientific only collected \$900,000 under the payment arrangement. Due to the default on the arrangement and Milestone China's liquidity constraints, Milestone Scientific halted shipments to Milestone China. The Company has adjusted the accounts receivable related party and the deferred revenue related party based on the expected payment realization and recorded a reserve against the related deferred cost of \$1.25 million which includes the sale to United Systems. See Note H.

Milestone China

In June 2014, Milestone Scientific invested \$1 million in Milestone China Ltd. (“Milestone China”) by contributing 772 STA Instruments to Milestone China for a 40% ownership interest. Milestone Scientific recorded this investment under the equity method of accounting. See note H for a description of related party transactions with Milestone China.

Other

In August 2016, K. Tucker Andersen, a significant stockholder of Milestone Scientific, entered into a *three*-year agreement with Milestone Scientific to provide financial and business strategic services. Expenses recognized on this agreement were \$100,000 for years ended December 31, 2018 and 2017, respectively.

In January 2017, Milestone Scientific entered into a *twelve*-month agreement with Innovest S.p.A., a significant stockholder of Milestone Scientific, to provide consulting services. This agreement will renew for successive *twelve*-month terms unless terminated by Innovest S.p.A or Milestone Scientific. Expenses recognized on this agreement were \$80,000 for years ended December 31, 2018 and 2017, respectively.

The Director of Clinical Affairs’ royalty fee was approximately \$465,000 and \$554,000 for the years ended December 31, 2018 and 2017, respectively. Additionally, Milestone Scientific expensed consulting fees to the Director of Clinical Affairs of \$186,000 and \$275,000 for the years ended December 31, 2018, and 2017, respectively. As of December 31, 2018, and 2017 Milestone Scientific owed the Director Clinical Affairs for royalties of approximately \$364,000 and \$162,000, respectively, which is included in accounts payable, related party and accrued expense, related party.

NOTE R — COMMITMENTS

(I) Contract Manufacturing Agreement

Milestone Scientific has informal arrangements with third-party manufacturers of the STA, CompuDent® and CompuMed® devices, pursuant to which they manufacture these products under specific purchase orders but without

any long-term contract or minimum purchase commitment. In January 2018, Wand Dental entered into a new purchase commitment for the delivery of 2,000 devices beginning in the third quarter of 2018, Milestone Scientific's purchase commitment for this purchase order was \$873,400 at December 31, 2018, however an advance of \$596,724 was recorded against this purchase order. At December 31, 2018 Milestone Scientific still owes \$259,801 related to this purchase order. An advance of approximately \$649,000 and \$697,000 was recorded at December 31, 2018 and 2017, respectively.

(2) Other Commitments

The technology underlying the Safety Wand® and *CompuFlo*®, and an improvement to the controls for *CompuDent*® were developed by the Director of Clinical Affairs and assigned to Milestone Scientific. Milestone Scientific purchased this technology pursuant to an agreement dated *January 1, 2005*. The Director of Clinical Affairs will receive additional payments of 2.5% of the total sales of products using certain of these technologies, and 5% of the total sales of products using certain other of the technologies until the expiration of the last patent covering these technologies. If products produced by *third* parties use any of these technologies (under license from us) then the Director of Clinical Affairs will receive the corresponding percentage of the consideration received by Milestone Scientific for such sale or license.

The Director of Clinical Affairs' royalty fee was approximately \$465,000 and \$554,000 for the years ended December 31, 2018 and 2017, respectively. Additionally, Milestone Scientific expensed consulting fees to the Director of Clinical Affairs of \$186,000 and \$275,000 for the years ended December 31, 2018 and 2017, respectively. As of December 31, 2018 and 2017 Milestone Scientific owed the Director Clinical Affairs for royalties of approximately \$364,000 and \$162,000, respectively, which is included in accounts payable, related party and accrued expense, related party.

The headquarters for Milestone Scientific is located at 220 South Orange Ave, Livingston, New Jersey. Milestone Scientific leases approximately 7,625 square feet of office space. The lease term expires January 31, 2020 at a monthly cost of \$12,522.

NOTE S — PENSION PLAN

Milestone Scientific has a Defined Contribution Plan that allows eligible employees to contribute part of their salary through payroll deductions. Milestone Scientific does *not* contribute to this plan, but does pay the administrative costs of the plan, which were *not* significant.

NOTE T — SUBSEQUENT EVENTS

In February 2019, Milestone Scientific consummated a public offering and a private placement of Common Stock. The public offering generated gross proceeds of approximately \$2.0 million for the issuance of 5,715,000 shares of common stock and warrants to purchase 1,428,000 shares of common stock. The warrants term is 5 years and they are exercisable at \$.50. Subsequent to the public offering the underwriter exercised its overallotment option and paid approximately \$198,000 for 567,400 additional shares.

Also, in February 2019, the Company generated gross proceeds from a private placement of approximately \$250,000 for 714,286 shares of common stock and warrants to purchase 178,594 shares of common stock from Bp4 S.p.A., a principal stockholder of Milestone Scientific, that exercised its right to participate on a pro-rata basis on the recent public offering. Bp4's CEO is a director of Milestone Scientific and also Chief Executive Officer and Director of Wand Dental, a wholly owned subsidiary of Milestone Scientific.

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