ANNUAL REPORT 2014

VISION

TO BECOME THE INDUSTRY LEADER *IN* CUSTOMER SERVICE EXCELLENCE

IT'S OUR MISSION

to deliver industry leading service to our customers by providing operational solutions complemented by quality products with excellent value.

SWISHER HYGIENE INC.

MATERIALS INCLUDED IN THIS ANNUAL REPORT

- Annual Report on Form 10-K for the year ended December 31, 2014
- Amendment to Annual Report on Form 10-K for the year ended December 31, 2014
- Quarterly Report on Form 10-Q for the quarter ended March 31, 2015
- Quarterly Report on Form 10-Q for the quarter ended June 30, 2015

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

FORM 10-K

(Mark One)

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

For the fiscal year ended: December 31, 2014
OR

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

For the transition period from _______ to _______

Commission file number: 001-35067

SWISHER HYGIENE INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**27-3819646**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*

4725 Piedmont Row Drive, Suite 400, Charlotte, North Carolina	**28210**
(Address of Principal Executive Offices)	*(Zip Code)*

Registrant's Telephone Number, Including Area Code **(704) 364-7707**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
Common Stock $0.001 par value	**The NASDAQ Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

The aggregate market value of the shares of common stock held by non-affiliates of the registrant as of June 30, 2014 (based on the last reported sales price of such stock on the NASDAQ Global Select Market on such date of $4.30 per share) was approximately $53,344,243.

Number of shares outstanding of each of the registrant's classes of Common Stock at March 25, 2015: 17,617,379 shares of Common Stock, $0.001 par value per share.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement relating to its 2015 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2014 are incorporated herein by reference in Part III.

SWISHER HYGIENE INC.
ANNUAL REPORT ON FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 2014
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PART I

ITEM 1. BUSINESS.

This business description should be read in conjunction with our audited consolidated financial statements and accompanying notes thereto appearing elsewhere in this annual report, which are incorporated herein by this reference. All references in this annual report to "Swisher," "Swisher Hygiene," the "Company," "we," "us," and "our" refer to Swisher Hygiene Inc. and its consolidated subsidiaries, except where the discussion relates to times or matters occurring before the Merger (described in Note 1 to the Notes to the Consolidated Financial Statements), in which case these words, as well as "Swisher International," refer to Swisher International, Inc. and its consolidated subsidiaries.

General

We provide essential hygiene and sanitizing solutions that include cleaning and sanitizing chemicals, restroom hygiene programs and a full range of related products and services throughout North America and internationally through nine Master License Agreements, with an emphasis on the foodservice, hospitality, retail, and healthcare industries. During 2013, we made the decision to focus our growth efforts on our core hygiene and sanitizing solutions and certain strategic linen assets and therefore we began an active program to sell non-core linen and route operations as described further in Note 2 "Discontinued Operations and Assets Held for Sale" to the Notes to the Consolidated Financial Statements. We may continue to provide linen offerings, other than those serviced by our remaining linen assets, as well as other ancillary services to certain customers through strategic third party partnerships.

During 2011 and most of 2012 we operated in two segments: (i) Hygiene and (ii) Waste. As a result of the sale of our Waste segment in November 2012, we currently operate in one business segment, Hygiene, and our financial statements and other information for the three years ended December 31, 2014, which are included in this Annual Report on Form 10-K, which we refer to as the 2014 Form 10-K, are presented to show the operation of this single segment. The financial information about our geographical areas is included in Note 18, "Geographic Information," to the Notes to the Consolidated Financial Statements in this 2014 Form 10-K, and is incorporated herein by this reference.

Our Market

We compete in many markets including institutional, retail and industrial cleaning chemicals (which include foodservice chemicals), restroom hygiene, other facility service products, and paper and plastics. In each of these markets there are numerous participants ranging from large multi-national companies to local and regional competitors. We believe our primary competitors in our legacy hygiene and facilities service market are large facility service and uniform providers, as well as numerous small local and regional providers many of whom may focus on one particular product offering such as uniform rentals. The paper distribution market for the customers we target not only has competition among the providers listed above, but also from the foodservice and janitorial-sanitation distributors. The competitive landscape is made more challenging as consolidation activity increases within many of our customers' industries, potentially leading to the loss of business. We believe our primary competitors in our chemical services market include numerous small local and region providers which may only compete in one or more of our chemical services categories and a few larger providers that would compete within most of our chemical service offerings footprint.

Our Strategy

We have developed a strong geographic footprint in the United States and Canada. We plan to leverage this footprint to generate growth in our core chemical and hygiene operations while offering ancillary services to certain customers through third party partnerships. We believe that customers with national or regional chains are increasingly seeking consistent service providers that can offer multiple products and that our ability to provide a complete chemical offering, complementary kitchen products, restroom hygiene services, hygiene products (such as paper, soap and air fresheners) and facility service items provide the Company with a valuable point of competitive differentiation.

We are focused on revenue growth in our key markets via a number of channels including our distribution partnership efforts, ongoing tests with multi-unit national and regional chains and direct selling focused on large independents. We continue to focus on a number of operating and overhead cost efficiencies that seek to further leverage the integration of our acquisitions and simplify our operations. These efficiencies include: improved purchasing processes and tools, SKU rationalization, freight optimization, reduction and or downsizing of branch locations, route optimization, centralizing office administration functions, standardizing our operating model and aligning field compensation to grow our revenue.

Products and Services

We sell consumable products such as detergents, cleaning chemicals, soap, paper, water filters and supplies, together with the rental and servicing of dish machines and other equipment for the dispensing of those products; as well as additional services such as the cleaning of facilities.

Consolidated revenues by product type and service line are as follows:

- Chemical service and wholesale revenue, which include our laundry, ware washing, disinfectants, sanitizers and other concentrated and ready-to-use cleaning products and soap, accounted for 63.9%, 60.1%, and 62.7% of consolidated revenue in 2014, 2013 and 2012, respectively.
- Hygiene service revenue, which includes restroom cleaning services, hand hygiene, air fresheners and service delivery fees, accounted for 9.9%, 10.8%, and 11.4% of consolidated revenues in 2014, 2013 and 2012, respectively.
- Paper sales accounted for 8.7%, 8.7%, and 8.2% of consolidated revenues in 2014, 2013 and 2012, respectively.

Rental fees, linen processing, equipment sales, other ancillary product sales and franchise fees comprise the remaining 17.5%, 20.4%, and 17.7% of consolidated revenues in 2014, 2013 and 2012 and none of these individual product lines represented greater than 10.0% of consolidated revenues for each of the three years. We anticipate that over time our chemical revenue will continue to grow at a faster rate than any of our other product lines. Certain of our products are registered with the Environmental Protection Agency and follow the Center for Disease Control guidelines for disinfection of surface areas such as children's playgrounds, hospitals, and assisted living environments.

We have placed particular emphasis on the development of our chemical offerings, particularly as it relates to ware washing and laundry solutions. Ware washing products consist of cleaners and sanitizers for washing glassware, flatware, dishes, foodservice utensils and kitchen equipment. Laundry products include detergents, stain removers, fabric conditioners, softeners and bleaches in liquid, powder and concentrate forms to clean items such as bed linen, terry cloth, clothing and table linen. For ware washing customers, we sell or rent, as well as install and service, dishwashing machines and dish tables. We also provide and install chemical dispensing units and dish racks. Customers using our laundry services are also offered various dispensing systems. The use of a dispensing system ensures the proper mix of chemicals for safe and effective use. We enter into service agreements with customers under which we provide 24 hour, seven day-a-week emergency service, and perform regularly scheduled preventative maintenance. Typically, these agreements require customers to purchase from us all of the products used in the equipment and dispensing systems that we install. The chemicals themselves may be delivered to the customer by the Company, a common carrier or one of our third-party distributor partners; however, the service and maintenance is provided directly by a Company employee. Our ware washing and laundry solutions are designed to address the needs of customers ranging from single store restaurant and lodging operators to multi-unit chains, large resorts, cruise ships, casinos and assisted living facilities in the health care market. We often consult with customers that may have specialized needs or require custom programs to address different fabric or soil types.

Our restroom hygiene and facility service business offers a regularly scheduled service that includes cleaning the toilet bowls, urinals and sinks, the application of a germicide to such surfaces to inhibit bacteria growth, and the restocking of air fresheners for a weekly fee. Additionally, we offer other restroom needs by providing and installing soap, tissue and hand towel dispensers, and selling and restocking the soap and paper on an as-needed basis. This entire offering supplements the daily janitorial or custodial requirements of our customers and frees customers from purchasing and securing an inventory of soap and paper products.

Sales and Distribution

We are committed to our philosophy of Service, People and Profitably and to Selling Through Service. We market and sell our products and services primarily through: (i) our field sales group, including the service technicians, which pursue new customers and offer existing customers additional products and services; (ii) our corporate account sales team which focuses on broad national and regional level customers; and (iii) independent third-party distributor partners.

The field selling organization is comprised of Business Development Representatives, Account Managers and Hygiene Specialists. The Business Development Representatives identify new customer opportunities in which to sell products that leverage current route service and delivery efficiencies as well as focusing on accounts with our distributor partner representatives. Account Managers are primarily focused on servicing and expanding sales to current customers; however, starting in 2014 they are also responsible for obtaining new customer sales. Hygiene Specialists focus on current customers with the purpose of expanding the number of products and services provided by leveraging solid business relationships including superior service.

Selling to new corporate accounts is led by a team that manages a longer sales process that includes either displacing an existing supplier of the products and services or working with the customer to centralize and consolidate disparate purchasing decisions. These prospective customers often go through a vendor qualification process that may involve multiple criteria, and we often work with them in various test locations to validate both product efficacy and our ability to deliver the services on a broader national or regional level. Additionally, large corporate accounts may operate via a franchise network or group purchasing organization; the selection process with such corporate accounts may only result in a vendor qualification allowing us the right to sell our products and services to their franchisees or group members. To date, vendor qualification processes with larger accounts have ranged from less than three months to over 12 months. Contract terms on corporate account customers typically range from three to five years.

In recent years we have expanded our distributor program which provides us with additional opportunities for organic growth. Our distributor program is targeted toward regional and local foodservice and janitorial sanitation distributors that are seeking to increase the revenue and margin they can drive by increasing the number of products they deliver to each customer, which also helps our distributor partner reduce their customer attrition. Foodservice distribution is a highly competitive business operating on low margins. As such, the distributor can typically earn a higher profit margin on the chemicals it sells to customers compared to its food items. Moreover, a distributor partner is then able to market to its customers the "service" required to maintain their dish machines and chemical dispensing equipment. This service is provided by Swisher and documented under a separate contract between Swisher and the customer. In effect, by Swisher partnering to be the chemical sales and service arm for the distributor, we help to generate demand for our equipment and consumable products while providing the distributor a competitive advantage. We contract with distributors on an exclusive or non-exclusive basis depending on the markets they serve and the size of their customer base.

With the exception of product sales delivered via distributors and common carriers in select markets, our services and products in the United States are delivered through Company vehicles. We use our hand held computer software to assist in monitoring the sales performance and fleet utilization efficiencies of our sales and service field operations.

Manufacturing

Although we produce a majority of our chemical products at our plants, we continue to purchase products from third-party manufacturers and suppliers with whom we believe we have good relations. Most of the items we sell are readily available from multiple suppliers in the quantities and quality acceptable to both us and our customers. We do not have any minimum annual or other periodic purchase requirements with any vendors for any of the finished products we use or sell. We entered into a Manufacturing and Supply Agreement (the "Cavalier Agreement") with a chemical manufacturing plant in conjunction with our acquisition of Sanolite in July 2011. The Cavalier Agreement terminated in September 2014 pursuant to terms of the agreement. The Cavalier Agreement provided for pricing adjustments, up or down, on the first of each month based on the vendor's actual average product costs incurred during the prior month. Additional product payments made by the Company due to pricing adjustments under the Cavalier Agreement were not significant and did not represent costs materially above the market price for such products.

We are not currently a party to any agreement, including with our chemical manufacturers, where we bear the commodity risk of the raw materials used in manufacturing; however, nothing prevents (i) the vendor from attempting to pass through the incremental costs of raw materials, or (ii) us from considering alternative suppliers or vendors.

We purchased 11.0%, 10.9%, and 14.3% of the chemicals required for our operations in 2014, 2013 and 2012, respectively, and expect this percentage to decline as we manage and expand our own manufacturing capability.

Sources and Availability of Raw Materials

The key raw materials we use in our chemical products are caustic soda, solvents, waxes, phosphates, surfactants, polymers and resins, chelates and fragrances, and packaging materials. Many of these raw materials are petroleum-based and, therefore, subject to the availability and price of oil or its derivatives. We purchase most chemical raw materials on the open market. We believe the raw materials used in products we currently sell are readily available; however, pricing pressure or temporary shortages may from time to time arise resulting in increased costs and, we believe under extreme conditions only, a loss in revenue from our inability to sell certain products.

Customer Dependence

Our customer base ranges from large multi-national companies and distributor partners to entrepreneurs who operate a single location. No one customer accounts for 10% or more of our consolidated revenue for 2014, 2013 and 2012.

Trademarks and Trade Names

We maintain a number of trademark registrations in the United States, Canada and in certain other countries. We believe that many of these trademarks, including "Swisher," "SaniService," the "Swisher" design, the "Swisher Hygiene" design, and the "S" design are important to our business. Our trademark registrations in the United States are renewable for ten year successive terms and maintenance filings must be made as follows: (i) for the "Swisher" word mark by January 2024, (ii) for the "Swisher" design by January 2023, (iii) for "the Swisher Hygiene" design by April 2015, and (iv) for the "S" design by February 2016.

In Canada, we have agreed not to: (i) use the word Swisher in association with any wares/services relating to or used in association with residential maid services other than as depicted in our trademark application and (ii) use the word Swisher with our "S" design mark or by itself as a trade mark at any time in association with wares/services relating to or used in association with cleaning and sanitation of restrooms in commercial buildings. Thus, our company-owned operations operate as SaniService® in Canada. We own, have registered, or have applied to register the Swisher trademark in every other country in which our franchisees or licensees operate.

We market the majority of our chemical products under various brands, labeling and product names including, but not limited to, Swisher, Mt. Hood, ProClean, Daley and Cavalier. The majority of our chemical products formulas are owned by us. The remaining chemical products are manufactured by third parties who manufacture our products based on our specifications.

Seasonality

In the aggregate our business continues to be somewhat seasonal in nature, with the Company's second and third calendar quarters generating more revenue than the first and fourth calendar quarters. However, our operating results may fluctuate from quarter to quarter or year to year due to factors beyond our control including unusual weather patterns or other events that negatively impact the foodservice and hospitality industries. The majority of our customers are in the restaurant or hospitality industries, and the revenue we earn from these customers is related to the number of patrons they service. As events adversely impact the business of our customers, our business could be adversely impacted.

Regulatory and Environmental

We are subject to numerous federal, state and local laws that regulate the manufacture, storage, distribution, transportation and labeling of many of our products, including all of our disinfecting, sanitizing and antimicrobial products. Some of these laws require us to have operating permits for our production and warehouse facilities, and operations. In the event of a violation of these laws and permits, we may be liable for damages and the costs of remedial actions, and may also be subject to revocation, non-renewal or modification of our operating and discharge permits and revocation of product registrations. Federal, state and local laws and regulations vary but generally govern wastewater or storm water discharges, air emissions and the handling, transportation, treatment, storage and disposal of hazardous and non-hazardous waste. These laws and regulations provide governmental authorities with strict powers of enforcement which include the ability to revoke or decline to renew any of our operating permits, obtain injunctions and impose fines or penalties in the event of violations including criminal penalties. The United States Environmental Protection Agency ("EPA") and various other federal, state and local authorities administer these regulations.

We strive to conduct our operations in compliance with applicable laws, regulations and permits. However, we cannot assure you that citations and notices will not be issued in the future despite our regulatory compliance efforts. Furthermore, any material regulatory action such as revocation, non-renewal or modification that may require us to cease or limit the sale of products for any extended period of time from one or more of our facilities may have a material adverse effect on our business, financial condition, results of operations and cash flows. The environmental regulatory matters most significant to us are discussed below.

Product Registration and Compliance

Various federal, state and local laws and regulations govern some of our products and require us to register our products and to comply with specified requirements. In the United States we must register our sanitizing and disinfecting products with the EPA. When we register these products, or our supplier registers them in cases where we are sub-registering, we must also submit to the EPA information regarding the chemistry, toxicology and antimicrobial efficacy for the Agency's review. Data must be identical to the claims stated on the product label. In addition, each state where these products are sold requires registration and payment of a fee.

Numerous United States federal, state, local and foreign laws and regulations relate to the sale of products containing ingredients such as phosphorous, volatile organic compounds or other ingredients that may impact human health and the environment. Under the State of California's Proposition 65 for example, label disclosures are required for certain products containing chemicals listed by California. In addition, California, Maine, Maryland, Massachusetts, Minnesota, Oregon and South Carolina have chemical management initiatives that promote pollution prevention through the research and development of safer chemicals and safer chemical processes. Nine states have enacted environmentally-preferable purchasing programs for cleaning products and in recent years have been considered by several other state legislatures. On October 1, 2013, the California Safer Consumer Products Act went into effect. Applicable to consumer products that enter the stream of commerce in California, the Act's regulations require manufacturers, retailers and importers to seek safer alternatives to harmful chemicals widely used in products. Through a variety of initiatives such as the "Design for the Environment" program, the U.S. Government is tracking "green chemistry" initiatives. Some of our cleaning products are subject to these types of regulations and programs and, as such, we may incur additional stay-in-market expenses associated with conducting analyses of alternatives for chemicals of concern. To date, we have been able to comply with such legislative requirements and compliance with these laws and regulations has not had a material adverse effect on our business, financial condition, results of operations and cash flows.

Toxic Substances Control Act

The U.S. Congress has been discussing the re-authorization of the Toxic Substances Control Act ("TSCA") and an update of chemicals on the TSCA Inventory (commonly referred to as the "reset" of the TSCA inventory). The EPA is also more aggressively using TSCA and the TSCA inventory to manage chemicals of concern. Potential costs are not yet quantifiable, but are not expected to have a material adverse effect on our consolidated results of operations or cash flows in any one reporting period or on our financial position.

Occupational Safety and Health Act

The Occupational Safety and Health Act of 1970, as amended (“OSHA”), establishes certain employer responsibilities including maintenance of a workplace free of recognized hazards likely to cause death or serious injury, compliance with standards promulgated by OSHA, and various record keeping, disclosure and procedural requirements. Various OSHA standards may apply to our operations including the Hazardous Communications Standards ("HCS" or "Right to Know" and "Community Right to Know") regulations that govern the procedures and information that must be disclosed to the individuals that work in the manufacture of the products and materials Swisher manufactures or distributes and with the hazards that communities may face in the event our facilities were to be hit with disasters such as fires and floods. As part of the HCS requirements, we are required to provide Material Safety Data Sheets (“MSDS”) to our customers and distributors.

The National Fire Protection Association has aided various state and local governments in the development of a set of safety standards that generally fall under the OSHA Community Right to Know regulations that allow local fire departments to regulate the safety measures needed in a facility in order to prevent the possibilities of fires (i.e., Storage of Flammables) and to protect the safety of the fire fighters in the event they are called in to work at such a facility. In many communities this involves reports and maps that detail where and how various products of different hazards are located and stored within a facility. These reports are generated and then given to local fire authorities to maintain in the event the fire department, local emergency response or hazmat teams are ever needed at the facility.

Globally Harmonized System

In 2003, the United Nations issued a standard on hazard communication and labeling of chemical products known as the Globally Harmonized System of Classification and Labeling of Chemicals (“GHS”). GHS is designed to facilitate international trade and increase safe handling and use of hazardous chemicals through a worldwide system that classifies chemicals based on their hazards and communicates information about those hazards through standardized product labels and safety data sheets (“SDSs”). The HCSs were modified in 2012 to adopt the GHS standard and replace MSDSs with SDSs. We have been working on a phased-in approach to mitigate the costs of GHS implementation and do not expect the implementation cost to have a material adverse effect on our consolidated results of operations or cash flows. We expect to be compliant by the GHS mandated deadline of December 31, 2015.

Pesticide and Biocide Laws

We manufacture and sell certain disinfecting and sanitizing products that kill or reduce microorganisms (bacteria, viruses, fungi) on hard environmental surfaces. Such products are regulated as "pesticides" or "antimicrobial pesticides" under current definitions in the Federal Insecticide, Fungicide, and Rodenticide Act ("FIFRA"), as amended by the Food Quality

Protection Act of 1996. We are required to maintain product registrations with the EPA to meet certain efficacy, toxicity and labeling requirements, and to pay associated registration fees. Each state in which these types of our products are sold requires registration and payment of a fee, and California and certain other states have adopted regulatory programs. California also imposes a tax on pesticide sales in their state. To date the cost of complying with pesticide rules has not had a material adverse effect on our consolidated results of operations, financial condition or cash flows to date; however, the costs and approvals associated with these products continue to increase.

Antimicrobal Product Requirements

U.S. Federal, state, local and foreign jurisdictions have enacted various laws and regulations regulating certain products sold by us for controlling microbial growth on humans. Generally the U.S. Food and Drug Administration administers requirements for these products. The FDA has proposed regulations for over-the-counter antiseptic drug products which may impose additional requirements for our antimicrobial hand care products and associated costs when finalized by the FDA. To date such requirements have not had a material adverse effect on our consolidated results of operations, financial position or cash flows.

Other Environmental Regulation

Our manufacturing facilities are subject to various federal, state and local laws and regulations regarding the discharge, transportation, use, handling, storage and disposal of hazardous substances. These statutes include the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act, and the Comprehensive Environmental Response, Compensation and Liability Act, as well as their analogous state, local and foreign laws. Because we may potentially be a generator of hazardous wastes in the future, we, along with any other person who disposes or arranges for the disposal of our wastes, may be subject to financial exposure for costs associated with the investigation and remediation of contaminated sites. Specifically, we would likely have exposure if we have disposed or arranged for the disposal of hazardous wastes at sites that become contaminated even if we fully complied with applicable environmental laws at the time of disposal. We currently are unaware of any past action which may lead to any liability, but, in the event we do ultimately have liability at some point in the future for past or future actions, the costs of compliance and remediation could likely have a material adverse effect on our business, financial condition, results of operations and cash flows.

Various laws and regulations pertaining to climate change have been implemented or are being considered for implementation at the national, regional and state levels, particularly as they relate to the reduction of greenhouse gas emissions. None of these laws directly apply to Swisher at the present time; however, we believe that it is possible that new or additional restrictions may in the future be imposed on our manufacturing, processing and distribution activities, which may result in possible violations, fines, penalties, damages or other significant costs.

Employees

As of December 31, 2014, we had approximately 1,200 employees. We are not a party to any collective bargaining agreement and have not experienced a work stoppage. We consider our employee relations to be good.

Available Information

This Form 10-K and our quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports filed or furnished pursuant to section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge through the Investors section of our Internet website (http://www.swsh.com) under the heading “Investors,” “Financial Information,” and “SEC Filings” as soon as reasonably practicable after these reports are electronically filed with, or furnished to, the Securities and Exchange Commission (SEC). Our SEC filings are also available for reading and copying at the SEC’s Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. In addition the SEC maintains an Internet site (http://www.sec.gov). Information on our website does not constitute part of this annual report on Form 10-K or any other report we file or furnish with the SEC.

Executive Officers of the Registrant

Our current executive officers and additional information concerning them are as follows:

Name	Position	Age
William M. Pierce	Director, President and Chief Executive Officer	63
William T. Nanovsky	Senior Vice President and Chief Financial Officer	66
Blake Thompson	Senior Vice President and Chief Operating Officer	60

William M. Pierce

Director, President and Chief Executive Officer

Mr. Pierce has served as President and Chief Executive Officer of Swisher Hygiene since September 10, 2013. He has also served as a director of Swisher since June 2013. Mr. Pierce has held the position of Senior Vice President of Huizenga Holdings, Inc. since 1990, where he has also served as chief operating officer, chief financial officer and as an officer and director of numerous private and public portfolio companies. Mr. Pierce's positions have included President of Frederica Hospitality Group, LLC, five years as Chief Financial Officer and Executive Vice President of Dolphins Enterprises where he was responsible for all non-football business operations of the Miami Dolphins and Sun Life Stadium, and Chief Operating Officer of two route-based businesses, Sparkle, Inc. and Blue Ribbon Water Company. Previously, Mr. Pierce spent five years as the Senior Vice President and Chief Financial Officer of Boca Resorts Inc., a NYSE-traded company until its sale in 2004, where he was primarily responsible for the day-to-day oversight and the growth of the company as well as raising equity and debt in the public markets. Prior to Huizenga Holdings, Mr. Pierce spent 11 years as a senior operating executive of Sky Chefs, a wholly owned subsidiary of American Airlines, and seven years in senior management positions in the food and beverage industry. All of Mr. Pierce's day to day professional efforts and focus are concentrated on Swisher; however, he remains a Senior Vice President of Huizenga Holdings.

Mr. Pierce is an experienced officer and director of public and private companies with the skills necessary to serve as a director. As an executive officer and director, Mr. Pierce has developed knowledge and experience of financial, operational and managerial matters. He has helped guide numerous public and private companies from early stage development to significant operating entities.

William T. Nanovsky

Senior Vice President and Chief Financial Officer

Mr. Nanovsky has served as Senior Vice President and Chief Financial Officer of Swisher Hygiene since February 18, 2013 and previously served as Interim Senior Vice President and Chief Financial Officer of Swisher Hygiene from September 24, 2012 to February 18, 2013. Mr. Nanovsky has over 30 years of experience as a financial executive in environments ranging from emerging growth entities to public companies with annual revenue of more than $20 billion. Since September 2011, he has been a founding Partner of The SCA Group, LLC ("SCA"), which provides C-level services including regulatory solutions, restructuring and interim management to their clients. Before SCA, from May 1998 to September 2011, Mr. Nanovsky was a Partner of Tatum, LLC and served on Tatum's Board of Managers from 2003 through 2007. At Tatum he served as Chief Financial Officer of Specialty Foods Group, Inc., an international manufacturer and marketer of premium-branded, private-label and food service processed meat products. While at Tatum Mr. Nanovsky also served as Chief Accounting Officer of a $3 billion publicly-traded provider of wireless telephone service to 5.5 million customers through 189 majority-owned subsidiaries. Additionally while at Tatum, Mr. Nanovsky served at AutoNation, Inc., a $20 billion automotive retailer, developing the integration and reporting processes for more than 370 franchises preparing for SOX compliance. Prior to Tatum, Mr. Nanovsky served as Chief Financial Officer, Senior Vice President and member of the Board of Directors of Seneca Foods Corporation, a Fortune 500 international food processor and distributor. All of Mr. Nanovsky's professional effort and focus are concentrated on Swisher; however, he remains a Partner of SCA.

Blake W. Thompson

Senior Vice President and Chief Operating Officer

Mr. Thompson has served as Senior Vice President and Chief Operating Officer of Swisher Hygiene since August 2013 and previously served as Senior Vice President – Supply Chain and Manufacturing from June 2012 until August

2013. Mr. Thompson has over 30 years of supply chain and operations leadership experience. Before joining Swisher he served as Senior Vice President of Supply Chain from 2006 to 2011 for Snyder's-Lance, Inc., a manufacturer and distributor of branded and private brand snack products throughout North America, where he restructured the company's supply chain and grew the contract manufacturing business while improving contribution margins. Prior to Snyder's-Lance, Mr. Thompson was Senior Vice President of Supply Chain from 2004 to 2005 at Tasty Baking Co., a regional snack cake company, where he helped rebuild the entire supply chain and optimized the company's systems and operations. Previously, Mr. Thompson spent 23 years at Frito-Lay, Inc., where he held a variety of management positions.

ITEM 1A. RISK FACTORS.

Our business, financial condition, results of operations, cash flows and prospects, and the prevailing market price and performance of our common stock, may be adversely affected by a number of factors, including the matters discussed below. Certain statements and information set forth in this 2014 Form 10-K, as well as other written or oral statements made from time to time by us or by our authorized officers on our behalf, constitute "forward-looking statements" within the meaning of the Federal Private Securities Litigation Reform Act of 1995. We intend for our forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You should note that forward-looking statements in this document speak only as of the date of this 2014 Form 10-K and we undertake no duty or obligation to update or revise our forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Although we believe that the expectations, plans, intentions and projections reflected in our forward-looking statements are reasonable, such statements are subject to risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. The risks, uncertainties and other factors that our stockholders and prospective investors should consider include the following:

We have a history of significant operating losses and as such our future revenue and operating profitability are uncertain.

Our future revenue and operating profitability are difficult to predict and are uncertain. We have recorded significant losses from continuing operations for the years ended December 31, 2014, 2013, and 2012, respectively. We may continue to incur operating losses for the foreseeable future, and such losses may be substantial. We will need to increase revenue in order to generate sustainable operating profit and continue to make improvements on our expense controls. Given our history of operating losses, we cannot assure you that we will be able to achieve or maintain operating profitability on an annual or quarterly basis, or at all.

Our independent registered public accounting firm's report contains an explanatory paragraph that expresses substantial doubt as to our ability to continue as a going concern.

Although our consolidated financial statements have been prepared assuming we will continue as a going concern, our independent registered public accounting firm, in its report accompanying our consolidated financial statements as of and for the year ended December 31, 2014, expressed substantial doubt as to our ability to continue as a going concern as of December 31, 2014. The inclusion of a going concern explanatory paragraph may make it more difficult for us to execute our current operating plan, maintain and or secure additional financing or enter into strategic relationships on terms acceptable to us, if at all, and may materially and adversely affect the terms of any current or future financing that we may obtain.

The Company may need to raise additional equity or capital in the future and such capital may not be available when needed or at all.

The Company's liquidity and capital resources remain limited. There can be no assurance that the Company's liquidity or capital resource position would allow it to continue to pursue its current business strategy. As a result, the Company may need to raise additional capital in the future to provide it with sufficient capital resources and liquidity to meet its commitments and business needs. The Company's ability to raise additional equity or capital, if needed, will depend on, among other things, conditions in the equity or capital markets at that time, which are outside of its control, and its financial performance. Any occurrence that may limit the Company's access to the equity or capital markets may adversely affect the Company's capital costs and its ability to raise capital and, in turn, its liquidity. An inability to raise additional equity or capital on acceptable terms when needed could have a material adverse effect on the Company's business, financial condition and results of operations. Additionally, future equity transactions could be dilutive to the Company's shareholders.

Our failure or inability to meet certain terms of our Credit Facility could have a material adverse effect on our business, financial condition and results of operations.

On August 29, 2014, we entered into a $20.0 million credit facility (the "Credit Facility). Borrowings under the Credit Facility are secured by a first priority lien on certain of the Company's and its subsidiaries' assets. The Credit Facility contains certain customary representations and warranties, and certain customary covenants on the Company's ability to, among other things, incur additional indebtedness, create liens or other encumbrances, sell or otherwise dispose of assets, and merge or consolidate with other entities or enter into a change of control transaction. We may not be able to satisfy all of these conditions or may default on some of these covenants for various reasons, including matters which are beyond our control. Additionally, the Credit Facility contains various events of default. If we are unable to borrow under the Credit Facility, we may be unable to meet our business obligations, which could have a material adverse effect on our business, financial condition and results of operations.

We have identified material weaknesses in our internal control over financial reporting and we may be unable to develop, implement and maintain appropriate controls in future periods. If the material weaknesses are not remediated, then they could result in material misstatements to the financial statements.

We have identified material weaknesses in our internal control over financial reporting and, as a result of such weaknesses, our management, with the participation of our principal executive officer and principal financial officer, concluded that our disclosure controls and procedures and internal control over financial reporting were not effective as of December 31, 2014 and December 31, 2013. These material weaknesses were originally identified in connection with our assessment of the effectiveness of internal control over financial reporting as of December 31, 2013, and were determined not to have been remediated as of December 31, 2014. Until remediated, these material weaknesses could result in material misstatements to our interim or annual consolidated financial statements and disclosures that may not be prevented or detected on a timely basis. In addition, we may be unable to meet our reporting obligations or comply with SEC rules and regulations, which could result in delisting actions by The Nasdaq Stock Market ("Nasdaq") and investigation and sanctions by regulatory authorities. Any of these results could adversely affect our business and the trading price of our common stock.

Failure to retain our current customers and renew existing customer contracts could adversely affect our business.

Our success depends in part on our ability to retain current customers and renew existing customer service agreements. Our ability to retain current customers depends on a variety of factors, including the quality, price, and responsiveness of the services we offer, as well as our ability to market these services effectively and differentiate our offerings from those of our competitors. We cannot assure you that we will be able to renew existing customer contracts at the same or higher rates or that our current customers will not turn to competitors, cease operations, elect to bring the services we provide in-house, or terminate existing service agreements. The failure to renew existing service agreements or the loss of a significant number of existing service agreements could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Changes in economic conditions that impact the industries in which our end-users primarily operate in could adversely affect our business.

During the last few years, conditions throughout the U.S. and worldwide have been weak and those conditions may not improve in the foreseeable future. As a result, our customers or vendors may have financial challenges, unrelated to us that could impact their ability to continue doing business with us. Economic downturns, and in particular downturns in the foodservice, hospitality, travel, and food processing industries, can adversely impact our end-users, who are sensitive to changes in travel and dining activities. The recent decline in economic activity is adversely affecting these markets. During such downturns, these end-users typically reduce their volume of purchases of cleaning and sanitizing products, which may have an adverse impact on our business. We cannot assure you that current or future economic conditions, and the impact of those conditions on our customer base, will not have a material adverse effect on our business, financial condition, results of operations, and cash flows.

The financial condition and operating ability of third parties may adversely affect our business.

We purchase the majority of our dispensing equipment and dish machines from a limited number of suppliers. Should any of these third party suppliers experience production delays, we may need to identify additional suppliers, which may not be possible on a timely basis or on favorable terms, if at all. A delay in the supply of our chemicals or equipment could adversely affect relationships with our customer base and could cause potential customers to delay their decision to purchase services or cause them not to purchase our services at all.

We market and sell our products and services through independent third-party distributor partners. In recent years, we have expanded our distributor program, which provides us with additional opportunities for organic growth. Our distributor program is targeted toward regional and local foodservice distributors that are seeking not only to increase the revenue and margin they can drive by increasing the number of products they deliver to each customer. In effect, by us partnering to be the chemical sales and service arm for the distributor, we help to generate demand for our rental equipment and our consumable products. The loss of one or more of our distributors, or the decision by one or more of them to reduce the number of our products they offer or to carry the product lines of our competitors, could have an adverse effect on our business, financial condition and results of operations. The termination of a significant distributor, whether at our or the distributor's initiative, or a disruption in the operations of one or more of our distributors, may adversely affect our business.

In the event that any of the third parties with whom we have significant relationships files a petition in or is assigned into bankruptcy or becomes insolvent, or makes an assignment for the benefit of creditors or makes any arrangements or otherwise becomes subject to any proceedings under bankruptcy or insolvency laws with a trustee, or a receiver is appointed in respect of a substantial portion of its property, or such third party liquidates or winds up its daily operations for any reason whatsoever, then our business, financial position, results of operations, and cash flows may be materially and adversely affected.

We have recognized significant impairment charges in 2014 and prior years, and may recognize additional impairment charges in the future which could adversely affect our results of operations and financial condition.

We assess our intangible assets and long-lived assets for impairment when required by generally accepted accounting principles in the United States of America ("GAAP"). These accounting principles require that we record an impairment charge if circumstances indicate that the asset carrying values exceed their fair values. Our assessment of intangible assets and long-lived assets could indicate that an impairment of the carrying value of such assets may have occurred that could result in a significant, non-cash write-down of such assets, which could have a material adverse effect on our results of operations.

The availability of our raw materials and the volatility of their costs may adversely affect our operations.

We use a number of key raw materials in our business. An inability to obtain such key raw materials could have a material adverse effect on our business, financial condition, results of operations, and cash flows. Also the prices of many of these raw materials are cyclical. If we are unable to minimize the effects of increased raw material costs through sourcing or pricing actions, future increases in costs of raw materials could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

We are and may in the future be subject to legal proceedings; the outcome of which are uncertain, and resolutions adverse to us could negatively affect our earnings, financial condition and cash flows.

We are and may in the future be subject to legal proceedings. Litigation is subject to many uncertainties, and we cannot predict the outcome of individual matters with assurance. It is reasonably possible that the final resolution of these matters could require additional expenditures, in excess of established reserves, over an extended period of time and in a range of amounts that could have a material effect on our earnings, financial condition and cash flows.

The pricing, terms, and length of customer service agreements may constrain our ability to recover costs and to make a profit on our contracts.

The amount of risk we bear and our profit potential will vary depending on the type of service agreements under which products and services are provided. We may be unable to fully recover costs on service agreements that limit our ability to increase prices, particularly on multi-year service agreements. In addition, we may provide services under multi-year service agreements that guarantee maximum costs for the customer based on specific criteria, for example, cost per diner, cost per occupied room, or cost per passenger day, putting us at risk if we do not effectively manage customer consumption. Our ability to manage our business under the constraints of these service agreements may have a material adverse effect on our business, financial condition, results of operations, and cash flows.

If we are required to change the pricing models for our products or services to compete successfully, our margins and operating results may be adversely affected.

The markets in which we operate in are highly competitive. We compete with national, regional, and local providers, some of whom have greater financial and marketing resources than us, and may be perceived to have better brand name recognition, price, product quality, and customer service. Some of our competitors may bundle products and services that

compete with our products and services for promotional purposes as a long-term pricing strategy or may provide guarantees of prices and product implementations. Also, competitors may develop new or enhanced products and services more successfully and sell existing or new products and services better than we do. In addition, new competitors may emerge. These practices could, over time, limit the prices that we can charge for our products and services. If we cannot offset price reductions or other pricing strategies with a corresponding increase in sales or decrease in spending, then the reduced revenue resulting from lower prices would adversely affect our margins, operating costs, and profitability.

The consolidation of customers may adversely affect our business, consolidated financial condition or results of operations.

Customers in the foodservice, hospitality, retail and healthcare industries have been consolidating in recent years, and we believe this trend may continue. Such consolidation could have an adverse impact on the pricing of our products and services and our ability to retain customers, which could in turn adversely affect our business, consolidated financial condition or results of operations.

We may fail to maintain our listing on The Nasdaq Stock Market.

Our common stock is listed for trading on The Nasdaq Stock Market ("Nasdaq") under the trading symbol "SWSH." For our common stock to continue to be listed on Nasdaq, we must meet Nasdaq's continued listing standards. A failure to meet these standards could result in our common stock being delisted, which could adversely affect the market liquidity of our common stock, impair the value of your investment, and harm our business. We can provide no assurance that we will continue to satisfy Nasdaq's continued listing standards and maintain our listing on Nasdaq.

The loss of one or more key members of our senior management, or our inability to attract and retain qualified personnel could adversely impact our business, financial condition and results of operations.

Our success depends, in part, on the continued efforts and abilities of our senior management team. The loss of one or more key members of our senior management team could disrupt our operations and divert the time and attention of the remaining members of the senior management team, which could have a material adverse effect on our business, financial condition and results of operations. Our success also depends on our ability to attract, retain and motivate our personnel. Competition for personnel can be intense, and we cannot assure you that we will be able to attract or retain highly qualified personnel needed to support our business. Our inability to attract and retain the necessary personnel may adversely affect our business, financial condition and results of operations. It may be necessary for us to increase the level of compensation paid to existing or new employees to a degree that our operating expenses could be materially increased, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Increases in fuel and energy costs and fuel shortages could adversely affect our results of operations and financial condition.

The price of fuel is unpredictable and fluctuates based on events outside our control, including geopolitical developments, supply and demand for oil and gas, actions by the Organization of the Petroleum Exporting Countries ("OPEC") and other oil and gas producers, war and unrest in oil producing countries, regional production patterns, limits on refining capacities, natural disasters and environmental concerns. In recent years, fuel prices have fluctuated widely. An increase in fuel prices raises the costs of operating vehicles and equipment. We cannot predict the extent to which we may experience future increases in fuel costs or whether we will be able to pass these increased costs through to our customers. A fuel shortage, higher transportation costs or the curtailment of scheduled service could adversely impact our profitability. If we experience delays in the delivery of products to our customers, or if the services or products are not provided to the customers at all, relationships with our customers could be adversely impacted, which could have a material adverse effect on our business and prospects. As a result, future increases in fuel costs or fuel shortages could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Our products contain hazardous materials and chemicals, which could result in claims against us.

We use and sell a variety of products that contain hazardous materials and chemicals. Like all products of this nature, misuse of the hazardous material based products can lead to injuries and damages but in all cases if these products are used at the prescribed usage levels with the proper PPEs (Personal Protection Equipment) and procedures the chances of injuries and accidents are extremely rare. Nevertheless, because of the nature of these substances or related residues, we may be liable for certain costs, including, among others, costs for health-related claims, or removal or remediation of such substances. We may be involved in claims and litigation filed on behalf of persons alleging injury as a result of exposure to such substances or by governmental or regulatory bodies related to our handling and disposing of these substances. Because of the unpredictable

nature of personal injury and property damage litigation and governmental enforcement, it is not possible to predict the ultimate outcome of any such claims or lawsuits that may arise. Any such claims and lawsuits, individually or in the aggregate, that are resolved against us, could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

We are subject to environmental, health and safety regulations, and may be adversely affected by new and changing laws and regulations, that generate ongoing environmental costs and could subject us to liability.

We are subject to laws and regulations relating to the protection of the environment and natural resources, and workplace health and safety. These include, among other things, reporting on chemical inventories and risk management plans, and the management of hazardous substances. Violations of existing laws and enactment of future legislation and regulations could result in substantial penalties, temporary or permanent facility closures, and legal consequences. Moreover, the nature of our existing and historical operations exposes us to the risk of liability to third parties. The potential costs relating to environmental, solid waste, and product registration laws and regulations are uncertain due to factors such as the unknown magnitude and type of possible contamination and clean-up costs, the complexity and evolving nature of laws and regulations, and the timing and expense of compliance. Changes to current laws, regulations or policies could impose new restrictions, costs, or prohibitions on our current practices which could have a material adverse effect on our business, results of operations, financial condition, and cash flows.

If our products are improperly manufactured, packaged, or labeled or become adulterated or expire, those items may need to be recalled or withdrawn from sale.

We may need to recall, voluntarily or otherwise, the products we sell if products are improperly manufactured, packaged, or labeled or if they become adulterated or expire. Widespread product recalls could result in significant losses due to the costs of a recall and lost sales due to the unavailability of product for a period of time. A significant product recall could also result in adverse publicity, damage to our reputation, and loss of customer confidence in our products, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Changes in the types or variety of our service offerings could affect our financial performance.

Our financial performance is affected by changes in the types or variety of products and services offered to our customers. For example, as we continue to evolve our business to include a greater combination of products with our services, the amount of money required for the purchase of additional equipment and training for associates may increase. Additionally, the gross margin on product sales is often less than gross margin on service revenue. These changes in variety or adjustment to product and service offerings could have a material adverse effect on our financial performance.

Prior acquisitions involve a number of risks and could have an adverse effect on our results of operations.

The success of any acquisition depends on management's ability following the transaction to consolidate operations and integrate departments, systems and procedures, and thereby create business efficiencies, economies of scale, and related cost savings. As a result, prior acquisitions involve various risks, such as uncertainties in assessing the value, strengths, weaknesses, liabilities, including undisclosed liabilities, and potential profitability of acquired companies. There is a risk of potential losses of key employees and customers of an acquired business and of an inability to achieve identified operating and financial synergies anticipated to result from an acquisition. Any one or more of these factors could cause us not to realize the benefits anticipated to result from the acquisitions or have a negative impact on the fair value of the acquired companies. Accordingly, intangible assets recorded as a result of acquisitions could become impaired. Additionally, previously undisclosed liabilities could be identified and have a material adverse impact on our results of operations and cash flows.

We may not be able to adequately protect our intellectual property and other proprietary rights that are material to our business.

Our ability to compete effectively depends in part on our rights to service marks, trademarks, trade names, formulas and other intellectual property rights we own or license, particularly our registered brand names, including "Swisher" and "Sani-Service." We may not seek to register every one of our marks either in the U.S. or in every country in which it is used. As a result, we may not be able to adequately protect those unregistered marks. Furthermore, because of the differences in foreign trademark, patent and other intellectual property or proprietary rights laws, we may not receive the same protection in other countries as we would in the U.S. and Canada. Failure to protect such proprietary information and brand names could impact our ability to compete effectively and could adversely affect our business, financial condition, results of operations, and cash flows.

Litigation may be necessary to enforce our intellectual property rights and protect our proprietary information, or to defend against claims by third parties that our products or services infringe on their intellectual property rights. Any litigation or claims brought by or against us could result in substantial costs and diversion of our resources. A successful claim of trademark, patent or other intellectual property infringement against us, or any other successful challenge to the use of our intellectual property, could subject us to damages or prevent us from providing certain services under our recognized brand names, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Interruptions in our information and telecommunication systems, or a failure to maintain the security, confidentiality or privacy of sensitive data residing on such systems, could adversely affect our business.

We rely extensively on computer systems to process transactions, maintain information and manage our business. Disruptions in the availability of our computer systems could impact our ability to service our customers and adversely affect our sales and results of operations. We are dependent on internal and third party information technology networks and systems, including the Internet and wireless communications, to process, transmit and store electronic information. In particular, we depend on our information technology infrastructure for fulfilling and invoicing customer orders, applying cash receipts, determining reorder points and placing purchase orders with suppliers, making cash disbursements, and conducting digital marketing activities, data processing, and electronic communications among business locations. We also depend on telecommunication systems for communications between company personnel and our customers and suppliers. Our computer systems are subject to damage or interruption due to system conversions, power outages, computer or telecommunication failures, computer viruses, security breaches, catastrophic events such as fires, tornadoes and hurricanes and usage errors by our employees. Also, our computer systems could be subject to physical or electronic break-ins, unauthorized tampering or other security breaches, resulting in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to customers, or in the misappropriation of our proprietary information. Interruptions in information and telecommunication systems, or a failure to maintain the security, confidentiality or privacy of sensitive data residing on such systems, whether due to actions by us or others, could delay or disrupt our ability to do business and service our customers, require us to incur significant investments to fix or replace them, harm our reputation, subject us to regulatory sanctions and other claims, lead to a loss of customers and revenues and otherwise adversely affect our business.

Insurance policies may not cover all operating risks and a casualty loss beyond the limits of our coverage could adversely impact our business.

Our business is subject to all of the operating hazards and risks normally incidental to the operations of a company in the cleaning and maintenance solutions industry. We maintain insurance policies in such amounts and with such coverage and deductibles that we believe are reasonable and prudent. Nevertheless, our insurance coverage may not be adequate to protect us from all liabilities and expenses that may arise from claims for personal injury or death, property damage, or environmental liabilities arising in the ordinary course of business and our current levels of insurance may not be able to be maintained or available at economical prices. If a significant liability claim is brought against us that is not covered by insurance, we may have to pay the claim with our own funds, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Our stock price has been and may in the future be volatile, which could cause purchasers of our common stock to incur substantial losses.

The trading price of our common stock has been and may in the future be subject to substantial price volatility. The market price of our common stock may fluctuate significantly in response to numerous factors, many of which are beyond our control, including the factors listed below and other factors described in this "Risk Factors" section:

- low trading volume, which could cause even a small number of purchases or sales of our stock to have an impact on the trading price of our common stock;
- price and volume fluctuations in the overall stock market from time to time;
- significant volatility in the market price and trading volume of comparable companies;
- short sales, hedging and other derivative transactions involving our common stock; and
- sales of shares in the open market or the perception that such shares could occur.

Certain stockholders may exert significant influence over any corporate action requiring stockholder approval.

As of March 25, 2015, Messrs. Huizenga and Berrard own approximately 28% of our common stock. As a result, these stockholders may be in a position to exert significant influence over any corporate action requiring stockholder approval, including the election of directors, determination of significant corporate actions, amendments to Swisher's certificate of incorporation and by-laws, and the approval of any business transaction, such as mergers or takeover attempts, in a manner that could conflict with the interests of other stockholders. Although there are no agreements or understandings between the former Swisher International stockholders as to voting, if they voted in concert, they could exert significant influence over Swisher Hygiene.

Provisions of Delaware law and our organizational documents may delay or prevent an acquisition of our Company, even if the acquisition would be beneficial to our stockholders.

Provisions of Delaware law and our certificate of incorporation and bylaws may discourage, delay or prevent a change of control that our stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares. These provisions may also prevent or delay attempts by stockholders to replace or remove management or members of our board of directors. These provisions include:

- the absence of cumulative voting in the election of directors, which means that the holders of a majority of our common stock may elect all of the directors standing for election;
- the inability of our stockholders to call special meetings;
- the requirement that our stockholders provide advance notice when nominating director candidates or proposing business to be considered by the stockholders at an annual meeting of stockholders;
- the ability of the our board of directors to make, alter or repeal our bylaws;
- the requirement that the authorized number of directors be changed only by resolution of the board of directors; and
- the inability of stockholders to act by written consent.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None

ITEM 2. PROPERTIES.

We operate five chemical manufacturing plants in leased facilities in Oregon, Arizona, Illinois, Florida and New York. We lease our current corporate headquarters facility in Charlotte, North Carolina, pursuant to a lease expiring in February 2017. As of December 31, 2014, we also lease numerous other facilities located in the United States and Canada where we operate our business. We believe that our facilities are sufficient for our current needs and are in good condition in all material respects.

ITEM 3. LEGAL PROCEEDINGS.

We may be involved in litigation from time to time in the ordinary course of business. We do not believe that the ultimate resolution of these matters will have a material adverse effect on our business, financial condition or results of operations. However, the results of these matters cannot be predicted with certainty and we cannot assure you that the ultimate resolution of any legal or administrative proceedings or disputes will not have a material adverse effect on our business, financial condition and results of operations.

Securities Litigation

Between March 30, 2012 and May 24, 2012, six stockholder lawsuits were filed in federal courts in North Carolina and New York asserting claims relating to the Company's March 28, 2012 announcement regarding the Company's Board's conclusion that the Company's previously issued interim financial statements for the quarterly periods ended March 31, 2011, June 30, 2011 and September 30, 2011, and the other financial information in the Company's quarterly reports on Form 10-Q for the periods then ended, should no longer be relied upon and that an internal review by the Company's Audit Committee primarily relating to possible adjustments to the Company's financial statements was ongoing.

On March 30, 2012, a purported Company stockholder commenced a putative securities class action on behalf of purchasers of the Company's common stock in the U.S. District Court for the Southern District of New York against the Company, the former President and Chief Executive Officer ("former CEO"), and the former Vice President and Chief Financial Officer ("former CFO"). The plaintiff asserted claims alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") based on alleged false and misleading disclosures in the Company's public filings. In April and May 2012, four more putative securities class actions were filed by purported Company stockholders in the U.S. District Court for the Western District of North Carolina against the same set of defendants. The plaintiffs in these cases asserted claims alleging violations of Sections 10(b) and 20(a) of the Exchange Act based on alleged false and misleading disclosures in the Company's public filings. In each of the putative securities class actions, the plaintiffs sought damages for losses suffered by the putative class of investors who purchased the Company's common stock.

On May 21, 2012, a stockholder derivative action was brought against the Company's former CEO and former CFO and the Company's then directors for alleged breaches of fiduciary duty by another purported Company stockholder in the Southern District of New York. In this derivative action, captioned Arsenault v. Berrard, et al., 1:12-cv-4028, the plaintiff seeks to recover for the Company damages arising out of the then possible restatement of the Company's financial statements.

On May 30, 2012, the Company, its former CEO and former CFO filed a motion with the United States Judicial Panel on Multidistrict Litigation ("MDL Panel") to centralize all of the cases in the Western District of North Carolina by requesting that the actions filed in the Southern District of New York be transferred to the Western District of North Carolina. In light of the motion to centralize the cases in the Western District of North Carolina, the Company, its former CEO and former CFO requested from both courts a stay of all proceedings pending the MDL Panel's ruling. On June 4, 2012, the Southern District of New York adjourned all pending dates in the cases in light of the motion to transfer filed before the MDL Panel. On June 13, 2012, the Western District of North Carolina issued a stay of proceedings pending a ruling by the MDL Panel.

On August 13, 2012, the MDL Panel granted the motion to centralize, transferring the actions filed in the Southern District of New York to the Western District of North Carolina as part of MDL No. 2384, captioned In re Swisher Hygiene, Inc. Securities and Derivative Litigation. In response, on August 21, 2012, the Western District of North Carolina issued an order governing the practice and procedure in the actions transferred to the Western District of North Carolina as well as the actions originally filed there. On October 18, 2012, the Western District of North Carolina held an Initial Pretrial Conference at which it appointed lead counsel and lead plaintiffs for the securities class actions, and set a schedule for the filing of a consolidated class action complaint and defendants' time to answer or otherwise respond to the consolidated class action complaint. The Western District of North Carolina stayed the Arsenault derivative action, pending the outcome of the securities class actions.

On April 24, 2013, lead plaintiffs filed their first amended consolidated class action complaint (the "Class Action Complaint") asserting similar claims as those previously alleged as well as additional allegations stemming from the Company's restated financial statements. The Class Action Complaint also named the Company's former Senior Vice President and Treasurer as an additional defendant who was later dismissed from the case. On June 24, 2013, defendants moved to dismiss the Class Action Complaint. Briefing on the motions to dismiss was completed on August 9, 2013.

Although the Company believed it had meritorious defenses to the asserted claims in the securities class actions in the United States, the defendants and plaintiffs agreed to the terms of a settlement and on February 5, 2014 executed a settlement agreement that, following approval by the Western District of North Carolina, would resolve all claims in the securities class actions pending there (the "Settlement"). The Settlement provided that the defendants would make a set cash payment totaling $5,500,000, all from insurance proceeds, to settle all of the securities class actions, and full and complete releases would be provided to defendants. On March 11, 2014, the Western District of North Carolina issued a preliminary order approving the Settlement, and scheduled a hearing for August 6, 2014. That same day, the Western District of North Carolina also issued an order terminating defendants' pending motions to dismiss the Class Action Complaint as moot in light of the Settlement. On August 6, 2014, following a hearing, the Western District of North Carolina approved the Settlement, and issued an Order and Final Judgment that, among other things, dismissed the securities class actions pending in the United States with prejudice and provided for full and complete releases to defendants. The Arsenault derivative action is still pending.

On June 11, 2013, an individual action was filed in the U.S. District Court for the Southern District of Florida captioned Miller, et al. v. Swisher Hygiene, Inc., et al., No. 0:13-CV-61292-JAL, against the Company, its former CEO and former CFO, and a former Company director, bringing state and federal claims founded on the allegations that in deciding to sell their company to the Company, plaintiffs relied on defendants' statements about such things as the Company's accounting and internal controls, which, in light of the Company's restatement of its financial statements, were false. On July 17, 2013, the Company notified the MDL Panel of this action, and requested that it be transferred and centralized in the Western District of North Carolina with the other actions pending there. On July 23, 2013, the MDL Panel issued a Conditional Transfer Order

(the "Miller CTO"), conditionally transferring the case to the Western District of North Carolina. On July 29, 2013, plaintiffs notified the MDL Panel that they would seek to vacate the Miller CTO. In light of the proceedings in the MDL Panel, defendants requested that the Southern District of Florida stay all proceedings pending the MDL Panel's ruling. On August 6, 2013, the Southern District of Florida issued a stay of all proceedings pending a ruling by the MDL Panel. On October 2, 2013, following a briefing on the issue of whether the Miller CTO should be vacated, the MDL Panel issued an order transferring the action to the Western District of North Carolina. The Company and the individual defendants filed motions to dismiss the complaint on March 20, 2014. Briefing on the motions to dismiss was completed on May 12, 2014. On June 2, 2014, plaintiffs filed a motion with the Western District of North Carolina seeking a suggestion for remand from that Court to the MDL Panel. Briefing on that motion was completed on June 26, 2014. Oral argument on the motions to dismiss and motion for suggestion for remand were heard on July 22, 2014. On August 5, 2014, the Western District of North Carolina denied plaintiffs' motion for suggestion for remand. On October 22, 2014, the Company filed a notice of supplemental authority in support of its motion to dismiss the complaint in this action. On November 4, 2014, plaintiffs filed a response to the notice of supplemental authority.

On July 11, 2013, a purported stockholder filed a derivative action on behalf of the Company in the General Court of Justice, Superior Court Division in the State of North Carolina, Mecklenburg County, captioned Borthwick v. Berrard, et. al., No. 13-CVS-12397. The action asserted claims against the Company as a nominal defendant, its former CEO and former CFO, and certain former and current Company directors for breaches of fiduciary duties, gross mismanagement, abuse of control, waste of corporate assets, and aiding and abetting thereof in connection with the Company's restatement of its financial statements. Among other things, the action sought damages on behalf of the Company and an order directing the Company to implement corporate governance reforms. On August 7, 2013, the Company filed a notice to remove the action from the General Court of Justice, Superior Court Division in the State of North Carolina, Mecklenburg County to the Western District of North Carolina. On August 30, 2013, the Company moved to consolidate this action with the actions previously consolidated before the Western District of North Carolina, and to stay the action. On September 25, 2013, the Western District of North Carolina granted the Company's motion to consolidate and stay the action. On October 23, 2014, following its approval of the settlement of the securities class actions, the Western District of North Carolina set a briefing schedule whereby the Company, as nominal defendant, filed a motion to dismiss the derivative action on November 4, 2014. Pursuant to the schedule, the remaining defendants did not need to file any motions to dismiss until after the Court ruled on the Company's motion. On December 10, 2014, the parties filed a Stipulation and Proposed Order for the dismissal of the complaint filed in this action with prejudice. On December 11, 2014, the Western District of North Carolina issued an order dismissing the Borthwick action with prejudice.

On December 17, 2013, a purported stockholder commenced a putative securities class action on behalf of purchasers of the Company's common stock on the Toronto Stock Exchange or any other Canadian trading platforms in the Ontario Superior Court of Justice, captioned Edwards v. Swisher Hygiene, Inc., et al., CV 13-20282 CP, against the Company, the former CEO and former CFO. The action alleges claims under Canadian law for alleged misrepresentations of the Company's financial position relating to its business acquisitions. On February 13, 2014, a Fresh Statement of Claim and Fresh Notice of Action were filed, adding an additional named plaintiff. On March 28, 2014, another purported stockholder commenced a putative securities class action on behalf of purchasers of the Company's common stock on the Toronto Stock Exchange or any other Canadian trading platforms in the Ontario Superior Court of Justice, captioned Phillips v. Swisher Hygiene, Inc., et al., CV 14-00501096-0000, against the Company, the former CEO, the former CFO and the Company's former Senior Vice President and Treasurer. The action alleges claims under Canadian law stemming from the Company's restatement.

Although the Company believed it had meritorious defenses to the asserted claims in the two securities class actions pending in Canada, the defendants agreed to terms of settlement and executed a settlement agreement resolving all claims in both securities class actions pending there, which was approved by the Ontario Superior Court of Justice by Order dated February 13, 2015 (the "Canadian Settlement"). The Canadian Settlement provides that defendants will make a set cash payment totaling $0.7 million, including legal fees, all from insurance proceeds, to settle all of the Canadian securities class actions, with full and complete releases provided to the defendants. Notice has been given of the Canadian Settlement.

Other Matters

The Company has been contacted by the staff of the Atlanta Regional Office of the SEC and by the United States Attorney's Office for the Western District of North Carolina (the "U.S. Attorney's Office") after publicly announcing the Audit Committee's internal review and the delays in filing our periodic reports. The Company has been asked to make certain individuals available and to provide certain information about these matters to the SEC and the U.S. Attorney's Office. The Company is fully cooperating with the SEC and the U.S. Attorney's Office. Any action by the SEC, the U.S. Attorney's Office or other government agency could result in criminal or civil sanctions against the Company and/or certain of its current or former officers, directors or employees.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

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

Market for Registrant's Common Equity

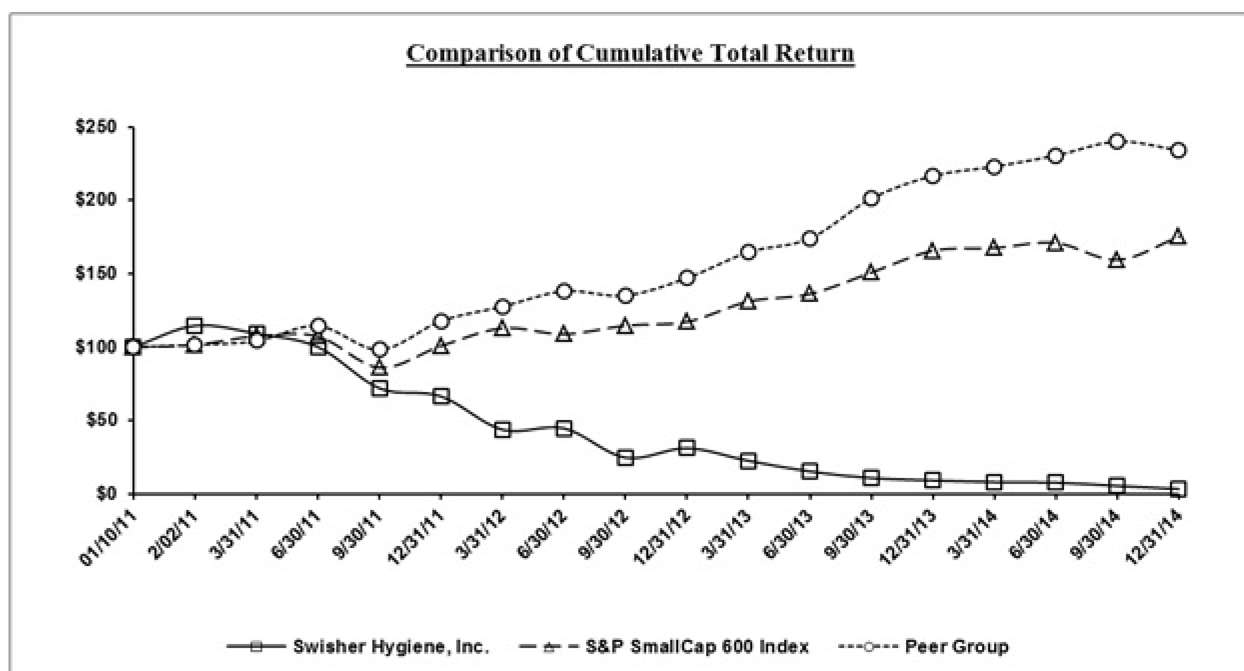
Our common stock is listed for trading on NASDAQ under the trading symbol "SWSH." Our common stock commenced trading on NASDAQ on February 2, 2011. Our common stock was previously listed on the Toronto Stock Exchange ("TSX") until April 30, 2014 when we voluntarily delisted our common stock. On June 3, 2014, a one-for-ten reverse split of the Company's issued and outstanding common stock, $0.001 par value per share, became effective ("Reverse Stock Split"). Trading of the common stock on a post-Reverse Stock Split adjusted basis began at the open of business on the morning of June 3, 2014. All historic share and per share information, including earnings per share, in this 2014 Form 10-K have been retroactively adjusted to reflect the Reverse Stock Split. The following table sets out the reported low and high sale prices on NASDAQ for the periods indicated as reported by the exchange:

	NASDAQ Low/High Prices	
Fiscal Quarter	**2014**	**2013**
First	$ 4.50 – 6.70	$ 11.40 – 18.80
Second	$ 2.98 – 5.10	$ 7.50 – 14.60
Third	$ 2.77 – 4.73	$ 5.80 – 11.40
Fourth	$ 1.58 – 4.20	$ 3.80 – 7.60

Stock Performance Chart

The chart and table below compare the cumulative total stockholder return on our common stock from January 10, 2011, the date we became a U.S. reporting company, through December 31, 2014 with the performance of: (i) the Standard and Poor's ("S&P") SmallCap 600 Index and (ii) a self-constructed peer group consisting of other public companies in similar lines of business as of December 31, 2014. The peer group consists of Cintas Corp, Ecolab, Inc., G&K Services Inc., Unifirst Corp., and ZEP Inc.

The comparisons reflected in the graph and tables are not intended to forecast the future performance of our common stock and may not be indicative of future performance. The graph and table assume that $100 was invested on January 10, 2011 in each of our common stock, the S&P SmallCap 600 Index, the peer group and that dividends were reinvested.



INDEXED RETURNS
Quarter Ending

Company / Index	Base Period 01/10/11	2/02/11	3/31/11	6/30/11	9/30/11	12/31/11	3/31/12	6/30/12	9/30/12	12/31/12
Swisher Hygiene, Inc.	**100**	114.55	109.13	99.98	71.92	66.42	43.69	44.66	24.68	31.08
S&P SmallCap 600 Index	**100**	101.46	107.41	107.24	85.97	100.73	112.81	108.77	114.64	117.18
Peer Group	**100**	101.47	104.15	114.43	98.18	117.72	127.58	138.07	135.10	147.00

Company / Index	3/31/13	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14	9/30/14	12/31/14
Swisher Hygiene, Inc.	22.55	15.27	10.77	9.13	7.99	7.64	5.40	3.32
S&P SmallCap 600 Index	131.02	136.15	150.76	165.59	167.46	170.92	159.42	175.12
Peer Group	164.65	173.99	201.25	216.60	222.93	230.45	239.98	234.09

The return from January 10, 2011 to February 1, 2011 reflects trades on the TSX in Canadian dollars, converted to U.S. Dollars. The return from February 2, 2011 to December 31, 2014 reflects trades on NASDAQ, which became our primary trading market on February 2, 2011, in U.S. dollars.

As of March 25, 2015, there were 17,617,379 shares of our common stock issued and outstanding. As of March 25, 2015, we had 883 registered stockholders of record.

We have not paid any cash dividends on our common stock and do not plan to pay any cash dividends in the foreseeable future. Our Board of Directors will determine our future dividend policy on the basis of many factors including results of operations, capital requirements, general business conditions, and restrictions in our Credit Facility. Our Credit Facility restricts the payment of dividends on our Common Stock.

ITEM 6. SELECTED FINANCIAL DATA.

The following selected consolidated financial data should be read in conjunction with our audited Consolidated Financial Statements and Notes to Consolidated Financial Statements beginning on page F-1.

	For the Year Ended December 31,				
	2014 (2)	2013 (2)	2012 (1)	2011 (1)	2010
Selected Income Statement Data:					
Revenue	$ 193,757	$ 213,688	$ 230,521	$ 160,617	$ 63,652
Loss from continuing operations	$ (45,234)	$ (152,472)	$ (58,929)	$ (34,574)	$ (15,113)
Net loss from continuing operations	$ (46,808)	$ (150,532)	$ (80,775)	$ (24,723)	$ (17,570)
Loss per share, continuing operations:					
Basic and diluted	$ (2.64)	$ (8.55)	$ (4.62)	$ (1.55)	$ (2.62)
Selected Balance Sheet Data:					
Total Assets	$ 113,198	$ 161,717	$ 327,685	$ 478,404	$ 106,234
Swisher Hygiene Inc. Stockholders' equity	$ 81,290	$ 127,186	$ 277,121	$ 343,834	$ 45,917
Long-term debt and obligations	$ 1,185	$ 2,003	$ 5,284	$ 47,267	$ 44,408

(1) During 2011, we completed acquisitions of nine franchises and 54 acquisitions of independent businesses, including 4 solid waste collection service businesses (Waste segment). In 2012 we disposed of the Waste segment. 2012 and 2011 selected financial data has been restated to reflect discontinued operations treatment of this segment. Refer to Note 2, "Discontinued Operations and Assets Held for Sale" and Note 3, "Acquisitions" in the Notes to the Consolidated Financial Statements for additional information regarding these transactions.

(2) During 2014 and 2013, the Company recorded a non-cash goodwill impairment charge of $5.8 million and $93.2 million, respectively. Refer to Note 5, "Goodwill and Other Intangible Assets," for additional information related to this impairment charge. Additionally, during 2014 and 2013, the Company recorded $3.0 million and $6.4 million, respectively, in impairment related to its assets held for sale and the adjustment of these assets balances to the lower of net book value or estimated fair value.

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

You should read the following discussion and analysis in conjunction with the "Selected Financial Data" included in Item 6 and our audited Consolidated Financial Statements and the related notes thereto included in Item 8 "Financial Statements and Supplementary Data." In addition to historical consolidated financial information, this discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Actual results could differ from these expectations as a result of factors including those described under Item 1A, "Risk Factors," "Forward-Looking Statements" and elsewhere in this annual report.

Business Overview and Outlook

We currently operate in one business segment, Hygiene, which encompasses providing essential hygiene and sanitizing solutions to customers in a wide range of end-markets including foodservice, hospitality, retail and the healthcare industries. Certain of our products are registered with the Environmental Protection Agency and follow the Center for Disease Control guidelines for disinfection of surface areas such as children's playgrounds, hospitals, and assisted living environments. We sell consumable products such as detergents, cleaning chemicals, soap, paper, water filters and supplies, together with the rental and servicing of dish machines and other equipment for the dispensing of those products as well as additional services such as the cleaning of restrooms and other facilities. We continue to see the positive impact of cost efficiencies, integration, capital resource management and planning, plant consolidations and route optimization efforts; however, we believe we still need to increase revenue in order to maximize our profitability. We are committed to our philosophy of Service, People and Profitability and to Selling Through Service. To that end, we have commenced a realignment of our field service and sales teams to better serve our customers since we believe this will ultimately drive increased revenues through improved customer retention and the ability to leverage our current customer base. See "Prior Period Reclassification" below for a description of our realignment.

Assets Held For Sale

During 2013, the Company commenced an active program to sell certain non-core assets and routes related to its linen and dust operations. Additionally, in 2014 the Company ceased operations at a linen processing plant and in 2013 a chemical manufacturing plant was closed in connection with the Company's plant consolidation efforts. In accordance with *ASC 360, Property, Plant and Equipment*, these assets were classified as assets held for sale in the Consolidated Balance Sheet and the asset balances were adjusted to the lower of historical carrying amounts or fair values.

During 2014, the Company updated its estimates of the fair value of certain linen routes and operations to reflect various events that occurred during the year. The cumulative impairment loss for the twelve months ended December 31, 2014 was $3.0 million, of which $1.9 million was attributable to a reduction in the estimate of net sales proceeds for a linen processing operation. The factors driving the $1.9 million reduction were the cancellation notifications received during April and May 2014 from three major customers resulting in a significant loss of forecasted revenue; and the operation's 2014 year-to-date loss which was in excess of the Company's estimates. The asset fair value of this linen processing operation was written down to zero in the second quarter of 2014 and was closed during the fourth quarter of 2014.

The Company recorded impairment charges for the twelve months ended December 31, 2013 of $6.4 million. Included in this charge is $3.1 million that was recorded during the fourth quarter of 2013 as follows: $2.0 million related to the Board of Director's approval, on November 8, 2013, of additional assets to be disposed of and the resultant adjustment of these assets from net carrying value to fair; $1.1 million impairment adjustments to existing assets held for sale to reflect reductions in the estimated fair value as a result of events that occurred during the fourth quarter which indicated that the estimated net selling prices will be less than anticipated at the end of the third quarter.

The Company completed several sales transactions during the twelve months ended December 31, 2014, which resulted in the net receipt of $1.6 million in cash and the remainder in receivables. A loss on these sales of $0.9 million was incurred and included a write-off of $0.6 million of the receivable balances. The receivable balances were primarily for contingent sales proceeds that were based on post-closing revenues of previously sold routes which were lower than estimated. The total loss of $0.8 million for the twelve months ended December 31, 2014, is included in “Other expense, net” in the condensed consolidated statements of operations and comprehensive loss.

The Company completed several sales transactions during the last half of 2013 totaling $6.3 million in net sales proceeds including $0.6 million in receivable balances that were contingent primarily upon 2014 revenues generated by certain of the sold assets during defined post-close periods. The resulting $0.2 million gain is included in “Other expense, net” in the consolidated statement of operations.

During March 2015, the Board of Directors of the Company approved a board resolution to sell its remaining non-core linen operation. During the first quarter of 2015, in accordance with *ASC 360, Property, Plant and Equipment*, these assets will be classified as assets held for sale and will be adjusted to the lower historical carrying amount or fair value. See Note 20, “Subsequent Event” in the Notes to Consolidated Financial Statements.

Prior Period Reclassification

In the first quarter of 2014, the Company began implementing a realignment of its field service and sales organization and as a result the primary function of certain job titles has shifted from primarily a sales, to a service focus. The additional service activities involve more frequent field visits to perform preventative maintenance, repairs, evaluation of product and service solutions and required inventory levels. This realignment of the field service and sales organization was implemented in stages during 2014. Payroll expense related to these job titles was historically classified within “Selling, general and administrative expenses” in the Condensed Consolidated Statement of Operations and Comprehensive Loss, based on the primary job focuses of sales and administration. Based on the changes in the job functions, the related payroll expense is classified within “Route expense”, which the Company defines as the employee costs incurred to provide service and deliver products to customers. To facilitate comparability between the periods presented in the Condensed Consolidated Statements of Operations and Comprehensive Loss for the twelve months ended December 31, 2013 certain selling, general and administrative expenses have been reclassified to route expense to conform to the current period’s presentation which resulted in an $11.9 million increase in route expense and a $11.9 million decrease in selling, general and administrative expense. The reclassification for the twelve months ended December 31, 2012 resulted in a $12.5 million increase in route expense and a $12.5 million decrease in selling, general and administrative expense. There was no impact to loss from continuing operations, net loss or loss per share as a result of the 2013 and 2012 reclassifications.

Critical Accounting Policies and Estimates

The discussion of the financial condition and the results of operations are based on the Consolidated Financial Statements, which have been prepared in conformity with United States generally accepted accounting principles. As such, management is required to make certain estimates, judgments and assumptions that are believed to be reasonable based on the information available. These estimates and assumptions affect the reported amount of assets and liabilities, revenue and expenses, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies are defined as those that are reflective of significant judgments and uncertainties, the most important and pervasive accounting policies used and areas most sensitive to material changes from external factors. See Note 1, “Operations and Summary of Significant Accounting Policies” in the Notes to Consolidated Financial Statements for additional discussion of the application of these and other accounting policies.

Assets Held for Sale

We record assets held for sale, in accordance with *Accounting Standards Codification ("ASC") 360 "Property, Plant, and Equipment,"* at the lower of carrying value or fair value less cost to sell. Fair value is based on the estimated net proceeds from the sale of the assets which are derived based on a number of factors including standard industry multiples of revenues or operating metrics and the status of ongoing sales negotiations and asset purchase agreements, where available. Our estimates of fair value are regularly reviewed and subject to changes based on market conditions, changes in the customer base of the operations or routes and our continuing evaluation as to the assets acceptable sale price. As described in Note 9, “Fair Value Measurements,” in the Notes to the Consolidated Financial Statements, assets held for sale are measured using Level 3 inputs.

Purchase Accounting for Business Combinations

The Company accounts for acquisitions by allocating the fair value of the consideration transferred to the fair value of the assets acquired and liabilities assumed on the date of the acquisition and any remaining difference is recorded as goodwill. Adjustments may be made to the preliminary purchase price allocation when facts and circumstances that existed on the date of the acquisition surface during the allocation period subsequent to the preliminary purchase price allocation, not to exceed one year from the date of acquisition. Contingent consideration is recorded at fair value based on the facts and circumstances on the date of the acquisition and any subsequent changes in the fair value are recorded through earnings each reporting period. Transactions that occur in conjunction with or subsequent to the closing date of the acquisition are evaluated and accounted for based on the facts and substance of the transactions.

Goodwill

Goodwill is not amortized but rather tested for impairment at least annually. The Company tests goodwill for impairment annually during the fourth quarter of each year. Goodwill is also tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. Impairment testing for goodwill is done at the reporting unit level. A reporting unit is an operating segment or one level below an operating segment (also known as a component). A component of an operating segment is a reporting unit if the component constitutes a business for which discrete financial information is available, and segment management regularly reviews the operating results of that component. The Company has concluded that it has one reporting unit.

Determining fair value includes the use of significant estimates and assumptions. Management utilizes an income approach, specifically the discounted cash flow technique as a means for estimating fair value. This discounted cash flow analysis requires various assumptions including those about future cash flows, customer growth rates and discount rates. Expected cash flows are based on historical customer growth, including attrition, future strategic initiatives and continued long-term growth of the business. The discount rates used for the analysis reflects a weighted average cost of capital based on industry and capital structure adjusted for equity risk and size risk premiums. These estimates can be affected by factors such as customer growth, pricing, and economic conditions that can be difficult to predict. During the second quarter of 2014 and the fourth quarter of 2013, in conjunction with its impairment test, the Company recorded a goodwill impairment charge of $5.8 million and $93.2 million, respectively, as further discussed in Note 5, “Goodwill and Other Intangible Assets," in the notes to the Consolidated Financial Statements.

Other Intangible Assets

Identifiable intangible assets include customer relationships, non-compete agreements, trade names and trademarks, and formulas. The fair value of these intangible assets at the time of acquisition is estimated based upon various valuation techniques including replacement cost and discounted future cash flow projections. Customer relationships are amortized on a straight-line basis over the expected average life of the acquired accounts, which is typically five to ten years based upon a number of factors, including historical longevity of customers and contracts acquired and historical retention rates. The non-compete agreements are amortized on a straight-line basis over the term of the agreements, typically not exceeding five years. Formulas are amortized on a straight-line basis over their estimated useful life of twenty years. The Company reviews the recoverability of these assets if events or circumstances indicate that the assets may be impaired and periodically reevaluates the estimated remaining lives of these assets.

Trademarks are considered to be indefinite lived intangible assets unless specific evidence exists that a shorter life is more appropriate. Indefinite lived intangible assets are tested, at a minimum, on an annual basis using an income approach or sooner whenever events or changes in circumstances indicate that an asset may be impaired.

Long-Lived Assets

Fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future net cash flows expected to be generated by the asset. If such assets or asset groups are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets or asset groups exceeds the related fair values. The Company also performs a periodic assessment of the useful lives assigned to the long-lived assets, as previously discussed.

Revenue Recognition

Revenue from product sales and service is recognized when the product is delivered to the customer or when services are performed, including product and service sales made under multiple deliverable agreements, which outline the pricing of products and the preferred frequency of delivery. Deliverables under these pricing arrangements are considered to be separate units of accounting, as defined by *ASC 605-25, Revenue Recognition – Multiple-Element Arrangement,* and due to the nature of the Company's business, the timing of the delivery of products and performance of service is concurrent and ongoing and there are no contingent deliverables. Franchise and other revenue include product sales, royalties and other fees charged to franchisees in accordance with the terms of their franchise agreements. Royalties and fees are recognized when earned and product sales are recognized as the product is delivered.

The Company's sales policies provide for limited rights of return and, during the fiscal years 2014, 2013, and 2012, product returns were insignificant. The Company records estimated reductions to revenue for sales returns and for customer programs and incentive offerings, including pricing arrangements, rebates, promotions and other volume-based incentives at the time the sale is recorded.

Valuation Allowance for Accounts Receivable

We estimate the allowance for doubtful accounts for accounts receivable by considering a number of factors, including overall credit quality of customers, the age of outstanding customer balances, historical write-off experience and specific customer account analysis that projects the ultimate collectability of the outstanding balances. Actual results could differ from these assumptions and the Company periodically evaluates these factors affecting the allowance estimate. Our allowance for doubtful accounts was $1.0 million and $2.0 million as of December 31, 2014 and 2013, respectively.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and net operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets where it is more likely than not that deferred tax assets will not be realized.

The Company's policy is to evaluate uncertain tax positions under *ASC 740-10, Income Taxes*. As of December 31, 2014, 2013 and 2012, the Company has not identified any uncertain tax positions requiring recognition in the consolidated financial statements. The Company includes interest and penalties accrued in the consolidated financial statements as a component of interest expense. No significant amounts were required to be recorded for the three year period ended December 31, 2014.

Stock Based Compensation

We measure and recognize all stock based compensation at fair value at the date of grant and recognize compensation expense over the service period for awards expected to vest. Determining the fair value of stock based awards at the grant date requires judgment, including estimating the share volatility, the expected term the award will be outstanding, and the amount of the awards that are expected to be forfeited. We utilize the Black-Scholes option pricing model to determine the fair value. See Note 13, "Equity Matters" in the Notes to Consolidated Financial Statements for further information on these assumptions.

Newly Issued Accounting Pronouncements

On April 10, 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. The amendments in this accounting standard raise the threshold for a disposal to qualify as a discontinued operation and require new disclosures of both discontinued operations and certain other disposals that do not meet the definition of a discontinued operation. This accounting standard update is effective for annual periods beginning on or after December 15, 2014, and related interim periods with early adoption allowed. The Company is currently evaluating the impact of this standard and plans to adopt this standard on the stated effective date in fiscal year 2015.

On May 28, 2014, the FASB issued ASU Update No. 2014-09, Revenue from Contracts with Customers. This accounting standard creates common revenue recognition guidance for U.S. GAAP and IFRS. The guidance also requires improved disclosures to help users of the financial statements better understand the nature, amount, timing and uncertainty of revenue that is recognized. This accounting standard update is effective for annual reporting periods beginning after December 15, 2016, and related interim periods. Early adoption is not permitted. The Company is currently evaluating the impact of this standard.

In August 2014, the FASB issued ASU Update No. 2014-15, Presentation of Financial Statements – Going Concern (Subtopic 205-40)(Topic 718), Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. ASU Update No. 2014-15 provides guidance related to management's responsibility to evaluate whether there is substantial doubt about the entity's ability to continue as a going concern and to provide related footnote disclosures. The new requirements are effective for the annual periods ending after December 15, 2016, and for interim periods and annual periods thereafter. Early adoption is permitted. The Company is currently evaluating the impact of this standard and has elected to not adopt the standard early.

RESULTS OF OPERATIONS

The following table provides our results of operations for each of the years ended December 31, 2014, 2013, and 2012, including key financial information relating to our business and operations. This financial information should be read in conjunction with our audited Consolidated Financial Statements and Notes to Consolidated Financial Statements included in Item 8.

	Year ended December 31,		
	2014	2013	2012
Revenue			
Products	$ 173,505	$ 189,480	$ 202,968
Services	18,877	22,895	26,186
Franchise and other	1,375	1,313	1,367
Total revenue	193,757	213,688	230,521
Costs and expenses			
Cost of sales (exclusive of route expenses and related depreciation and amortization)	89,101	95,585	101,914
Route expenses	50,595	54,227	54,988
Selling, general, and administrative	69,269	94,620	110,975
Acquisition and merger expenses	-	-	582
Depreciation and amortization	21,216	22,113	20,991
Impairment related to assets held for sale	2,989	6,422	-
Impairment related to goodwill	5,821	93,194	-
Total costs and expenses	238,991	366,160	289,450
Loss from continuing operations	(45,234)	(152,472)	(58,929)
Other expense, net	(1,663)	(654)	(3,093)
Net loss from continuing operations before income taxes	(46,897)	(153,126)	(62,022)
Income tax benefit (expense)	89	2,594	(18,753)
Net loss from continuing operations	(46,808)	(150,532)	(80,775)
Discontinued operations, net of tax (Note 2)			
Net loss from operations through disposal	-	(2,516)	(6,245)
Gain on disposal	-	-	13,844
Net (loss) income from discontinued operations	-	(2,516)	7,599
Net loss	$ (46,808)	$ (153,048)	$ (73,176)

Comparison of the years ended December 31, 2014 to December 31, 2013

Revenue

Revenue from products is primarily comprised of the sales and delivery of consumable products such as detergents and cleaning chemicals, the rental, sales and servicing of dish machines and other equipment used to dispense those products, the sale of paper items, rental fees, linen processing and other ancillary product sales. Revenues from services are primarily comprised of manual cleaning and delivery service fees. Franchise and other consists of fees charged to franchisees.

Total revenue and the revenue derived from each revenue type for the years ended December 31, 2014 and 2013 are as follows:

	2014	%	2013	%
Revenue		**(In thousands)**		
Products	$ 173,505	89.5%	$ 189,480	88.7%
Services	18,877	9.8%	22,895	10.7%
Franchise and other	1,375	0.7%	1,313	0.6%
Total revenue	$ 193,757	100.0%	$ 213,688	100.0%

Consolidated revenue decreased $19.9 million or 9.3% to $193.8 million for the year ended December 31, 2014 as compared to 2013. Excluding revenue generated from linen assets sold or closed for the years ended December 31, 2014 and 2013, consolidated revenue decreased 4.4%. Product revenue decreased $16.0 million primarily due to an $8.6 million decrease related to linen routes and businesses sold. Product revenue also decreased due to a $2.7 million decrease from the loss of customers at existing and closed linen operations, partially offset by the addition of $1.7 million in revenue previously classified as service revenue. The remaining product revenue decrease is due to lower product purchases by existing customers and customer attrition. Service revenue declined $4.0 million due to the reclass with product revenue of $1.7 million and the loss of hygiene customers. Franchise and other revenue remained consistent period over period.

Cost of Sales

Cost of sales consists primarily of the cost of chemical, paper, air freshener and other consumable products sold to, or used in the servicing of, our customers. These costs are exclusive of route expense and related depreciation and amortization. Cost of sales for the year ended December 31, 2014 and 2013 are as follows:

	2014	% (1)	2013	% (1)
Cost of Sales		**(In thousands)**		
Products	$ 88,287	50.9%	$ 93,280	49.2%
Services	361	1.9%	1,594	7.0%
Franchise and other	453	32.9%	711	54.2%
Total cost of sales	$ 89,101	46.0%	$ 95,585	44.7%

(1) Represents cost as a percentage of the respective revenue line.

Cost of sales decreased $6.5 million, or 6.8%, to $89.1 million for the year ended December 31, 2014 compared with 2013 primarily due to a decline in sales volume. During 2014, management undertook an inventory of dish machines located at customer locations, which resulted in an adjustment totaling $0.8 million in product cost of sales. Reported in the 2014 cost of sales is a $1.8 million realignment of freight costs that were classified in selling, general and administrative expenses in 2013. The Company has elected not to reclassify this amount in its prior period Condensed Consolidated Statement of Operations and Comprehensive Loss for comparability purposes since it is considered immaterial. As a percentage of sales, cost of sales increased from 44.7% to 46.0%. Excluding the $0.8 million adjustment for dish machines, 2014 total cost of sales as a percentage of sales would have been 45.6% and 2013 total costs of sales as a percentage of revenue would have also been 45.6% including the $1.8 million realignment.

Route Expenses

Route expenses consist primarily of the costs incurred by the Company for the delivery of products and providing services to customers. The details of route expenses for the year ended December 31, 2014 and 2013 are as follows:

	2014	% (1)	2013	% (1)
Route Expenses		**(In thousands)**		
Compensation	$ 39,147	20.3%	$ 41,220	19.4%
Vehicle and other expenses	11,448	6.0%	13,007	6.1%
Total route expenses	$ 50,595	26.3%	$ 54,227	25.5%

(1) Represents cost as a percentage of total non-franchise revenue.

Route expenses decreased $3.6 million, or 6.7%, to $50.6 million for the year ended December 31, 2014 compared to 2013. The primary components of this change were decreases in compensation of $2.1 million and decreases in vehicle and other expenses of $1.6 million. Route expenses as a percentage of total revenue was 26.3% and 25.5% for the years ended December 31, 2014 and 2013, respectively.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of the costs incurred for:

- Local office and field management support costs that are related to field operations. These costs include compensation, occupancy expense and other general and administrative expenses.
- Selling expenses, which include compensation and commissions for local sales representatives and corporate account representatives.
- Corporate office expenses which include executive management, information technology, marketing, human resources, accounting, purchasing and other support costs.

The details of selling, general and administrative expenses for the years ended December 31, 2014 and 2013 are as follows:

	2014	% (1)	2013	% (1)
Selling, General & Administrative Expenses		**(In thousands)**		
Compensation	$ 38,984	20.1%	$ 48,823	22.8%
Occupancy	7,658	4.0%	9,935	4.6%
Other	22,627	11.7%	35,862	16.8%
Total selling, general & administrative expenses	$ 69,269	35.8%	$ 94,620	44.3%

(1) Represents cost as a percentage of total revenue.

Selling, general, and administrative expenses decreased $25.4 million or 26.8% to $69.3 million for the year ended December 31, 2014 as compared to 2013. The components of this change were decreases in compensation of $9.8 million, occupancy of $2.3 million and other expenses of $13.2 million. Compensation expenses decreased $5.0 million due to on-going cost efficiencies, a reduction in stock based compensation of $1.2 million and a $3.6 million reduction resulting from linen businesses which were sold or closed. Occupancy decreased $1.2 million due to the sale of linen businesses and due to ongoing efforts to reduce facility infrastructure needs. Other expenses decreased primarily due to a decrease in professional fees of $9.1 million, which includes investigation and review related fees of $4.8 million in the year ended December 31, 2013, a decrease in office equipment of $0.7 million, a decrease in travel expenses of $0.4 million, a decrease related to realigning freight costs in cost of sales of $1.8 million, a reduction in bad debt expenses of $0.7 million, plus additional expense reduction initiatives.

Impairment related to Assets Held for Sale

During 2013, the Company made a decision to sell certain assets including linen operations, routes and customers that were not considered to be core to the Company's overall hygiene and sanitizing business. The decrease of $3.4 million in impairment expense to $3.0 million in 2014 from $6.4 million in 2013 relates to adjustments that were required to write-down these asset balances to the lower of net carrying value or fair value.

Depreciation and Amortization

Depreciation and amortization consists of depreciation of property and equipment and the amortization of intangible assets. Depreciation and amortization for the year ended December 31, 2014 decreased $0.9 million, or 4.1%, to $21.2 million as compared to 2013.

Impairment related to Goodwill

In conjunction with its goodwill impairment test, the Company incurred a non-cash goodwill impairment charge of $5.8 million during 2014 compared to $93.2 million during 2013, See Note 5, “Goodwill and Other Intangible Assets” for further discussion of the impairment.

Other Expense, Net

Other expense, net for the years ended December 31, 2014 and 2013 is as follows:

	2014	2013
	(In thousands)	
Interest income	$ 9	$ 41
Interest expense	(387)	(485)
Foreign currency	(167)	(5)
Other expense	(1,118)	(205)
Total other (expense) income, net	$ (1,663)	$ (654)

The change in other expense is due primarily to a $0.8 million loss on the sale of certain assets held for sale during the year ended December 31, 2014 and a $0.2 million gain during the year ended December 31, 2013.

Income tax benefit (expense)

For the year ended December 31, 2013, there was a deferred tax liability associated with excess book over tax goodwill as it relates to the Company’s Canadian subsidiary. As goodwill is considered to be an indefinite lived intangible, this associated deferred tax liability is not allowed to be netted with other deferred tax assets in determining the need for a valuation allowance. Due to the impairment of goodwill for book purposes during 2014, a deferred tax asset now exists related to goodwill for the Canadian subsidiary. The change from a net deferred tax liability position to a net deferred tax asset position resulted in a tax benefit of approximately $0.1 million.

Comparison of the years ended December 31, 2013 to December 31, 2012

Impact of Acquisitions and Discontinued Operations

During the year ended December 31, 2012, we acquired four independent businesses and the non-controlling interest in one of our subsidiaries and sold the Waste segment. As discussed in Note 2, “Discontinued Operations and Assets Held for Sale,” in the Notes to the Consolidated Financial Statements, the Company has applied discontinued operations accounting treatment and disclosures for the sale of our Waste segment. The term "Acquisitions" refers to the four independent businesses and the remaining non-controlling interest of one of our subsidiaries acquired during the year ended December 31, 2012, including the subsequent growth in existing customer revenue existing at the time of acquisition as well as revenue from new customer relationships created by the acquired business.

Revenue

Total revenue and the revenue derived from each revenue type for the years ended December 31, 2013 and 2012 are as follows:

	2013	%	2012	%
Revenue		(In thousands)		
Products	$ 189,480	88.7%	$ 202,968	88.0%
Services	22,895	10.7%	26,186	11.4%
Franchise and other	1,313	0.6%	1,367	0.6%
Total revenue	$ 213,688	100.0%	$ 230,521	100.0%

Consolidated revenue decreased $16.8 million to $213.7 million for the year ended December 31, 2013 as compared to 2012. The components of the revenue decrease were a $13.5 million decrease in products revenue, and a $3.3 million decrease in services revenue. These amounts represented revenue decreases of 7.3% for total revenue, 6.6% for products and 12.6% for services. Franchise and other revenue remained consistent period over period.

Within products, the $13.5 million in revenue decline from 2012 to 2013 was comprised primarily of a decline in chemical products of $12.6 million or 6.2%.

Throughout the revenue product lines, decreases in revenue were primarily attributable to 1) the loss of customers, including those resulting from the integration of some of our smaller acquisitions, 2) the loss of three significant accounts, totaling $6.0 million of revenue, including a chemical wholesale customer, 3) the loss of a large distributor customer representing $1.2 million of revenue and 4) the sale in the fourth quarter of 2012 of non-core businesses that resulted in a revenue decrease of approximately $2.2 million.

Cost of Sales

Cost of sales for the year ended December 31, 2013 and 2012 are as follows:

	2013	% (1)	2012	% (1)
Cost of Sales		**(In thousands)**		
Products	$ 93,280	49.2%	$ 100,089	49.3%
Services	1,594	7.0%	1,496	5.7%
Franchise and other	711	54.2%	329	24.1%
Total cost of sales	$ 95,585	44.7%	$ 101,914	44.2%

(1) Represents cost as a percentage of the respective revenue line.

Consolidated cost of sales decreased $6.3 million, or 6.2%, to $95.6 million for the year ended December 31, 2013 compared with 2012. As a percentage of sales, consolidated cost of sales increased from 44.2% to 44.7%. Due to the increase in product revenue to 88.7% from 88.0% of total sales, and due to product cost of sales having a cost of sales percentage of 4.5% higher than the overall percentage, consolidated cost of sales increased 0.3% or $0.6 million. In addition, the percentage increase in cost of sales is a result of $0.7 million of one-time costs associated with the consolidation of two of the Company's chemical manufacturing plants into a new Southwest regional manufacturing facility which occurred during the third quarter of 2013. These costs included 1) $0.4 million incurred to reposition inventory as well as de-install and re-install equipment and provide for severance payments, and 2) payment of a one-time lease termination fee of $0.5 million, of which $0.3 million is reflected in products costs of sales and the remaining $0.2 million is reflected in Selling, General and Administrative Occupancy expenses. Cost of sales also includes underutilized fixed costs as a result of the drop in volume as well as the Company's efforts to reduce inventory on hand which affected production levels. The dollar decrease primarily reflects the decline in volume, while the change in the cost of sales as a percent of revenue is attributable to the revenue mix change including increased chemical sales as a percentage of total revenue and the decrease in hygiene sales.

Route Expenses

Route expenses consist primarily of the costs incurred by the Company for the delivery of products and providing services to customers. The details of route expenses for the year ended December 31, 2013 and 2012 are as follows:

	2013	% (1)	2012	% (1)
Route Expenses		**(In thousands)**		
Compensation	$ 41,220	19.4%	$ 42,988	18.8%
Vehicle and other expenses	13,007	6.1%	12,000	5.2%
Total route expenses	$ 54,227	25.5%	$ 54,988	24.0%

(1) Represents cost as a percentage of total non-franchise revenue.

Consolidated route expenses decreased $0.8 million, or 1.4%, to $54.2 million and 25.5% of related product and service revenue for the year ended December 31, 2013, as compared to 2012. The components of this change were a decrease in compensation of $1.8 million and an increase in vehicle and other expenses of $1.0 million. The decrease in compensation expenses is due primarily to route consolidation efficiencies offset by an increase in workers' compensation insurance. The increase in vehicle and other expenses of $1.0 million is due to increases in company leased vehicle expenses, vehicle insurance, fuel expenses and repairs, and maintenance.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of the costs incurred for:

- Local office and field management support costs that are related to field operations. These costs include compensation, occupancy expense and other general and administrative expenses.
- Selling expenses, which include compensation and commissions for local sales representatives and corporate account representatives.
- Corporate office expenses which include executive management, information technology, marketing, human resources, accounting, purchasing and other support costs.
- Investigation and professional fees related to the Audit Committee review, restatement process, and other non-recurring fees related to completing our 2011 and 2012 audits.

The details of selling, general and administrative expenses for the years ended December 31, 2013 and 2012 are as follows:

	2013	%(1)	2012	%(1)
Selling, General & Administrative Expenses		**(In thousands)**		
Compensation	$ 48,823	22.8%	$ 50,182	21.8%
Occupancy	9,935	4.6%	10,068	4.4%
Other	35,862	16.8%	50,725	22.0%
Total selling, general & administrative expenses	$ 94,620	44.3%	$ 110,975	48.2%

(1) Represents cost as a percentage of total revenue.

Consolidated selling, general, and administrative expenses decreased $16.4 million or 14.7% to $94.6 million for the year ended December 31, 2013 as compared to 2012. The components of this change were decreases in compensation of $1.4 million, occupancy of $0.1 million and other expenses of $14.9 million.

The compensation expense decreased primarily due to ongoing cost efficiencies and reduction in stock based compensation.

The Company incurred a one-time expense of $0.5 million related to the relocation of our Southwest chemical plant, of which $0.3 million is reflected in product costs of sales and the remaining $0.2 million is reflected in occupancy expenses. This was partially offset by as a result of consolidating plants and eliminating facility expenses.

Other selling, general and administrative expenses decreased $14.9 million, or 29.3%, to $35.9 million as compared to 2012. The decrease is primarily comprised of the decrease in professional fees of $7.6 million, the decrease of $1.5 million for the provision for doubtful accounts, plus additional expense reductions. The decrease in professional fees primarily relates to a decrease in fees related to investigation, review and other non-routine professional fees.

Impairment related to Assets Held for Sale

During 2013, the Company made a decision to sell certain assets including linen operations, routes and customers that were not considered to be core to the Company's overall hygiene and sanitizing business. The increase of $6.4 million in impairment expense relates to adjustments that were required to recognize these asset balances at the lower of net carrying value or fair value.

Depreciation and Amortization

Depreciation and amortization for the year ended December 31, 2013 increased $1.1 million, or 5.3%, to $22.1 million as compared to 2012 primarily due to depreciation on capital expenditures.

Impairment related to Goodwill

In conjunction with its annual goodwill impairment test, the Company incurred a non-cash goodwill impairment charge of $93.2 million during 2013, See Note 5, "Goodwill and Other Intangible Assets" for further discussion of the impairment.

Other Expense, Net

Other expense, net for the years ended December 31, 2013 and 2012 is as follows:

	2013	2012
Other Expense, Net	**(In thousands)**	
Interest income	$ 41	$ 75
Interest expense	(485)	(3,406)
Realized and unrealized gain (loss) on fair value of convertible notes	-	66
Earn-out	-	170
Loss from impairment	-	(507)
Foreign currency	(5)	(15)
Other (expense) income	(205)	524
Total other (expense) income, net	$ (654)	$ (3,093)

The reduction in interest expense reflects the lower borrowings outstanding in 2013 compared to 2012. Other expense, net includes the gain on the sale of certain assets held for sale during 2013 and a gain on the involuntary conversion of assets of approximately $0.6 million during 2012.

Income tax benefit (expense)

For the year ended December 31, 2012, there was a deferred tax liability associated with excess book over tax goodwill. As goodwill is considered to be an indefinite lived intangible, this associated deferred tax liability is not allowed to be netted with other deferred tax assets in determining the need for a valuation allowance. This resulted in an overall net deferred tax liability after applying the valuation allowance. Due to the impairment of goodwill for book purposes as of December 31, 2013, a deferred tax asset now exists related to goodwill. The change from a net deferred tax liability position to a net deferred tax asset position resulted in a tax benefit of approximately $2.6 million.

Net (Loss) Income from Discontinued Operations

Net (loss) income from discontinued operations for the year ended December 31, 2013 decreased $10.1 million to a loss of $2.5 million as compared to $7.6 million income during 2012. The decrease is primarily due to the recognition of a gain on the disposal of the operations in 2012 of $13.8 million. Loss from discontinued operations during fiscal year 2013 is due to the following: $0.5 million increase to retained worker's compensation liabilities and $2.0 million, in legal fees and a settlement payment, related to a contractual dispute involving one of the businesses sold that the Company accepted responsibility to resolve as a term of the sales agreement.

CASH FLOWS SUMMARY

Cash flows from continuing operations for the years ended December 31, 2014, 2013, and 2012 were:

	2014	2013	2012
		(In thousands)	
Net cash used in operating activities	$ (6,322)	$ (29,873)	$ (39,244)
Net cash (used in) provided by investing activities	(1,544)	2,016	86,382
Net cash used in financing activities	(4,235)	(7,450)	(49,417)
Net decrease in cash and cash equivalents from continuing operations	$ (12,101)	$ (35,307)	$ (2,279)

Cash flows from discontinued operations for the years ended December 31, 2014, 2013, and 2012 were:

	2014	2013	2012
		(In thousands)	
Net cash used in operating activities of discontinued operations	$ (2,131)	$ (4,647)	$ (3,519)
Net cash used in investing activities of discontinued operations	-	-	(2,861)
Net cash used in financing activities of discontinued operations	-	-	(430)
Net decrease in cash and cash equivalents from discontinued operations	$ (2,131)	$ (4,647)	$ (6,810)

Cash flows used in operating activities from discontinued operations in 2014 consisted of payments made related to legal fees and a settlement payment related to a contractual dispute that the Company accepted responsibility to resolve as a part of the sale of the Waste segment.

Cash flows used in operating activities from discontinued operations in 2013 consisted of payments made related to legal and professional fees, worker's compensation insurance and accrued expenses the Company accepted responsibility to pay as a part of the sale of the Waste segment.

Cash flows used in operating activities from discontinued operations in 2012 is primarily due to the change in discontinued operations working capital of $4.8 million. Cash flows used in investing activities of discontinued operations in 2012 consisted of $2.9 million in purchases of property and equipment. Cash flows used in financing activities of discontinued operations in 2012 consisted of principal payments on debt of $0.4 million.

Operating Activities

Net cash used in operating activities from continuing operations decreased $23.6 million or 78.8% to $6.3 million for the year ended December 31, 2014 compared with 2013. The decrease in net cash used is primarily due to a change in working capital of $9.8 million, a $2.9 million decrease in route expenses and a $26.1 million decrease in selling, general administrative expenses, offset by a $13.4 million decrease in gross margin. Working capital was impacted by the $0.8 million adjustment for dish machines sold.

Net cash used in operating activities from continuing operations decreased $9.4 million or 23.9% to $29.9 million for the year ended December 31, 2013 compared with 2012. The decrease in the net cash used is primarily due to a $1.3 million change in working capital and a decrease in selling general and administrative costs, primarily professional fees related to investigation, review, and other non-routine professional fees.

Investing Activities

Net cash used in investing activities changed by $3.6 million to a $1.5 million use of cash in 2014 compared to a $2.0 million source of cash in 2013. This change primarily consists of a decrease of $12.6 million in cash proceeds from the sale of discontinued operations and a $4.8 million decrease in cash received from the sale of assets held for sale, offset by a $8.1 million decrease in purchases of property and equipment and a $5.7 million increase from restricted cash.

Net cash provided by investing activities decreased $84.4 million to $2.0 million or 97.7% for the year ended December 31, 2013, compared with net cash used in investing activities of $86.4 million for 2012. This decrease primarily consists of additional cash and receivables related to assets held for sale of $6.3 million, a $2.9 million decrease in cash used in discontinued operations, a decrease in purchases of equipment of $2.0 million, a $4.2 million decrease in cash paid for acquisitions, a change in restricted cash of $5.1 million, offset by a decrease in cash received from the sale of property of $2.7 million and a $99.3 million decrease in cash received on the sale of Choice Environmental Services, Inc. ("Choice").

Financing Activities

Net cash used in financing activities decreased $3.2 million to $4.2 million or 43.2% for the year ended December 31, 2014, compared with net cash used in financing activities of $7.5 million during 2013. This decrease is primarily due to a decrease in principal payments on debt and capital leases of $1.9 million and an increase in proceeds from notes payable of $1.1 million.

Net cash used in financing activities decreased $42.0 million to $7.5 million or 84.9% for the year ended December 31, 2013, compared with net cash provided by financing activities of $49.4 million during 2012. This decrease is primarily due to a decrease in principal payments on debt and capital leases of $15.5 million, a decrease of $25.0 million in payments of lines of credit and a decrease of $2.0 million for payment of a shareholder advance.

LIQUIDITY AND CAPITAL RESOURCES

Going Concern

Our consolidated financial statements were prepared on a going concern basis in accordance with U.S. GAAP. The going concern basis of presentation assumes that we will continue in operation for the next twelve months and will be able to realize our assets and discharge our liabilities and commitments in the normal course of business and does not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from our inability to continue as a going concern. The Company has suffered recurring losses from operations and has not generated positive cash flows from operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. In order for us to continue operations beyond the next twelve months and be able to discharge our liabilities and commitments in the normal course of business, we must do some or all of the following: (i) improve operating results through improved customer retention, profitable organic revenue growth, and continued improvements in cost efficiencies; (ii) sell additional non-core or non-essential assets; (iii) raise additional equity; or (iv) obtain additional financing through debt. There can be no assurance that we will be able to improve operating results or obtain additional funds by selling additional non-core or non-essential assets, raising additional equity or obtaining additional financing when needed or that such funds, if available, will be obtainable on terms satisfactory to us.

If we are not able to improve operating results or obtain additional funds by selling additional non-core or non-essential assets, raising additional equity or obtaining additional financing, material adverse events may occur including, but not limited to: 1) a reduction in the nature and scope of our operations, 2) our inability to fully implement our current business plan and 3) defaults under the Credit Facility. There can be no assurances that we will be able to successfully improve our liquidity position. Our consolidated financial statements do not reflect any adjustments that might result from the adverse outcome relating to this uncertainty.

Cash Requirements

As a result of the activities discussed above, our cash and cash equivalents decreased by $14.2 million to $7.2 million at December 31, 2014 compared to $21.5 million at December 31, 2013. Our cash requirements for the next twelve months consist primarily of: (i) capital expenditures associated with dispensing equipment, dish machines and other items in service at customer locations, equipment, vehicles, software; (ii) working capital; and (iii) payment of principal and interest on borrowings under our convertible promissory notes, acquisition notes payable and capital lease obligations and other financing. We expect that through capital resource management and the use of additional customer equipment programs, our annual capital expenditures in 2015 will be less than 2014 capital expenditures of $7.8 million.

We expect that our cash on hand, the cash flow provided by operating activities along with availability under the Credit Facility, and the cash flow from investing activities, including the sale of assets held for sale, will be sufficient to execute our business plan for the next twelve months, however we believe it is contingent upon improved customer retention, profitable organic revenue growth and continued improvement in cost efficiencies in 2015 (see Note 20, "Subsequent Event" in the Notes to the consolidated financial statements for information on assets held for sale). Failure to execute our plan successfully or unforecasted shortfalls in available cash may require us to alter our plan, sell other non-core or non-essential assets, or raise additional equity which could be dilutive to existing shareholders or obtain additional financing through debt. There can be no assurance that such equity and debt may be available and would be likely subject to prevailing market conditions and the company's performance.

Long term contractual obligations at December 31, 2014 are as follows:

	Total	Less Than 1 Year	1-2 Years	3-4 Years	5 or More Years
		(In thousands)			
Long-term debt and obligations	$ 2,887	$ 1,809	$ 695	$ 383	$ -
Operating and capital leases (1)	21,424	5,877	8,329	4,895	2,323
Employment contracts	1,375	875	500	-	-
Interest payments	156	83	62	11	-
Total long-term contractual cash obligations	$ 25,842	$ 8,644	$ 9,586	$ 5,289	$ 2,323

(1) Operating and capital leases consist primarily of facility and vehicle leases.

Credit Facility

On August 29, 2014, we entered into a $20.0 million revolving credit facility, through the execution of a Loan and Security Agreement, by and among the Company, as Guarantor, and certain subsidiaries of the Company and collectively, as Borrower, and Siena Lending Group LLC, as Lender (the “Credit Facility”). The Credit Facility matures on August 29, 2017.

Interest on borrowings under the Credit Facility will accrue at the Base Rate plus 2.00% and will be payable monthly. The Base Rate is defined as the greater of (1) the Prime Rate, (2) the Federal Funds Rate plus 0.50%, or (3) 3.25%.

Borrowings and availability under the Credit Facility are subject to a borrowing base and limitations, and compliance with other terms specified in the agreement. Borrowings under the Credit Facility are secured by a first priority lien on certain of the Company’s assets. The calculated borrowing base as of December 31, 2014 was $13.3 million, of which $4.4 million was outstanding under letters of credit and $8.9 million was unused.

The Credit Facility contains certain customary representations and warranties, and certain customary covenants on the Company’s ability to, among other things, incur additional indebtedness, create liens or other encumbrances, sell or otherwise dispose of assets, and merge or consolidate with other entities or enter into a change of control transaction. The Credit Facility contains various events of default. The Company was not in default with covenants under the Credit Facility as of December 31, 2014.

Inflation and Changing Prices

Changes in wages, benefits and energy costs have the potential to materially impact our financial results. We believe that we are able to increase prices to counteract the majority of the inflationary effects of increasing costs and to generate sufficient cash flows to maintain our production capability. During the years ended December 31, 2014, 2013 and 2012, we do not believe that inflation has had a material impact on our financial position, results of operations, or cash flows. However, we cannot predict what effect inflation may have on our operations in the future.

Off-Balance Sheet Arrangements

Other than operating leases, there are no significant off-balance sheet financing arrangements or relationships with unconsolidated entities or financial partnerships, which are often referred to as “special purpose entities.” Therefore, there is no exposure to any financing, liquidity, market or credit risk that could arise, had we engaged in such relationships.

In connection with a distribution agreement entered into in December 2010, we provided a guarantee that the distributor’s operating cash flows associated with the agreement would not fall below certain agreed-to minimums, subject to certain pre-defined conditions, over the ten year term of the distribution agreement. If the distributor’s annual operating cash flow does fall below the agreed-to annual minimums, we will reimburse the distributor for any such short fall up to $1.5 million. No value was assigned to the fair value of the guarantee at December 31, 2014, 2013 and 2012 based on a probability assessment of the projected cash flows. Management currently does not believe that it is probable that any amounts will be paid under this agreement and thus there is no amount accrued for the guarantee in the Consolidated Financial Statements.

Fuel

Fuel costs represent a significant operating expense. To date, we have not entered into any contracts or employed any strategies to mitigate our exposure to fuel costs. Historically, we have made limited use of fuel surcharges or delivery fees to help offset rises in fuel costs. Such charges have not been in the past, and we believe will not be going forward, applicable to all customers. Consequently, an increase in fuel costs results in a decrease in our operating margin percentage. At current consumption level, a $0.50 change in the price of fuel changes our fuel costs by $0.7 million on an annual basis.

FORWARD-LOOKING STATEMENTS

Our business, financial condition, results of operations, cash flows and prospects, and the prevailing market price and performance of our common stock, may be adversely affected by a number of factors, including the matters discussed below. Certain statements and information set forth in this 2014 Form 10-K, as well as other written or oral statements made from time to time by us or by our authorized executive officers on our behalf, constitute “forward-looking statements” within the meaning of the Federal Private Securities Litigation Reform Act of 1995. We intend for our forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and we set forth this statement and these risk factors in order to comply with such safe harbor provisions. You should

note that our forward-looking statements speak only as of the date of this 2014 Form 10-K or when made and we undertake no duty or obligation to update or revise our forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Although we believe that the expectations, plans, intentions and projections reflected in our forward-looking statements are reasonable, such statements are subject to risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. The risks, uncertainties and other factors that our stockholders and prospective investors should consider include the following:

- We have a history of significant operating losses and as such our future revenue and operating profitability are uncertain.
- Our independent registered public accounting firms's report contains an explanatory paragraph that expresses substantial doubt as to our ability to continue as a going concern.
- The Company may need to raise additional equity or capital in the future and such capital may not be available when needed or at all.
- Our failure or inability to meet certain terms of our Credit Facility could have a material adverse effect on our business, financial condition and results of operations.
- We have identified material weaknesses in our internal control over financial reporting and we may be unable to develop, implement and maintain appropriate controls in future periods. If the material weaknesses are not remediated, then they could result in material misstatements to the financial statements.
- Failure to retain our current customers and renew existing customer contracts could adversely affect our business.
- Changes in economic conditions that impact the industries in which our end-users primarily operate in could adversely affect our business.
- The financial condition and operating ability of third parties may adversely affect our business.
- We have recognized significant impairment charges in 2014 and prior years,and may recognize additional impairment charges in the future which could adversely affect our results of operations and financial conditions.
- The availability of our raw materials and the volatility of their costs may adversely affect our operations.
- We are and may in the future be subject to legal proceedings, the outcome of which are uncertain, and resolutions adverse to us could negatively affect our earnings, financial condition and cash flows.
- The pricing, terms, and length of customer service agreements may constrain our ability to recover costs and to make a profit on our contracts.
- If we are required to change the pricing models for our products or services to compete successfully, our margins and operating results may be adversely affected.
- The consolidation of customers may adversely affect our business, consolidated financial condition or results of operations.
- We may fail to maintain our listing on The Nasdaq Stock Market.
- The loss of one or more key members of our senior management, or our inability to attract and retain qualified personnel could adversely impact our business, financial condition and results of operations.
- Increases in fuel and energy costs and fuel shortages could adversely affect our results of operations and financial condition.
- Our products contain hazardous materials and chemicals, which could result in claims against us.
- We are subject to environmental, health and safety regulations, and may be adversely affected by new and changing laws and regulations, that generate ongoing environmental costs and could subject us to liability.
- If our products are improperly manufactured, packaged, or labeled or become adulterated or expire, those items may need to be recalled or withdrawn from sale.
- Changes in the types or variety of our service offerings could affect our financial performance.
- Prior acquisitions involve a number of risks and could have an adverse effect on our results of operations.
- We may not be able to adequately protect our intellectual property and other proprietary rights that are material to our business.

- Interruptions in our information and telecommunication systems, or a failure to maintain the security, confidentiality or privacy of sensitive data residing on such systems, could adversely affect our business.
- Insurance policies may not cover all operating risks and a casualty loss beyond the limits of our coverage could adversely impact our business.
- Our stock price has been and may in the future be volatile, which could cause purchasers of our common stock to incur substantial losses.
- Certain stockholders may exert significant influence over any corporate action requiring stockholder approval.
- Provisions of Delaware law and our organizational documents may delay or prevent an acquisition of our Company, even if the acquisition would be beneficial to our stockholders.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are exposed to market risks, including changes in interest rates and fuel prices. Borrowings under the Credit Facility are indexed to a variable interest rate. As of December 31, 2014, there have been no drawings on the Credit Facility. As of December 31, 2014, we have $4.4 million of letters of credit outstanding at a fixed fee under our Credit Facility. We do not use financial instruments for speculative trading purposes and we do not hold derivative financial instruments that could expose us to significant market and commodity risk. We do not currently have any contract with vendors where we have exposure to the underlying commodity prices. In such event, we would consider implementing price increases and pursue cost reduction initiatives; however, we may not be able to pass on these increases in whole or in part to our customers or realize costs savings needed to offset these increases. This discussion does not consider the effects that may have an adverse change on the overall economy, and it also does not consider actions we may take to mitigate our exposure to these changes. We cannot guarantee that the action we take to mitigate these exposures will be successful.

Fuel costs represent a significant operating expense. To date, we have not entered into any contracts or employed any strategies to mitigate our exposure to fuel costs. Historically, we have made limited use of fuel surcharges or delivery fees to help offset rises in fuel costs. Such potential charges have not been in the past, and we believe will not be going forward, applicable to all customers. Consequently, an increase in fuel costs normally results in a decrease in our operating margin percentage. At our current consumption level, a $0.50 change in the price of fuel changes our fuel costs by approximately $0.7 million on an annual basis.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Swisher Hygiene's Consolidated Financial Statements and the Notes thereto, together with the reports of BDO USA, LLP regarding the Company's financial statements and internal control over financial reporting, each dated March 31, 2015, are filed as part of this report, beginning on page F-1.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15(d) – 15(e) under the Exchange Act), that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and, include controls and procedures designed to ensure that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

We carried out an evaluation, under the supervision and with the participation of our management, including our CEO and CFO, of the effectiveness of our disclosure controls and procedures as of December 31, 2014. Based upon that evaluation, our management, including our CEO and CFO, concluded that our disclosure controls and procedures were not effective as of December 31, 2014 because of the deficiencies in our internal control over financial reporting discussed in Management's Report on Internal Control over Financial Reporting, presented below.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15(d)-15(f) under the Exchange Act. Our internal control system was designed to provide reasonable assurance to our management and board of directors regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Our management, under the supervision of and with the participation of the Company's Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's internal control over financial reporting based on the framework set forth in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on deficiencies identified during this evaluation and set forth below, management concluded that we did not maintain effective internal control over financial reporting as of December 31, 2014 for the following reasons:

- We did not maintain an effective control environment as we lacked sufficient oversight of activities related to our internal control over financial reporting. In addition, we did not have a sufficient structure in place to identify and evaluate gaps in the knowledge and technical experience of the accounting personnel responsible for the implementation and execution of our control environment.
- We did not maintain effective controls over certain control activities. Specifically, the following individual material weaknesses were identified in connection with our control activities:
    - We did not implement effective controls to properly account for the sale, disposal and movement of dish machines at customer locations and our own facilities, which resulted in substantial post-closing journal entries that our review process failed to identify.
    - We did not implement effective controls to accurately and completely evaluate and calculate our allowance for doubtful accounts. Additionally, our review process was not sufficient to detect material errors in the methodology and calculation of the allowance resulting in material post-closing adjustments.
    - We did not implement effective controls to properly identify, analyze, and account for non-routine transactions reflected in the financial statements.
    - We did not develop and implement an overall financial reporting review process that encompassed all significant financial statement accounts or contained an appropriate level of precision. This review process did not identify the issues surrounding the accounting and recording for our dish machines, allowance for doubtful accounts, and non-routine transactions.
    - We did not design, implement and maintain effective controls over the corporate review of significant journal entries processed at our field-level locations, which represent a significant portion of our business, to ensure that these entries were appropriate in nature and correct.
- We did not maintain effective controls over user security and program change management for the information technology systems and accounting software at the field-level locations.
- We did not maintain effective controls to ensure the timely preparation of financial records sufficient to allow management adequate time to prevent or detect and correct material misstatements and to fulfill its other control activity responsibilities.
- We did not maintain effective information and communication controls to generate relevant and quality information for use in the financial reporting close process. These control failures contributed to the transactions involving our dish machines and to information generated relating to the allowance for doubtful accounts.
- We did not maintain effective information and communication controls with external parties due to delays in our financial statement close process as evidenced by the untimely filing of our Annual Report on Form 10-K for the year ended December 31, 2014, and our failure to identify and timely disclose existing control deficiencies in previous filings.
- We did not maintain effective monitoring controls sufficient to ascertain whether key components of internal control were present and functioning, as evidenced by our incorrect initial assessment of the effectiveness of our internal controls over financial reporting.
- We did not maintain effective monitoring controls to communicate the deficiencies in our internal control over financial reporting to our board of directors in sufficient time to allow them to take corrective action.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. Based on its evaluation of internal control over financial reporting management has determined that the control deficiencies identified above should be considered material weaknesses in our internal control over financial reporting.

As set forth below, management has taken or will take steps to remediate the control deficiencies identified above. Notwithstanding the control deficiencies described above, we have performed additional analyses and other procedures to enable management to conclude that our consolidated financial statements included in this Annual Report on Form 10-K fairly present, in all material respects, our financial condition and results of operations as of and for the year ended December 31, 2014.

BDO USA, LLP, the Company's independent registered public accounting firm, audited the Company's consolidated financial statements included in this Annual Report on Form 10-K for the year ended December 31, 2014. Also, BDO USA, LLP has issued their attestation report on management's internal control over financial reporting. A copy of BDO's reports are included in this 2014 Form 10-K at pages F-2 and F-3.

Management's Remediation Plan

In response to the deficiencies discussed above, we plan to continue efforts already underway to improve internal control over financial reporting:

- Management will continue to enhance its training programs for our accounting personnel both at the corporate and field-level, emphasizing financial reporting responsibilities and accountability for implementing and maintaining effective internal control over financial reporting.
- Dish machines will be serialized in the fixed asset system to track the movement of the dish machines and periodic field observations will be performed to ensure the existence and accuracy of these fixed assets.
- Management will continue to track collection trends across the business and evaluate the accuracy of the assumptions used in the estimates for the allowance for doubtful accounts on an annual basis, at a minimum.
- Management will put in place controls to properly identify, analyze and account for non-routine transactions and will use the appropriate level of oversight to ensure the transactions are reflected accurately and timely in the financial statements.
- Management continues to implement controls over user access and change management related to the field-level information technology systems.
- Management will perform a comprehensive review to re-evaluate our activities related to internal control over financial reporting, including monitoring controls related to the operating effectiveness, timeliness and communication of certain control activities.

While management and our audit committee will closely monitor the implementation of these remediation plans, there is no assurance that the aforementioned plans will be sufficient to fully remediate the deficiencies identified above and that additional remediation steps will not be necessary.

Changes in Internal Control over Financial Reporting

Material weaknesses previously identified and remediated during the year ended December 31, 2014

Management identified material weaknesses which were reported in our annual report on Form 10-K for the year ended December 31, 2013. Management has made changes to certain internal controls over financial reporting, which remediated some of the previously disclosed material weaknesses, as follows (a recitation of the noted material weakness is set forth followed by steps taken to remediate the material weakness):

The effectiveness of controls over proper purchase and maintenance of inventory and fixed assets. Additionally, proper application of customer payments and review and approval of vendor invoices and related payments.

During 2014 significant enhancements have been made to the accounts payable and inventory control processes. These changes include enhancements to existing accounting and operational processes, development and roll out of new policies, and improvements to the level of retained documentation. Specifically:

- Accounts Payable: An approval matrix has been established and communicated throughout the Company. Staff was trained on the vendor invoice approval process and policy requirements. No operating deficiencies were found in this area in 2014.
- Inventory: We have established an inventory policy and have improved training to better define and emphasize accountability for control process requirements.

The effectiveness of certain information technology controls regarding system generated reports at the field level and key spreadsheets utilized across the Company. This is comprised of controls over data input, calculations, user access, and management review.

Management has remediated deficiencies relating to data input, access to, and changes to key spreadsheets through the implementation of an End User Computing Tools policy. Management migrated computers running ERP systems outside of corporate to be inside the firewall and under the domain to strengthen security.

The effectiveness of the documentation, review, and approval of significant account reconciliations and key underlying reports. Furthermore, the Company has not defined parameters for its review of key reconciliations and financial analysis.

Management has established, communicated, and implemented policies around preparing and properly supporting account reconciliations as well as setting parameters for the review and approval of significant account reconciliations.

The effectiveness of the preparation, documentation, review, and approval of journal entries, and a lack of formal written accounting policies.

Management has established, communicated, and formally documented, distributed and implemented critical corporate accounting policies in line with company objectives.

ITEM 9B. OTHER INFORMATION

On March 26, 2015, the Company entered into a letter agreement, dated as of March 25, 2015 ("Letter Agreement"), with its lender, Siena Lending Group LLC, in respect of the occurrence of a Springing DACA Event, as such term is defined in the Loan and Security Agreement, dated as of August 29, 2014, among the Company, certain of the Company's subsidiaries, and Siena Lending Group LLC. The Letter Agreement temporarily waives, until April 10, 2015, certain cash management requirements and certain enhanced reporting requirements that would otherwise go into effect upon the occurrence of a Springing DACA Event. The foregoing description is qualified in its entirety by reference to the Letter Agreement which is attached hereto as Exhibit 10.39, and incorporated herein by reference.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information required by Item 10 is incorporated by reference to our Proxy Statement for our 2015 Annual Meeting of Stockholders, except for certain information concerning the Executive Officers of the Company set forth in Part I — Item I hereof under the caption "Executive Officers of the Registrant." Our Proxy Statement for our 2015 Annual Meeting of Stockholders will be filed with the Securities and Exchange Commission no later than 120 days after the end of the fiscal year covered by this Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by Item 11 is incorporated by reference to our Proxy Statement for our 2015 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission no later than 120 days after the end of the fiscal year covered by this Form 10-K.

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

The information required by Item 12 is incorporated by reference to our Proxy Statement for our 2015 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission no later than 120 days after the end of the fiscal year covered by this Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required by Item 13 is incorporated by reference to our Proxy Statement for our 2015 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission no later than 120 days after the end of the fiscal year covered by this Form 10-K.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information required by Item 14 is incorporated by reference to our Proxy Statement for our 2015 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission no later than 120 days after the end of the fiscal year covered by this Form 10-K.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a)(1) Financial Statements

The consolidated financial statements begin on page F-1.

(a)(2) Financial Statement Schedule

Schedule II - Valuation and Qualifying Accounts

All other schedules not included have been omitted because of the absence of conditions under which they are required or because the required information, where material, is shown in the consolidated financial statements or the notes to the consolidated financial statements.

(a)(3) Exhibits

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated February 13, 2011. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, filed on February 17, 2011).
2.2	Amendment to Agreement and Plan of Merger, dated as of February 28, 2011, by and among Swisher Hygiene Inc., SWSH Merger Sub, Inc., Choice Environmental Services, Inc., and the other parties set forth therein. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, filed on March 4, 2011).
2.3	Stock Purchase Agreement, dated November 15, 2012, by and between Swisher Hygiene Inc. and Waste Services of Florida, Inc. (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 16, 2012 and schedules and similar attachments of this exhibit have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company undertakes to furnish on a supplemental basis a copy of any omitted schedules and similar attachments to the Securities and Exchange Commission upon request).
3.1	Certificate of Corporate Domestication of CoolBrands International Inc., dated November 1, 2010. (1)
3.2	Amended and Restated Certificate of Incorporation of Swisher Hygiene Inc. (2)
3.3	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Swisher Hygiene Inc. (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on June 2, 2014).
3.4	Bylaws of Swisher Hygiene Inc. (1)
10.1	Promissory Note, dated May 26, 2010, as amended, in the principal amount of $21,445,000 to Royal Palm Mortgage Group, LLC. (1)
10.2	Promissory Note, dated August 9, 2010, in the principal amount of $2,000,000 to Royal Palm Mortgage Group, LLC. (1)
10.3	Promissory Note, dated August 9, 2010, in the principal amount of $1,500,000 to Royal Palm Mortgage Group, LLC. (1)
10.4	Credit Agreement among Swisher Hygiene, Inc., the lenders named therein and Wells Fargo Bank, National Association, dated March 30, 2011 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 5, 2011).
10.5	Pledge and Security Agreement by Swisher Hygiene Inc., certain subsidiaries of Swisher Hygiene, Inc. named therein, and Wells Fargo Bank, National Association, dated March 30, 2011 (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 5, 2011 and portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment).
10.6	Guaranty Agreement by certain subsidiaries of Swisher Hygiene Inc. and Guaranteed Parties named therein, dated March 30, 2011 (incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 5, 2011).
10.7	CoolBrands International Inc. 2002 Stock Option Plan. (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-8, filed on February 14, 2011). †

10.8	Omnibus Amendment Agreement, effective as of February 28, 2011, by and between Swisher International, Inc. HB Service, LLC and Wells Fargo Bank, National Association. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on March 4, 2011).
10.9	Amended and Restated Swisher Hygiene Inc. 2010 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on May 9, 2011).* †
10.10	Swisher Hygiene Inc. Senior Executive Officers Performance Incentive Bonus Plan (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 10, 2011).* †
10.11	Employment and Non-Compete Agreement of Michael Kipp (incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 10, 2011).* †
10.12	First Amendment to Credit Agreement and Pledge and Security Agreement, dated August 12, 2011, by and between Swisher Hygiene Inc. and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on August 18, 2011).
10.13	General Electric Capital Corporation Loan Commitment Letter, dated August 12, 2011 (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 18, 2011).
10.14	Master Loan and Security Agreement, dated August 12, 2011, by and between General Electric Capital Corporation and Choice Environmental Services, Inc. (incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 18, 2011).
10.15	Amendment to Master Loan and Security Agreement, dated August 12, 2011, by and between General Electric Capital Corporation and Choice Environmental Services, Inc. (incorporated by reference to Exhibit 10.4 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 18, 2011).
10.16	Wells Fargo Equipment Finance, Inc. Loan Commitment Letter dated August 12, 2011 (incorporated by reference to Exhibit 10.5 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 18, 2011).
10.17	Master Loan and Security Agreement dated August 12, 2011, by and between Wells Fargo Equipment Finance, Inc. and Choice Environmental Services, Inc. (incorporated by reference to Exhibit 10.6 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 18, 2011).
10.18	Automotive Rentals, Inc. Vehicle Lease Financing Proposal, dated August 12, 2011 (incorporated by reference to Exhibit 10.7 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 18, 2011).
10.19	Second Amendment to Credit Agreement by and among Swisher Hygiene, Inc., the Subsidiary Guarantors party thereto, the Required Lenders, and Wells Fargo Bank, National Association, dated April 12, 2012 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 12, 2012).
10.20	Third Amendment to Credit Agreement by and among Swisher Hygiene, Inc., the Subsidiary Guarantors party thereto, the Required Lenders, and Wells Fargo Bank, National Association, dated May 15, 2012 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 17, 2012).
10.21	Fourth Amendment to Credit Agreement by and among Swisher Hygiene, Inc., the Subsidiary Guarantors party thereto, the Required Lenders, and Wells Fargo Bank, National Association, dated May 30, 2012 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 5, 2012).
10.22	Fifth Amendment to Credit Agreement by and among Swisher Hygiene, Inc., the Subsidiary Guarantors party thereto, the Required Lenders, and Wells Fargo Bank, National Association, dated June 28, 2012 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 29, 2012).
10.23	Sixth Amendment to Credit Agreement by and among Swisher Hygiene, Inc., the Subsidiary Guarantors party thereto, the Required Lenders, and Wells Fargo Bank, National Association, dated July 30, 2012 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 31, 2012).
10.24	Seventh Amendment to Credit Agreement and Pledge and Security Agreement by and among Swisher Hygiene, Inc., the Subsidiary Guarantors party thereto, the Required Lenders, and Wells Fargo Bank, National

	Association, dated August 31, 2012 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 4, 2012 and portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment).
10.25	Eighth Amendment to Credit Agreement by and among Swisher Hygiene, Inc., the Subsidiary Guarantors party thereto, the Required Lenders, and Wells Fargo Bank, National Association, dated September 27, 2012 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 27, 2012).
10.26	Ninth Amendment to Credit Agreement by and among Swisher Hygiene, Inc., the Subsidiary Guarantors party thereto, the Required Lenders, and Wells Fargo Bank, National Association, dated October 31, 2012 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 1, 2012).
10.27	Employment Letter, dated June 1, 2012, by and between Swisher Hygiene, Inc. and Brian Krass (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2012, filed with the Securities and Exchange Commission on March 15, 2013). †
10.28	Interim Services Agreement, effective September 24, 2012, between Swisher Hygiene Inc. and SCA Group, LLC (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2012, filed with the Securities and Exchange Commission on March 18, 2013). †
10.29	Consulting Agreement and Release between Steven R. Berrard and Swisher International, Inc., effective October 26, 2012 (incorporated by reference to Exhibit 10.56 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012, filed with the Securities and Exchange Commission on May 1, 2013). †
10.30	Separation Agreement and Release between Hugh Cooper and Swisher International Inc., dated November 15, 2012 (incorporated by reference to Exhibit 10.57 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012, filed with the Securities and Exchange Commission on May 1, 2013). †
10.31	Executive Services Agreement, effective June 9, 2013, between Swisher Hygiene Inc. and The SCA Group, LLC (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2013, filed with the Securities and Exchange Commission on August 9, 2013). †
10.32	Employment Agreement, dated October 16, 2013, between Swisher Hygiene Inc. and William M. Pierce. †
10.33	Employment Agreement, dated October 16, 2013, between Swisher Hygiene Inc. and Thomas C. Byrne. †
10.34	Separation Agreement and Release between Swisher Hygiene Inc. and Thomas E. Aucamp, dated March 7, 2014 (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, filed with the Securities and Exchange Commission on May 12, 2014). †
10.35	Amendment No. 1 to the Employment Agreement between Swisher Hygiene Inc. and Thomas C. Byrne, dated July 14, 2014 (incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, filed with the Securities and Exchange Commission on November 10, 2014). †
10.36	Amendment to Employment Agreement by and between Swisher Hygiene Inc. and William M. Pierce, dated August 8, 2014 (incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, filed with the Securities and Exchange Commission on November 10, 2014). †
10.37	Loan and Security Agreement by and among Swisher Hygiene Inc., as Guarantor, the Borrowers listed thereto and Siena Lending Group LLC, as Lender, dated August 29, 2014 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on September 3, 2014). (Portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment).
10.38	Second Amendment to Employment Agreement by and between Swisher Hygiene Inc. and William M. Pierce, dated January 31, 2015. †
10.39	Letter Agreement, dated as of March 25, 2015, by and among Siena Lending Group LLC and the Borrowers listed thereto.
21.1	Subsidiaries of Swisher Hygiene Inc.
23.1	Consent of BDO USA, LLP.
31.1	Section 302 Certification of Chief Executive Officer.
31.2	Section 302 Certification of Chief Financial Officer.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema.

101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.

The following documents are incorporated by reference to the indicated exhibit to the following filings by the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

(1) Registration Statement on Form 10, filed with the Securities and Exchange Commission on November 9, 2010.
(2) Registration Statement on Form S-8, filed with the Security and Exchange Commission on May 9, 2011.

* Furnished herewith.
† Management contracts or compensatory plans, contracts, or arrangements.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SWISHER HYGIENE INC.
(Registrant)

Dated: March 31, 2015

By: /s/ William M. Pierce
William M. Pierce
President and Chief Executive Officer
(Principal Executive Officer)

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

Signature	Title	Date
/s/ William M. Pierce William M. Pierce	President, Chief Executive Officer, and Director (Principal Executive Officer)	March 31, 2015
/s/ William T. Nanovsky William T. Nanovsky	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	March 31, 2015
/s/ Linda C. Wilson-Ingram Linda C. Wilson-Ingram	Vice President, Corporate Controller and Chief Accounting Officer (Principal Accounting Officer)	March 31, 2015
/s/ Richard L. Handley Richard L. Handley	Chairman of the Board	March 31, 2015
/s/ Joseph Burke Joseph Burke	Director	March 31, 2015
Harris W. Hudson	Director	March 31, 2015
/s/ William D. Pruitt William D. Pruitt	Director	March 31, 2015
/s/ David Prussky David Prussky	Director	March 31, 2015

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

SWISHER HYGIENE INC. AND SUBSIDIARIES

Consolidated Financial Statements as of December 31, 2014 and 2013, and for the Three Years Ended December 31, 2014

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Report of Independent Registered Public Accounting Firm

Board of Directors
Swisher Hygiene Inc. and Subsidiaries
Charlotte, North Carolina

We have audited the accompanying consolidated balance sheets of Swisher Hygiene Inc. and Subsidiaries (the "Company") as of December 31, 2014 and 2013 and the related consolidated statements of operations and comprehensive loss, equity, and cash flows for each of the three years in the period ended December 31, 2014. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Swisher Hygiene Inc. and Subsidiaries as of December 31, 2014 and 2013, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As described in Note 1 to the consolidated financial statements, the Company has suffered recurring losses from operations and has not generated positive cash flows from operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We also audited, in accordance with the Standards of the Public Company Accounting Oversight Board (United States), Swisher Hygiene Inc.’s internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 31, 2015 expressed an adverse opinion thereon.

/s/ BDO USA, LLP
Charlotte, North Carolina

March 31, 2015

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
Swisher Hygiene Inc.
Charlotte, NC

We have audited Swisher Hygiene Inc.'s internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Swisher Hygiene Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A, "Management's Report on Internal Control Over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. Material weaknesses have been identified and described in management's assessment. These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2014 consolidated financial statements, and this report does not affect our report dated March 31, 2015 on those financial statements.

In our opinion, Swisher Hygiene Inc. did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the COSO criteria.

We do not express an opinion or any other form of assurance on management's statements referring to any corrective actions taken by the Company after the date of management's assessment.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Swisher Hygiene Inc. and subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of operations and comprehensive loss, equity, and cash flows for each of the three years in the period ended December 31, 2014 and our report dated March 31, 2015 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP
Charlotte, NC

March 31, 2015

SWISHER HYGIENE INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2014 and 2013
(In thousands)

	2014	2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 7,233	$ 21,465
Restricted cash	231	3,558
Accounts receivable, net	18,751	21,010
Inventory, net	15,426	14,032
Deferred income taxes	534	935
Assets held for sale	-	4,520
Other assets	2,525	5,782
Total current assets	44,700	71,302
Restricted cash	-	2,117
Property and equipment, net	37,037	43,842
Goodwill	-	5,821
Other intangibles, net	6,654	8,436
Customer relationships and contracts, net	22,792	28,575
Other noncurrent assets	2,015	1,624
Total assets	$ 113,198	$ 161,717
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$ 13,627	$ 8,794
Accrued payroll and benefits	3,467	3,819
Accrued expense	7,122	8,132
Long-term debt and obligations due within one year	1,884	5,251
Liabilities of discontinued operations	-	2,131
Total current liabilities	26,100	28,127
Long-term debt and obligations	1,185	2,003
Deferred income taxes	558	1,053
Other long-term liabilities	4,065	3,348
Total noncurrent liabilities	5,808	6,404
Commitments and contingencies (Notes 2, 3, 6, 7, 10, 13, 15)		
Equity (1)		
Preferred stock, par value $0.001, authorized 10,000,000 shares; no shares issued and outstanding at December 31, 2014 and 2013	-	-
Common stock, par value $0.001, authorized 600,000,000 shares; 17,612,278 shares and 17,576,741 shares issued and outstanding at December 31, 2014 and 2013	18	18
Additional paid-in capital	389,942	388,252
Accumulated deficit	(307,363)	(260,555)
Accumulated other comprehensive loss	(1,307)	(529)
Total equity	81,290	127,186
Total liabilities and equity	$ 113,198	$ 161,717

(1) All outstanding share amounts and computations using such amounts have been retroactively adjusted to reflect the June 3, 2014 one-for-ten reverse stock split.

See Notes to Consolidated Financial Statements

SWISHER HYGIENE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
For the Three Years Ended December 31, 2014
(In thousands except share and per share data)

	2014	2013	2012
Revenue			
Products	$ 173,505	$ 189,480	$ 202,968
	18,877	22,895	26,186
Franchise and other	1,375	1,313	1,367
Total revenue	193,757	213,688	230,521
Costs and expenses			
Cost of sales (exclusive of route expenses and related depreciation and amortization)	89,101	95,585	101,914
Route expenses	50,595	54,227	54,988
Selling, general, and administrative expenses	69,269	94,620	110,975
Acquisition and merger expenses	-	-	582
Depreciation and amortization	21,216	22,113	20,991
Impairment loss on assets held for sale	2,989	6,422	-
Impairment loss on goodwill	5,821	93,194	-
Total costs and expenses	238,991	366,160	289,450
Loss from continuing operations	(45,234)	(152,472)	(58,929)
Other expense, net	(1,663)	(654)	(3,093)
Net loss from continuing operations before income taxes	(46,897)	(153,126)	(62,022)
Income tax benefit (expense)	89	2,594	(18,753)
Net loss from continuing operations	(46,808)	(150,532)	(80,775)
Discontinued operations, net of tax (Note 2)			
Net loss from operations through disposal	-	(2,516)	(6,245)
Gain on disposal	-	-	13,844
(Loss) income from discontinued operations, net of tax	-	(2,516)	7,599
Net loss	(46,808)	(153,048)	(73,176)
Comprehensive loss			
Employee benefit plan adjustment, net of tax	(747)	503	(161)
Foreign currency translation adjustment	(31)	(33)	(3)
Comprehensive loss	$ (47,586)	$ (152,578)	$ (73,340)
Loss per share (1)			
Basic and diluted (continuing operations)	$ (2.64)	$ (8.55)	$ (4.62)
Basic and diluted (discontinued operations)	-	$ (0.14)	$ 0.43
Weighted-average common shares used in the computation of loss per share (1)			
Basic and diluted	17,723,866	17,599,535	17,500,956

(1) All outstanding share amounts and computations using such amounts have been retroactively adjusted to reflect the June 3, 2014 one-for-ten reverse stock split.

See Notes to Consolidated Financial Statements

SWISHER HYGIENE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
FOR THE THREE YEARS ENDED DECEMBER 31, 2014
(In thousands except share data)

STOCKHOLDERS' EQUITY

	Shares	Common Stock (1) Amount	Additional Paid-in Capital (1)	Accumulated Deficit	Accumulated Other Comprehensive (Loss)	Swisher Hygiene Inc. Stockholders' Equity	Non - Controlling Interest	Total Equity
Balance at December 31, 2011	17,480,419	$ 17	$ 378,982	$ (34,331)	$ (835)	$ 343,833	$ 22	$ 343,855
Issuance of common stock on contingent earn-out	9,091	-	170	-	-	170	-	170
Conversion of promissory notes payable	1,004	-	37	-	-	37	-	37
Stock based compensation (including discontinued operations of $2,863)	-	-	6,384	-	-	6,384	-	6,384
Issuance of common stock under stock based payment plans	23,637	-	-	-	-	-	-	-
Shares issued for non-controlling interest	1,000	-	37	-	-	37	-	37
Employee benefit plan adjustment, net of tax	-	-	-	-	(161)	(161)	-	(161)
Foreign currency translation adjustment	-	-	-	-	(3)	(3)	-	(3)
Net loss	-	-	-	(73,176)	-	(73,176)	-	(73,176)
Balance at December 31, 2012	17,515,151	17	385,610	(107,507)	(999)	277,121	22	277,143
Stock based compensation	-	-	2,916	-	-	2,916	-	2,916
Issuance of common stock under stock based payment plans	88,996	1	-	-	-	1	-	1
Shares withheld related to income taxes on RSUs	(27,406)	-	(274)	-	-	(274)	-	(274)
Liquidation of minority interest	-	-	-	-	-	-	(22)	(22)
Employee benefit plan adjustment, net of tax	-	-	-	-	503	503	-	503
Foreign currency translation adjustment	-	-	-	-	(33)	(33)	-	(33)
Net loss	-	-	-	(153,048)	-	(153,048)	-	(153,048)
Balance at December 31, 2013	17,576,741	18	388,252	(260,555)	(529)	127,186	-	127,186
Stock based compensation	-	-	1,740	-	-	1,740	-	1,740
Shares withheld related to income taxes on RSUs	(10,857)	-	(47)	-	-	(47)	-	(47)
Shares issued in connection with RSU delivery	46,394	-	(3)	-	-	(3)	-	(3)
Employee benefit plan adjustment, net of tax	-	-	-	-	(747)	(747)	-	(747)
Foreign currency translation adjustment	-	-	-	-	(31)	(31)	-	(31)
Net loss	-	-	-	(46,808)	-	(46,808)	-	(46,808)
Balance at December 31, 2014	17,612,278	18	389,942	(307,363)	(1,307)	81,290	-	81,290

(1) All outstanding share amounts and computations using such amounts have been retroactively adjusted to reflect the June 3, 2014 one-for-ten reverse stock split.

See Notes to Consolidated Financial Statements

SWISHER HYGIENE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE YEARS ENDED DECEMBER 31, 2014
(In thousands)

	2014	2013	2012
Operating activities			
Net loss	$ (46,808)	$ (153,048)	$ (73,176)
Adjustments to reconcile net loss to cash used in operating activities:			
Net loss (income) from discontinued operations, net of tax	-	2,516	(7,599)
Depreciation and amortization	21,216	22,113	20,991
Provision for doubtful accounts	196	936	2,396
Stock based compensation	1,740	2,916	3,521
Realized and unrealized gain on fair value of convertible notes	-	-	(241)
Deferred income taxes	(94)	(2,553)	18,370
Impairment loss on assets held for sale	2,989	6,422	-
Impairment loss on goodwill	5,821	93,194	-
Loss on disposal of property and equipment	195	33	-
Loss (gain) on sale of assets held for sale	754	(223)	-
Changes in operating assets and liabilities:			
Accounts receivable	2,325	(279)	3,739
Inventory	(247)	1,295	448
Accounts payable, accrued expense and other current liabilities	3,403	(3,084)	(6,598)
Other assets and non-current assets	2,187	(111)	(1,095)
Net cash used in operating activities of continuing operations	(6,322)	(29,873)	(39,244)
Net cash used in operating activities of discontinued operations	(2,131)	(4,647)	(3,519)
Cash used in operating activities	(8,453)	(34,520)	(42,763)
Investing activities			
Cash received for sale of discontinued operations	-	12,571	111,841
Purchases of property and equipment	(8,645)	(16,794)	(18,820)
Cash received on sale of property and equipment	92	329	3,061
Cash received on sale of assets held for sale	1,565	6,346	-
Acquisitions, net of cash acquired	-	(151)	(4,310)
Restricted cash	5,444	(285)	(5,390)
Net cash (used in) provided by investing activities of continuing operations	(1,544)	2,016	86,382
Net cash used in investing activities of discontinued operations	-	-	(2,861)
Cash (used in) provided by investing activities	(1,544)	2,016	83,521
Financing activities			
Payments on lines of credit	-	-	(25,000)
Proceeds from notes payable	1,097	-	-
Proceeds from equipment financing	-	-	209
Principal payments on debt and capital leases	(5,282)	(7,177)	(22,626)
Payment of shareholder advances	-	-	(2,000)
Proceeds from exercise of stock options	-	1	-
Taxes paid related to income tax withheld on settlement of equity awards	(50)	(274)	-
Net cash used in financing activities of continuing operations	(4,235)	(7,450)	(49,417)
Net cash provided by financing activities of discontinued operations	-	-	(430)
Cash used in financing activities	(4,235)	(7,450)	(49,847)
Net decrease in cash and cash equivalents	(14,232)	(39,954)	(9,089)
Cash and cash equivalents at the beginning of the period	21,465	61,419	70,508
Cash and cash equivalents at the end of the period	$ 7,233	$ 21,465	$ 61,419
Supplemental Cash Flow Information			
Cash paid for interest (including discontinued operations)	$ 150	$ 370	$ 4,253
Cash received for interest (including discontinued operations)	$ 9	$ 41	$ 75
Cash paid for income taxes	$ 51	$ 316	$ 88
Notes payable issued or assumed on acquisitions (continuing operations)	$ -	$ -	$ 1,121
Note payable related to insurance financing	$ 1,097	$ 2,634	$ 2,732
Stock issued to purchase property and to settle liabilities (continuing operations)	$ -	$ -	$ 37
Property received as payment on accounts receivable	$ -	$ -	$ 650

See Notes to Consolidated Financial Statements

SWISHER HYGIENE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principal Operations

Swisher Hygiene Inc. and its wholly-owned subsidiaries (the "Company" or "we" or "our") provide essential hygiene and sanitizing solutions that include cleaning and sanitizing chemicals, restroom hygiene programs and a full range of related products and services. We sell consumable products such as detergents, cleaning chemicals, soap, paper, water filters and supplies, together with the rental and servicing of dish machines and other equipment for the dispensing of those products as well as additional services such as the cleaning of facilities. We serve customers in a wide range of end-markets, with a particular emphasis on the foodservice, hospitality, retail, and healthcare industries.

During 2011 and most of 2012, we operated in two segments: (i) Hygiene and (ii) Waste. As a result of the sale of the Waste segment in November 2012, we currently operate in one business segment, Hygiene, and the Company has applied discontinued operations accounting treatment and disclosures for this transaction. See Note 2 "Discontinued Operations and Assets Held for Sale" for further information.

Our principal executive offices are located at 4725 Piedmont Row Drive, Suite 400, Charlotte, North Carolina, 28210. As of December 31, 2014, we have company owned operations and one remaining franchise operation located throughout North America and we have entered into nine Master License Agreements covering the United Kingdom, Portugal, the Netherlands, Singapore, the Philippines, Taiwan, Korea, Hong Kong/Macau/China, and Mexico. The financial information about our geographical areas is included in Note 18, "Geographic Information" to the Notes to the Consolidated Financial Statements.

Merger

On August 17, 2010, Swisher International, Inc. ("Swisher International") entered into a merger agreement under which all of the outstanding common shares of Swisher International were exchanged for common shares of CoolBrands International Inc. ("CoolBrands"), and Swisher International became a wholly-owned subsidiary of CoolBrands (the "Merger"). Immediately before the Merger, CoolBrands completed its redomestication to Delaware from Ontario, Canada and became Swisher Hygiene Inc. The Merger was completed on November 2, 2010. After the Merger, the shareholders of CoolBrands held shares of Swisher Hygiene Inc. common stock.

Going Concern

Our consolidated financial statements were prepared on a going concern basis in accordance with U.S. GAAP. The going concern basis of presentation assumes that we will continue in operation for the next twelve months and will be able to realize our assets and discharge our liabilities and commitments in the normal course of business and does not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from our inability to continue as a going concern. The Company has suffered recurring losses from operations and has not generated positive cash flows from operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. In order for us to continue operations beyond the next twelve months and be able to discharge our liabilities and commitments in the normal course of business, we must do some or all of the following: (i) improve operating results through improved customer retention, profitable organic revenue growth, and continued improvements in cost efficiencies; (ii) sell additional non-core or non-essential assets; (iii) raise additional equity; or (iv) obtain additional financing through debt. There can be no assurance that we will be able to improve operating results or obtain additional funds by selling additional non-core or non-essential assets, raising additional equity or obtaining additional financing when needed or that such funds, if available, will be obtainable on terms satisfactory to us.

If we are not able to improve operating results or obtain additional funds by selling additional non-core or non-essential assets, raising additional equity or obtaining additional financing, material adverse events may occur including, but not limited to: 1) a reduction in the nature and scope of our operations, 2) our inability to fully implement our current business plan and 3) defaults under the Credit Facility. There can be no assurances that we will be able to successfully improve our liquidity position. Our consolidated financial statements do not reflect any adjustments that might result from the adverse outcome relating to this uncertainty.

Basis of Presentation and Principles of Consolidation

Intercompany balances and transactions have been eliminated in consolidation. Certain reclassifications, including those described further in Note 4, "Prior Period Reclassification," have been made to prior year amounts for consistency with the current period presentation. Financial information, other than share and per share data, is presented in thousands of dollars.

On June 3, 2014, a one-for-ten reverse split of the Company's issued and outstanding common stock, $0.001 par value per share, became effective ("Reverse Stock Split"). Trading of the common stock on a post-Reverse Stock Split adjusted basis began at the open of business on the morning of June 3, 2014. All historic share and per share information, including loss per share, in this Form 10-K have been retroactively adjusted to reflect the Reverse Stock Split.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements. Actual results could differ from those estimates and such differences could affect the results of operations reported in future periods.

Segments

We operate in one business segment, the manufacturing, distribution and delivery of hygiene and sanitizing services, products and solutions. We define business segments as components of an organization for which discrete financial information is available and operating results are evaluated on a regular basis by the chief operating decision maker ("CODM") in order to assess performance and allocate resources. Our CODM is the Company's President and Chief Executive Officer. Characteristics of our organization which were relied upon in making this determination include the similar nature of the products and services we sell, the functional alignment of our organizational structure, and the reports that are regularly reviewed by the CODM for the purpose of assessing performance and allocating resources. Previously we operated in two segments. See Note 2, "Discontinued Operations and Assets Held for Sale."

Cash Equivalents

The Company considers all cash accounts and all highly liquid short term investments purchased with an original maturity of three months or less at date of purchase to be cash equivalents. As of December 31, 2014 and 2013, the Company did not have any investments with maturities greater than three months.

Restricted Cash

Restricted cash at December 31, 2014 consists of amounts held in a collateral account to secure purchase card balances and electronic cash transfers.

Accounts Receivable

Accounts receivable principally consist of amounts due from customers for product sales and services. Accounts receivable are reported net of an allowance for doubtful accounts ("allowance") and interest is generally not charged to customers on delinquent balances. The allowance is management's best estimate of uncollectible amounts and is based on a number of factors, including overall credit quality of customers, the age of outstanding customer balances, historical write-off experience and specific customer account analysis that projects the ultimate collectability of the outstanding balances. When accounts receivable amounts are considered uncollectible, the amounts are written-off against the allowance for doubtful accounts. The allowance was $1.0 million and $2.0 million at December 31, 2014 and 2013, respectively.

Inventory

Inventory consists of purchased items, materials, direct labor, and other manufacturing related overhead and is stated at the lower of cost or market determined using the first in-first out costing method. The Company routinely reviews inventory for excess and slow moving items as well as for damaged or otherwise obsolete items and for items selling at negative margins. When such items are identified, a reserve is recorded to adjust their carrying value to their estimated net realizable value. The reserve was $0.8 million and $0.9 million at December 31, 2014 and 2013, respectively.

Assets Held for Sale

We record net assets held for sale in accordance with *Accounting Standards Codification ("ASC") 360 "Property, Plant, and Equipment*" at the lower of carrying value or fair value. Fair value is based on the estimated sales price, less selling costs, of the assets. Estimates of the net sales proceeds are based on a number of factors including standard industry multiples of revenues or operating metrics, and the status of ongoing sales negotiations and asset purchase agreements where available. Our estimates of fair value are regularly reviewed and subject to changes based on market conditions, changes in the customer base of the operations or routes and our continuing evaluation as to the facility's acceptable sale price. No depreciation or amortization expense is recorded related to the assets held for sale. As described further below and in Note 9, “Fair Value Measurements,” assets held for sale are measured using Level 3 inputs.

Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is provided using the straight-line method over the estimated useful lives of individual assets or classes of assets as follows:

	Years
Items in service	2 – 7
Equipment, laundry facility equipment and furniture	3 - 20
Vehicles	5
Computer equipment	3
Computer software	3 - 7
Building and leasehold improvements	1 - 40

Items in service consist of various systems that dispense the Company’s cleaning and sanitizing products, linens, dish machines and dust control products. Included in the capitalized cost of items in service are costs incurred to install certain equipment for customer locations under long-term contracts. These costs include labor, parts and supplies. Costs of significant additions, renewals and betterments, are capitalized and depreciated. Maintenance and repairs are charged to expense when incurred.

The Company capitalizes certain costs incurred during the application development stage associated with the development of new software products for internal use. Research and development costs in the preliminary project stage are expensed. Internal and external training costs and maintenance costs in the post-implementation operation stage are also expensed. Capitalized software costs are amortized over the estimated useful lives of the software commencing upon operational use.

Purchase Accounting for Business Combinations

The Company accounts for acquisitions by allocating the fair value of the consideration transferred to the fair value of the assets acquired and liabilities assumed on the date of the acquisition and any remaining difference is recorded as goodwill. Adjustments may be made to the preliminary purchase price allocation when facts and circumstances that existed on the date of the acquisition surface during the allocation period subsequent to the preliminary purchase price allocation, not to exceed one year from the date of acquisition. Contingent consideration is recorded at fair value based on the facts and circumstances on the date of the acquisition and any subsequent changes in the fair value are recorded through earnings each reporting period. Transactions that occur in conjunction with or subsequent to the closing date of the acquisition are evaluated and accounted for based on the facts and substance of the transactions.

Goodwill

Goodwill is not amortized but rather tested for impairment at least annually. The Company tests goodwill for impairment annually during the fourth quarter of each fiscal year. Goodwill is also tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. Impairment testing for goodwill is done at the reporting unit level. A reporting unit is an operating segment or one level below an operating segment (also known as a component). A component of an operating segment is a reporting unit if the component constitutes a business for which discrete financial information is available, and segment management regularly reviews the operating results of that component. The Company has concluded that it has one reporting unit.

When testing goodwill for impairment, the Company may assess qualitative factors to determine whether it is more likely than not (that is, a likelihood of more than 50 percent) that the Company's fair value is less than its carrying amount, including goodwill. Alternatively, the Company may bypass this qualitative assessment and perform step 1 of the two-step goodwill impairment test. This step requires the determination of the fair value of the reporting unit. If we perform step 1 and the carrying amount of the reporting unit exceeds its fair value, we would perform step 2 to measure such impairment.

Determining fair value includes the use of significant estimates and assumptions. Management utilizes an income approach, specifically the discounted cash flow technique as a means for estimating fair value. This discounted cash flow analysis requires various assumptions including those about future cash flows, customer growth rates and discount rates. Expected cash flows are based on historical customer growth, including attrition, future strategic initiatives and continued long-term growth of the business. The discount rates used for the analysis reflect a weighted average cost of capital based on industry and capital structure adjusted for equity risk and size risk premiums. These estimates can be affected by factors such as customer growth, pricing, and economic conditions that can be difficult to predict. During the second quarter of 2014 and the fourth quarter of 2013, in conjunction with its impairment test, the Company recorded a goodwill impairment charge of $5.8 million and $93.2 million, respectively, as further discussed in Note 5, "Goodwill and Other Intangible Assets".

Other Intangible Assets

Identifiable intangible assets include customer relationships, non-compete agreements, trade names and trademarks, and formulas. The fair value of these intangible assets at the time of acquisition is estimated based upon various valuation techniques including replacement cost and discounted future cash flow projections. Customer relationships are amortized on a straight-line basis over the expected average life of the acquired accounts, which is typically five to ten years based upon a number of factors, including historical longevity of customers and contracts acquired and historical retention rates. The non-compete agreements are amortized on a straight-line basis over the term of the agreements, typically not exceeding five years. Formulas are amortized on a straight-line basis over their estimated useful life of twenty years. The Company reviews the recoverability of these assets if events or circumstances indicate that the assets may be impaired and periodically reevaluates the estimated remaining lives of these assets.

Trade names and trademarks are considered to be indefinite lived intangible assets unless specific evidence exists that a shorter life is more appropriate. Indefinite lived intangible assets are tested, at a minimum, on an annual basis, using a discounted cash flow approach, or sooner whenever events or changes in circumstances indicate that an asset may be impaired.

Long-Lived Assets

Fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future net cash flows expected to be generated by the asset. If such assets or asset groups are considered to be impaired the impairment to be recognized is measured by the amount by which the carrying amount of the assets or asset groups exceeds the related fair values. The Company also performs a periodic assessment of the useful lives assigned to the long-lived assets, as previously discussed.

Foreign Currency Translation

All assets and liabilities of our Canadian operations are translated into U.S. dollars using the exchange rates in effect at the balance sheet date and statement of operations items are translated using the average exchange rates throughout the period. The translation adjustment is presented as a component of accumulated other comprehensive (loss) income. The loss was primarily due to unfavorable conversion rates.

Financial Instruments

The Company's financial instruments, which may expose the Company to concentrations of credit risk, include cash and cash equivalents and accounts receivables. The Company maintains cash deposits with major banks, which from time to time may exceed insured limits. The possibility of loss related to the financial condition of major banks is considered minimal. The Company's accounts receivable balance is composed of numerous customers of varying sizes in diverse industries and geographies. This fact, as well as the practice of establishing reasonable credit limits mitigates credit risk. Based on historical trends and experiences, the allowance for doubtful accounts is adequate to cover potential credit risk losses.

The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable approximate fair value due to the short maturity of these instruments. The fair value of the Company's debt is estimated based on the current borrowing rates available to the Company for bank loans with similar terms and maturities and approximates the carrying value of these liabilities. Certain convertible promissory notes are recorded at fair value during 2014 and 2013 as further described in Note 8, "Fair Value Measurements."

Revenue Recognition

Revenue from product sales and service is recognized when the product is delivered to the customer or when services are performed, including product and service sales made under multiple deliverable agreements, which outline the pricing of products and the preferred frequency of delivery. Deliverables under these pricing arrangements are considered to be separate units of accounting, as defined by *ASC 605-25, Revenue Recognition – Multiple-Element Arrangement,* and due to the nature of the Company's business, the timing of the delivery of products and performance of service is concurrent and ongoing and there are no contingent deliverables. Franchise and other revenue include product sales, royalties and other fees charged to franchisees in accordance with the terms of their franchise agreements. Royalties and fees are recognized when earned and product sales are recognized as the product is delivered.

The Company's sales policies provide for limited rights of return and, during the fiscal years 2014, 2013, and 2012, product returns were insignificant. The Company records estimated reductions to revenue for sales returns and for customer programs and incentive offerings, including pricing arrangements, rebates, promotions and other volume-based incentives at the time the sale is recorded.

Stock Based Compensation

The Company measures and recognizes all stock based compensation at fair value at the date of grant and recognizes compensation expense over the service period for awards expected to vest. Determining the fair value of stock based awards at the grant dates requires judgment, including estimating the share volatility, the expected term the award will be outstanding, and the amount of the awards that are expected to be forfeited. The Company utilizes the Black-Scholes option pricing model to determine the fair value for stock options on the date of grant.

Freight Costs

Shipping and handling costs for freight expense on goods shipped are included in cost of sales. Shipping and handling costs for freight expense on goods received are capitalized to inventory where they are relieved to cost of sales when the product is sold.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and net operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets where it is more likely than not that deferred tax assets will not be realized.

The Company's policy is to evaluate uncertain tax positions under *ASC 740-10, Income Taxes*. As of December 31, 2014 and 2013, and for the three years ended December 31, 2014, the Company has not identified any uncertain tax positions requiring recognition in the accompanying consolidated financial statements. The Company includes interest and penalties accrued in the consolidated financial statements as a component of interest expense. No significant amounts were required to be recorded for the three year period ended December 31, 2014.

Loss per Common Share

Basic net loss from continuing operations and basic net loss from discontinued operations attributable to common stockholders per share is computed by dividing the applicable net loss by the weighted average number of common shares outstanding during the period. Vested restricted stock units, of 0.1 million which have been deferred, are included in this weighted average number of common shares calculation. Diluted net loss from continuing operations per share was the same as basic net loss from continuing operations attributable to common stockholders per share for all periods presented, since the

effects of any potentially dilutive securities are excluded as they are antidilutive due to the Company's net losses. Diluted net earnings per share from discontinued operations was calculated in the same manner as diluted net loss from continuing operations per share in accordance with *ASC 260, Earnings per Share.*

Comprehensive Loss

Comprehensive loss includes net loss, foreign currency translation adjustments and an employee benefit plan adjustment consisting of changes to unrecognized pension actuarial gains and losses, net of tax.

Fair Value Measurements

The Company determines the fair value of certain assets and liabilities based on assumptions that market participants would use in pricing the assets or liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, or the "exit price." The Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and gives precedence to observable inputs in determining fair value. An instrument's level within the hierarchy is based on the lowest level of any significant input to the fair value measurement. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. The following is a discussion of the levels established for each input.

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Active markets are those in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Instruments classified as Level 1 consist of financial instruments such as listed equities and fixed income securities.

Level 2: Inputs other than quoted prices, included in Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. These are inputs for which there is no market data available or observable inputs that are adjusted using Level 3 assumptions.

Pension Plan

An acquired subsidiary of CoolBrands maintained a defined benefit pension plan ("the Plan") covering approximately 90 employees. Subsequent to the acquisition by Coolbrands in 2000, all future participation and all benefits under the Plan were frozen. The Plan provides retirement benefits based primarily on employee compensation and years of service up to the date of acquisition. The Company recognizes in its consolidated balance sheet the overfunded or underfunded status of the Plan measured as the difference between the fair value of Plan assets and the benefit obligation. The Company recognizes as a separate component of comprehensive loss the actuarial gains and losses that arise during the period that are not recognized as components of net periodic benefit cost. The Company measures the Plan assets and the Plan obligations as of December 31 and discloses additional information in the Notes to Consolidated Financial Statements about certain effects on net periodic benefit cost in the upcoming fiscal year that arise from delayed recognition of the actuarial gains and losses.

The calculation of net periodic benefit cost and the corresponding net liability requires the use of critical assumptions, including the expected long-term rate of return on Plan assets and the assumed discount rate. Changes in these assumptions can result in different expense and liability amounts. Net periodic benefit cost increases as the expected rate of return on Plan assets decreases. Future changes in Plan asset returns, assumed discount rates and other factors related to the participants in the Company's Plan will impact the Company's future net periodic benefit cost and liabilities. The Company cannot predict with certainty what these factors will be in the future however they are not expected to have a material effect on the Company's operating results, financial position or cash flows.

Newly Issued Accounting Pronouncements

On April 10, 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. The amendments in this accounting standard raise the threshold for a disposal to qualify as a discontinued operation and requires new disclosures of both discontinued operations and certain other disposals that do not meet the definition of a discontinued operation. This accounting standard update is effective for annual periods beginning on or after December 15, 2014, and related interim periods with early adoption allowed.

The Company is currently evaluating the impact of this standard and plans to adopt this standard on the stated effective date in fiscal year 2015.

On May 28, 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers. This accounting standard creates common revenue recognition guidance for U.S. GAAP and IFRS. The guidance also requires improved disclosures to help users of the financial statements better understand the nature, amount, timing and uncertainty of revenue that is recognized. This accounting standard update is effective for annual reporting periods beginning after December 15, 2016, and related interim periods. Early adoption is not permitted. The Company is currently evaluating the impact of this standard.

In August 2014, the FASB issued ASU Update No. 2014-15, Presentation of Financial Statements – Going Concern (Subtopic 205-40) (Topic 718), Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern. ASU Update No. 2014-15 provides guidance related to management’s responsibility to evaluate whether there is substantial doubt about the entity’s ability to continue as a going concern and to provide related footnote disclosures. The new requirements are effective for the annual periods ending after December 15, 2016, and for interim periods and annual periods thereafter. Early adoption is permitted. The Company is currently evaluating the impact of this standard and has elected to not adopt the standard early.

NOTE 2 — DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Discontinued Operations – Waste Segment

On November 15, 2012, the Company completed a stock sale of Choice, and other acquired businesses, including Lawson Sanitation LLC, Central Carting Disposal, Inc., FSR Transporting and Crane Services, Inc., that comprised the Waste segment to Waste Services of Florida, Inc. for $123.3 million resulting in a gain of $13.8 million, net of tax. The Company applied discontinued operations accounting treatment and disclosures related to this transaction. The stock purchase agreement stipulated customary purchase price adjustments related to closing balance sheet working capital targets and in addition, that $12.5 million of the purchase price consideration would be reserved and held back in escrow by the purchaser ("the holdback amount") and paid subject to financial adjustments regarding defined long-term assets and 2012 third quarter EBITDA targets. Management recorded the holdback amount in the calculation of the gain on sale of the Waste segment and the amount is classified on the balance sheet as "Accounts receivable due from sale of discontinued operations" at December 31, 2012. Proceeds from the holdback plus $0.1 million in working capital adjustments were received during the first half of 2013.

The following table presents summarized operating results for these discontinued operations for the fiscal years ended 2014, 2013 and 2012.

	2014	2013	2012
Revenue	$ -	$ -	$ 60,874
Net (loss) income after taxes and 2012 gain on disposal of $13.8 million	-	(2,516)	7,599

Any corporate management overhead charged to the Waste segment in prior year filings has been included in continuing operations in the periods subsequent to the discontinuance as the overhead amounts are not expected to change as a result of the sale of the Waste segment. During fiscal year 2013, the Company incurred $2.5 million in expenses related to the discontinued operation as follows: $0.5 million increase to retained worker’s compensation liabilities and $2.0 million in legal fees and a settlement payment related to a contractual dispute involving one of the businesses sold that the Company accepted responsibility to resolve as a term of the sales agreement.

Net cash of $2.1 million used in connection with discontinued operations for the twelve months ended December 31, 2014 principally represents payment for legal fees and the settlement of a contractual dispute that the Company accepted responsibility to resolve as a part of the sale of the Waste segment. For the twelve months ended December 31, 2013, net cash of $4.6 million used in connection with discontinued operations principally represents the payment of certain liabilities for severance and professional fees, previously accrued as a part of the sale, as well as cash payments related to retained worker’s compensation liabilities and litigation accruals. There were no cash inflows related to discontinued operations in 2014 or 2013.

Assets Held For Sale

During 2013, the Company commenced an active program to sell certain non-core assets and routes related to its linen and dust operations. Additionally, in 2014 the Company ceased operations at a linen processing plant and in 2013 a chemical manufacturing plant was closed in connection with the Company's plant consolidation efforts. In accordance with *ASC 360, Property, Plant and Equipment*, these assets were classified as assets held for sale in the Consolidated Balance Sheet and the asset balances were adjusted to the lower of historical carrying amounts or fair values.

During 2014, the Company updated its estimates of the fair value of certain linen routes and operations to reflect various events that occurred during the year. The cumulative impairment loss for the twelve months ended December 31, 2014 was $3.0 million, of which $1.9 million was attributable to a reduction in the estimate of net sales proceeds for a linen processing operation. The factors driving the $1.9 million reduction were the cancellation notifications received during April and May 2014 from three major customers resulting in a significant loss of forecasted revenue; and the operation's 2014 year-to-date loss which was in excess of the Company's estimates. The asset fair value of this linen processing operation was written down to zero in the second quarter of 2014 and was closed during the fourth quarter of 2014.

The Company recorded impairment charges for the twelve months ended December 31, 2013 of $6.4 million. Included in this charge is $3.1 million that was recorded during the fourth quarter of 2013 as follows: $2.0 million related to the Board of Director's approval, on November 8, 2013, of additional assets to be disposed of and the resultant adjustment of these assets from net carrying value to fair value; $1.1 million impairment adjustments to existing assets held for sale to reflect reductions in the estimated fair value as a result of events that occurred during the fourth quarter which indicated that the estimated net selling prices will be less than anticipated at the end of the third quarter.

The Company completed several sales transactions during the twelve months ended December 31, 2014, which resulted in the net receipt of $1.6 million in cash and the remainder in receivables. A loss on these sales of $0.9 million was incurred and included a write-off of $0.6 million of the receivable balances. The receivable balances were primarily for contingent sales proceeds that were based on post-closing revenues of previously sold routes which were lower than estimated. The total loss of $0.8 million for the twelve months ended December 31, 2014, is included in "Other expense, net" in the consolidated statement of operations and comprehensive loss.

The Company completed several sales transactions during the last half of 2013 totaling $6.3 million in net sales proceeds including $0.6 million in receivable balances that were contingent primarily upon 2014 revenues generated by certain of the sold assets during defined post-close periods. The resulting $0.2 million gain is included in "Other expense, net" in the consolidated statement of operations and comprehensive loss.

There were no assets held for sale as of December 31, 2014. The major classes of assets held for sale as of December 31, 2013 are as follows:

		December 31, 2013
Property and equipment, net	$	2,410
Goodwill		1,272
Customer relationships, net		833
Other, net		5
Total	$	4,520

None of the disposal groups that could be classified as discontinued operations were material, individually or in the aggregate, to the Company's consolidated financial statements and therefore these results were not separately classified in discontinued operations. The remaining portfolio of assets held for sale did not meet the criteria for discontinued operations as they did not represent operations and cash flows that are clearly distinguished, operationally and for financial reporting purposes consistent with the Company's strategy of integrating these acquired assets into its existing business operations. Additionally, the Company anticipates maintaining continuing revenues with respect to a the majority of the sold routes and/or customers through the sale of chemical, paper and its other core hygiene and sanitizing products and services.

NOTE 3 — ACQUISITIONS

2013 Acquisitions

During fiscal year 2013, the Company acquired a franchise located in Ottawa, Canada for $0.2 million primarily in cash plus receivables, resulting in a $0.1 million addition to goodwill. This acquisition is immaterial to the Company's consolidated financial statements and therefore supplemental pro-forma information is not presented.

2012 Acquisitions

The following table summarizes the Company's 2012 acquisitions and the estimated aggregate fair values of the assets acquired and liabilities assumed at the date of acquisition:

	2012
Number of businesses acquired	4
Net assets acquired:	
Accounts receivable and other assets	$ 263
Inventory	86
Property and equipment	2,085
Other intangibles	
Customer relationships	1,276
Non-compete agreements	120
Trademarks	130
Accounts payable and accrued expenses	(42)
Total net assets acquired	3,918
Goodwill	1,550
Total purchase price	5,468
Less: debt issued or assumed	(1,121)
Less: issuance of shares	(37)
Cash Paid	$ 4,310

During 2012, the Company acquired four independent businesses and purchased the remaining non-controlling interest in one of its subsidiaries. The results of operations of these acquisitions have been included in the Company's consolidated financial statements and include $3.1 million in revenue and the related loss was insignificant to the Company's overall net loss from continuing operations. None of these acquisitions were significant individually or in the aggregate to the Company's consolidated financial results and therefore, supplemental pro forma financial information is not presented.

NOTE 4 — PRIOR PERIOD RECLASSIFICATION

In the first quarter of 2014, the Company began implementing a realignment of its field service and sales organization and as a result the primary function of certain job titles has shifted from primarily a sales, to a service focus. The additional service activities involve more frequent field visits to perform preventative maintenance, repairs, evaluation of product and service solutions and required inventory levels. This realignment of the field service and sales organization was implemented in stages during 2014. Payroll expense related to these job titles was historically classified within "Selling, general and administrative expenses" in the Consolidated Statement of Operations and Comprehensive Loss, based on the primary job focuses of sales and administration. Based on the changes in the job functions, the related payroll expense is classified within "Route expense", which the Company defines as the employee costs incurred to provide service and deliver products to customers. To facilitate comparability between the periods presented in the Condensed Consolidated Statements of Operations and Comprehensive Loss for the twelve months ended December 31, 2013 certain selling, general and administrative expenses have been reclassified to route expense to conform to the current period's presentation which resulted in an $11.9 million increase in route expense and a $11.9 million decrease in selling, general and administrative expense. The reclassification for the twelve months ended December 31, 2012 resulted in a $12.5 million increase in route expense and a $12.5 million decrease in selling, general and administrative expense. There was no impact to loss from continuing operations, net loss or loss per share as a result of the 2013 and 2012 reclassifications.

NOTE 5 — GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets have been recognized in connection with the Company's acquisitions and substantially all of the balance is expected to be fully deductible for income tax purposes over 15 years. Changes in the carrying amount of goodwill during the years ended December 31, 2014 and 2013 were as follows:

	2014	2013
Gross balance- beginning	$ 5,821	$ 107,228
Additions related to acquisitions (Note 3)	-	150
Adjustment to the lower of carrying or fair market value for Assets Held for Sale (Note 2)	-	(4,703)
Reclassification of goodwill to Assets Held for Sale (Note 2)	-	(2,790)
Dispositions (Note 2)	-	-
Gross balance – ending	5,821	99,885
Accumulated impairment loss	(5,821)	(94,064)
Net balance – ending	$ -	$ 5,821

The Company's accounting policy was to perform an annual goodwill impairment test in the fourth quarter or more frequently whenever events or circumstances indicated that goodwill or the carrying value of intangible assets may not be recoverable. On a quarterly basis, we monitor the key drivers of fair value to detect the existence of indicators or changes that would warrant an interim impairment test for our goodwill and intangible assets. Due to a shortfall in sales compared to expectations in the quarter ended June 30, 2014, the Company elected to bypass the qualitative analysis step and proceed directly to step 1 of the goodwill impairment test. Step 1 of the goodwill impairment test was performed with the assistance of an independent valuation specialist using the discounted cash flow method ("DCF".) Based on this analysis, it was determined that the Company's net book value exceeded its fair value thereby necessitating the performance of step 2 of the goodwill impairment test. The decrease in estimated fair value was driven by lower actual revenue compared to 2014 projections. The growth rates for the second half of 2014 and the first half of 2015 were revised to reflect the lower revenue during the six months ended June 30, 2014. The effect of these revisions resulted in a loss of estimated fair value resulting in a write-off of the remaining goodwill balance with a non-cash impairment charge of $5.8 million during 2014.

In connection with its 2013 fourth quarter evaluation of goodwill, the Company elected to bypass the qualitative analysis step and proceed directly to step 1 of the goodwill impairment test. This decision was based largely on the results of the 2013 third quarter interim impairment test that indicated the Company's goodwill was at high risk of impairment given the narrow difference identified between fair value and book value. It was determined that the Company's net book value exceeded its fair value thereby necessitating the performance of step 2 of the goodwill impairment test. In performing Step 2 of the impairment test, with the assistance of valuation specialists, we compared the implied fair value of the reporting unit's goodwill to its carrying value. This test resulted in a non-cash impairment charge of $93.2 million in 2013. The goodwill impairment can be attributed to the Company's history of operating losses and continued deterioration of its stock price.

We believe the cash flow projections and valuation assumptions used were reasonable and consistent with market participants. The key variables that drive our cash flows are customer growth and attrition and operational efficiencies. The terminal value growth rate assumption as well as the WACC rate both represent additional key variables in the DCF model. The estimates and assumptions used are subject to uncertainty.

Other Intangible Assets

	Weighted-average Amortization Period (Years)	Carrying Amount	Accumulated Amortization	Net
At December 31, 2014				
Customer relationships	8.9	$ 50,635	$ (27,838)	$ 22,792
Non-compete agreements	4	9,098	(8,032)	1,066
Formulas	20	4,544	(767)	3,777
Trademarks/ Trade names	(A)	2,151	(340)	1,811
Total		$ 66,428	$ (36,982)	$ 29,446
At December 31, 2013				
Customer relationships	8.9	$ 50,635	$ (22,060)	$ 28,575
Non-compete agreements	4	9,098	(6,380)	2,718
Formulas	20	4,544	(545)	3,999
Trademarks/ Trade names	(A)	2,059	(340)	1,719
Total		$ 66,336	$ (29,325)	$ 37,011

(A) Consist of indefinite lived and finite lived intangible assets.

The fair value of the customer relationships acquired is based on future discounted cash flows expected to be generated from those customers. These customer relationships will be amortized on a straight-line basis over five to ten years, which is primarily based on historical customer attrition rates. The fair value of the non-compete agreements will be amortized on a straight-line basis over the length of the agreements, typically with terms of five years or less. The fair value of formulas is amortized on a straight-line basis over twenty years. As of December 31, 2012, all trademarks and trade names are considered indefinite lived intangibles.

During 2013, approximately $2.5 million in customer relationships and non-compete assets were reclassified to assets held for sale as further discussed in Note 3, "Discontinued Operations and Assets Held for Sale." The Company recorded $0.6 million in impairment losses related to customer relationships and non-compete agreements that was recognized and included in other expense, net.

Amortization expense was $7.7 million, $8.1 million, and $8.7 million for the years ended December 31, 2014, 2013 and 2012, respectively. At December 31, 2014, estimated future amortization of separately identifiable intangibles for each of the next five years and thereafter is: 2015 -$6.3 million, 2016 - $4.2 million, 2017 - $3.5 million, 2018 - $3.5 million, 2019 - $3.5 million and thereafter - $6.6 million.

NOTE 6 — INVENTORY

Inventory is comprised of the following components at December 31, 2014 and 2013:

	December 31,	
	2014	2013
Finished goods	$ 12,285	$ 11,587
Raw materials	2,781	2,042
Work in process	360	403
Total	$ 15,426	$ 14,032

NOTE 7 — PROPERTY AND EQUIPMENT

Property and equipment, net as of December 31, 2014 and 2013 consist of the following:

	December 31,	
	2014	2013
Items in service	$ 48,928	$ 47,851
Equipment, laundry facility equipment and furniture	10,276	9,456
Vehicles	2,380	2,723
Computer equipment	2,312	2,480
Computer software	7,378	7,236
Building and leasehold improvements	6,191	6,127
	77,465	75,873
Less accumulated depreciation and amortization	(40,428)	(32,031)
Property and equipment, net	$ 37,037	$ 43,842

Depreciation and amortization expense on property and equipment for the years ended December 2014, 2013, and 2012 was $13.6 million, $14.0 million, and $12.3 million, respectively. The cost and accumulated depreciation of fully depreciated assets are removed from the accounts when assets are disposed.

As of December 31, 2014 and 2013, computer software includes costs of $6.3 million and $6.1 million, respectively, for upgrades to our enterprise reporting management system and the development of our technology platform for field service operations, accounting, billing and collections. The accumulated depreciation was $5.0 million and $4.1 million as of December 31, 2014 and 2013, respectively. The weighted average amortization period for capitalized software costs is 7 years. Depreciation and amortization expense for capitalized computer software costs was $0.9 million for each of the years ended December 31, 2014, 2013, and 2012. At December 31, 2014, estimated amortization of computer software costs for each of the next five years is: 2015 - $0.4 million, 2016 - $0.3 million, 2017 - $0.3 million, 2018 - $0.2 million, and $0.1 million thereafter.

As of December 31, 2014, property and equipment includes $0.4 million in recorded capital leases with $0.2 million in accumulated depreciation. The gross amount of property and equipment recorded under capital leases consists of $0.2 million in computers and $0.2 million in machinery and equipment. As of December 31, 2013, property and equipment includes $0.9 million recorded in capital leases with $0.4 million in accumulated depreciation. The gross amount of property and equipment recorded under capital leases consists of $0.2 million in computers, $0.1 million in machinery and equipment and $0.6 million in dish machines.

NOTE 8 — LONG-TERM DEBT AND OBLIGATIONS

The major components of debt as of December 31, 2014 and 2013 consist of the following:

	December 31,	
	2014	2013
Notes payable	$ 1,193	$ 1,721
Convertible promissory notes, 4.0%: maturing at various dates through 2016	832	2,679
Capitalized lease obligations and other financing	1,044	2,854
Total debt and obligations	3,069	7,254
Long-term debt and obligations due within one year	(1,884)	(5,251)
Long-term debt and obligations	$ 1,185	$ 2,003

At December 31, 2014, principal debt payments due for each of the next five years and thereafter are: 2015 - $1.9 million, 2016 - $0.5 million, 2017 - $0.3 million, 2018 - $0.3 million, and thereafter – $0.1 million.

Acquisition Related Notes Payable

In connection with certain acquisitions, the Company incurred or assumed notes payable as part of the purchase price. Two of the seller notes payable totaling $1.2 million as of December 31, 2014 are secured by letters of credit and the remaining notes payable are secured by the Company. At December 31, 2014 and 2013, these obligations bore interest at rates ranging between 3.7% and 4.0%.

Capital lease obligations and Other Financing

The Company has entered into capitalized lease obligations with third party finance companies to finance the cost of certain dish machines. At December 31, 2014 and 2013, these obligations bore interest at rates ranging between 4.0% and 18.4%. The Company has also entered into notes payables with third party finance companies to pay various insurance premiums. At December 31, 2014 and 2013, these obligations bore interest at rates ranging between 2.3% and 2.8%.

Convertible promissory notes

During 2012 and 2011, the Company issued eighteen convertible promissory notes with an aggregate principal value of $10.9 million as part of total consideration paid for acquisitions that were recorded at fair value on the date of issuance. The Company makes quarterly cash payments through each note's maturity date. The ability to settle these notes with shares exist at the Company's election into a maximum of 2,823,853 shares of common stock. The Company may settle these notes at any time prior to and including the maturity date any portion of the outstanding principal amount, plus accrued interest in a combination of cash and shares of common stock. To the extent that the Company's common stock is part of such settlement, the settlement price is the most recent closing price of the Company's common stock on the trading day prior to the date of settlement. Although none of these notes have been settled to date with shares, if all notes outstanding at December 31, 2014 were to be settled with shares, the Company would issue approximately 444,886 shares of common stock. These notes do not require remeasurement to fair value after the business combination dates.

During 2011, the Company issued two convertible promissory notes with an aggregate principal value of $3.4 million as part of total consideration paid for acquisitions and were recorded at fair value on the date of issuance, maturing in 2012 and 2013. The holder was able to convert all or a portion of the principal and interest into shares of the Company's common stock at any time, but not later than the maturity date at a fixed conversion rate of $5.00 per share. In addition, the Company had the option to deliver at any time prior to and including the maturity date any portion of the outstanding principal and accrued interest in shares of common stock. The conversion price at which the principal and accrued interest subject to settlement would be converted to common stock is the lesser of (i) the volume weighted average price for the five trading days on NASDAQ immediately prior to the date of conversion, and (ii) the fixed conversion rate; provided, however, that the closing price per share of common stock as reported on NASDAQ on the trading day immediately preceding the date of conversion was not less than $5.00. The notes were convertible by the holder into a maximum 675,040 shares of the Company's common stock although conversion never occurred. The Company made the last required cash payment on these notes during the fourth quarter of 2012. These notes were carried at fair value and the Company adjusted their carrying value to fair value through operating results as described further in Note 9, "Fair Value Measurements."

Equipment Financing

In August 2011, the Company entered into an agreement, which provided financing up to $16.4 million for new and used trucks, carts, compactors, and containers for the Waste segment. The financing consisted of one or more fixed rate loans that had a term of five years. The interest rate for borrowings under this facility was determined at the time of each such borrowing and was based on a spread over the five year U.S. swap rate. The commitment letter had an expiration date of February 2012, with a renewal option of six months, if approved. During 2011, the Company made borrowings of $8.9 million at an average interest rate of 3.55%. Separately in August 2011, the Company entered into an agreement to finance new and replacement vehicles for its fleet that allowed for one or more fixed rate loans totaling, in the aggregate, no more than $18.6 million. The commitment, which expired in June 2012, was secured by Waste segment's vehicles and containers. The interest rate for borrowings under this facility were determined at the time of the loan and were based on a spread above the U.S. swap rate for the applicable term, either four or five years. Borrowings under this loan commitment were subject to the same financial covenants as the $100.0 million credit facility discussed below and were $6.9 million during 2011. Borrowings under these agreements were subsequently paid off using proceeds from the disposition of the Waste segment as discussed in Note 2, "Discontinued Operations and Assets Held for Sale."

2011 Revolving Credit Facilities

In March 2011, we entered into a $100.0 million senior secured revolving Credit Facility (the "Credit Facility"), which replaced the Company's former credit facilities. Under the Credit Facility, the Company had an initial borrowing availability of $32.5 million, which increased to the fully committed $100.0 million upon delivery of our unaudited quarterly financial statements for the quarter ended March 31, 2011 and satisfaction of certain financial covenants regarding leverage and coverage ratios and a minimum liquidity requirement, which requirements we met as of March 31, 2011. Borrowings under the Credit Facility were secured by a first priority lien on substantially all existing and subsequently acquired assets, including $25.0 million of cash on borrowings in excess of $75.0 million. Furthermore, borrowings under the facility were guaranteed by all domestic subsidiaries and secured by substantially all assets and stock of domestic subsidiaries and substantially all stock of foreign subsidiaries. Interest on borrowings under the Credit Facility typically accrued at London Interbank Offered Rate ("LIBOR") plus 2.5% to 4.0%, depending on the ratio of senior debt to "Adjusted EBITDA" (as such term is defined in the credit facility, which included specified adjustments and allowances authorized by the lender). The Company also had the option to request swingline loans and borrowings using a base rate. Interest was payable monthly or quarterly on all outstanding borrowings.

Borrowings and availability under the Credit Facility were subject to compliance with financial covenants, including achieving specified consolidated Adjusted EBITDA levels and maintaining leverage and coverage ratios and a minimum liquidity requirement. The Credit Facility also placed restrictions on our ability to incur additional indebtedness, to make certain acquisitions, to create liens or other encumbrances, to sell or otherwise dispose of assets, and to merge or consolidate with other entities or enter into a change of control transaction. In August 2011, the Company entered into an amendment to the Credit Facility that modified the covenants, including an increase in permitted new indebtedness to $40.0 million. The Credit Facility was subject to other standard default provisions. During 2012, we amended our Credit Facility with Wells Fargo Bank, National Association on each of April 12, 2012, May 15, 2012, June 28, 2012, July 30, 2012, August 31, 2012, September 27, 2012, and October 31, 2012, in each case, primarily to extend the dates by which we were required to file our 2011 Form 10-K and Forms 10-Q for the quarters ended March 31, 2012, June 30, 2012 and September 30, 2012 and to avoid potential defaults for not timely filing these reports. In addition, the August 31, 2012 amendment reduced the Company's maximum borrowing limit to $50.0 million, provided that the Company met certain borrowing base requirements. The September 27, 2012 amendment further reduced the Company's maximum borrowing limit to $25.0 million, provided that the Company met certain modified borrowing base requirements. The October 31, 2012 amendment required the Company to place certain amounts in a collateral account under the sole control of the administrative agent to meet the Company's unencumbered liquidity requirements. In connection with the sale of our Waste segment on November 15, 2012, as discussed in Note 2 "Discontinued Operations and Assets Held for Sale," we paid off the Credit Facility which resulted in its termination.

2014 Revolving Credit Facility

On August 29, 2014, the Company entered into a $20.0 million revolving credit facility, through the execution of a Loan and Security Agreement, by and among the Company, as Guarantor, and certain subsidiaries of the Company, collectively, as Borrower, and Siena Lending Group LLC, as Lender (the "Credit Facility"). The Credit Facility matures on August 29, 2017. Interest on borrowings under the Credit Facility will accrue at the Base Rate plus 2.00% and will be payable monthly. Base Rate is defined as the greater of (1) the Prime Rate, (2) the Federal Funds Rate plus 0.50%, or (3) 3.25%. Borrowings and availability under the Credit Facility are subject to a borrowing base and limitations, and compliance with other terms specified in the agreement. Borrowings under the Credit Facility are secured by a first priority lien on certain of the Company's and its subsidiaries' assets. The calculated borrowing base as of December 31, 2014 was $13.3 million, of which $4.4 million was outstanding under letters of credit and $8.9 million was unused. The Credit Facility contains certain customary representations and warranties, and certain customary covenants on the Company's ability to, among other things, incur additional indebtedness, create liens or other encumbrances, sell or otherwise dispose of assets, pay dividends, and merge or consolidate with other entities or enter into a change of control transaction. The Credit Facility contains various events of default. The Company was not in default with covenants under the Credit Facility as of December 31, 2014. As of March 30, 2015, the balance on the Credit Facility is $3.2 million.

NOTE 9 — FAIR VALUE MEASUREMENTS

The fair value of the above convertible promissory notes issued as part of acquisitions is based primarily on a Black-Scholes pricing model. The significant management assumptions and estimates used in determining the fair value include the expected term and volatility of the Company's common stock. The expected volatility is based on an analysis of industry peer's historical stock price over the term of the note, which is estimated at approximately 25.0%. The Company believes that using a peer group stock volatility rate is appropriate given the Company's relatively short history as a public company, which involved a high growth phase and the audit committee investigation, discussed further in Note 16 "Commitments and

Contingencies," which resulted in the delinquent filings of certain of the Company's financial statement filings with the SEC related to 2011 and 2012. The convertible promissory notes are Level 3 financial instruments since they are not traded on an active market and there are unobservable inputs, such as expected volatility used to determine the fair value of these instruments.

In addition, during 2011, the Company issued an earn-out that was to be settled in up to 90,909 shares of common stock held in escrow within one year from the date of acquisition or once the acquired business's revenue achieves an agreed upon level. In 2012, the Company released from escrow all 90,909 shares of common stock to the sellers. The following table is a reconciliation of changes in fair value of the notes and contingent earn-outs that are required to be marked to market each subsequent reporting period under generally acceptable accounting principles, and have been classified as Level 3 in the fair value hierarchy for the years ended December 31, 2014 and 2013:

	2014	2013
Balance at beginning of period	$ -	$ 886
Settlement/conversion of convertible promissory notes	-	(886)
Balance at end of period	$ -	$ -

In connection with a distribution agreement entered into in December 2010, the Company provided a guarantee that the distributor's operating cash flows associated with the agreement would not fall below certain agreed-to minimums, subject to certain pre-defined conditions, over the ten year term of the distribution agreement. If the distributor's annual operating cash flow does fall below the agreed-to annual minimums, the Company will reimburse the distributor for any such short fall up to a pre-designated amount. No value was assigned to the fair value of the guarantee at December 31, 2014 and December 31, 2013 based on a probability assessment of the projected cash flows. This liability would be considered a Level 3 financial instrument given the unobservable inputs used in the projected cash flow model. There have been no transfers between Level 1, 2, and 3 financial instruments during the three years ended December 31, 2014.

Non-Recurring Fair Value Measurements

There were no assets held for sale at December 31, 2014. The asset held for sale balance at December 31, 2013 was $4.5 million. Total impairment adjustments to the estimated fair value of the Company's assets held for sale for the twelve months ended December 31, 2014 and 2013 were $3.0 million and $6.4 million, respectively. Fair value is based on the estimated net proceeds from the sale of the assets which are derived based on a number of factors; including standard industry multiples of revenues or operating metrics and the status of ongoing sales negotiations and asset purchase agreements where available. Our estimates of fair value are regularly reviewed and subject to changes based on market conditions, changes in the customer base of the operations or routes and our continuing evaluation as to the facility's acceptable sale price. These assets are measured using Level 3 inputs.

NOTE 10 — ADVANCES FROM SHAREHOLDERS

In August 2010, the Company borrowed $2.0 million for working capital purposes, pursuant to an unsecured note payable to one of its shareholders that bore interest at the short-term Applicable Federal Rate. The note was paid in full following the sale of the Waste segment which is discussed in Note 2 "Discontinued Operations and Assets Held for Sale". As of the date of the Merger, the Company had borrowed $21.4 million under an unsecured note payable to one of its shareholders. The note bore interest at the one month LIBOR plus 2.0%. Interest accrued on the note was included in accrued expenses and was $0.8 million as of the date of the Merger. These advances plus accrued interest were converted into equity upon completion of the Merger.

NOTE 11 —OTHER RELATED PARTY TRANSACTIONS

The Company paid fees for training course development and utilization of the delivery platform from a company, the majority of which is owned by a partnership in which a former director and two former executives of the Company have a controlling interest. Fees paid during fiscal years 2014, 2013 and 2012 were $0.1 million in each of the three years.

The Company purchased chemical products from an entity owned, in full or in part, by a Company employee. Purchases were $5.4 million, $7.2 million and $7.4 million for the fiscal years ended 2014, 2013, and 2012, respectively. At December 31, 2014 and 2013, the Company has $0.3 million and $0.6 million included in accounts payable to these entities, respectively.

During the year ended December 31, 2014, the Company was obligated to make lease payments pursuant to certain real property and equipment lease agreements with employees that were former owners of acquired companies. During 2014, 2013, and 2012, the Company paid $0.9 million, $1.2 million and $1.3 million, respectively, related to these leases.

In connection with the acquisition of Choice, we entered into capital leases that had initial terms of five or ten years with companies owned by former shareholders of Choice, to finance the cost of leasing office buildings and properties, including warehouses. The Company sold its Waste segment, which consisted principally of Choice, during the fourth quarter of 2012, as more fully described in Note 2, "Discontinued Operations and Assets Held for Sale," and in connection therewith transferred all remaining capital lease obligations to the buyers.

NOTE 12 — INCOME TAXES

Net loss from continuing operations before income taxes for the years ended December 31, 2014, 2013 and 2012 includes:

	2014	2013	2012
Domestic	$ (42,457)	$ (152,061)	$ (61,400)
Foreign	(4,440)	(1,065)	(622)
Net loss from continuing operations before income taxes	$ (46,897)	$ (153,126)	$ (62,022)

The components of the income tax (benefit) expense on continuing operations for the years ended December 31, 2014, 2013 and 2012 includes:

	2014	2013	2012
Current Federal, state and foreign	$ 2	$ (41)	$ 383
Deferred:			
Federal and state	13	(2,596)	18,565
Foreign	(104)	43	(195)
Total income tax (benefit) expense	$ (89)	$ (2,594)	$ 18,753

A reconciliation of the statutory U.S. Federal income tax rate to the Company's effective income tax rate applicable to continuing operations for the years ended December 31, 2014, 2013, and 2012 is as follows:

	2014	2013	2012
U.S. Federal statutory rate	35%	35%	35%
State and local taxes, net of Federal benefit	3	3	3
Goodwill impairment	(1)	(3)	-
Other permanent expenses	(1)	-	-
Change in valuation allowance	(36)	(33)	(68)
Effective income tax rate	- %	2%	(30) %

Deferred income taxes reflect the net tax effect of temporary differences between amounts recorded for financial reporting purposes and amounts used for tax purposes. The major components of deferred tax assets and liabilities from continuing operations are as follows:

	2014	2013
Deferred tax assets		
Basis difference in goodwill	$ 26,449	$ 29,040
Net operating loss carryforward	55,862	39,772
Basis difference in other intangible assets	3,462	2,838
Stock based compensation	3,498	3,382
Allowance for uncollectible receivables	1,184	908
State basis difference in property and equipment	890	916
Inventory	550	1,559
Accrued liabilities	1,827	2,205
Other	127	127
Total deferred income tax assets	93,849	80,747
Valuation allowance	(86,784)	(71,363)
Net deferred tax assets	7,065	9,384
Deferred tax liabilities		
Basis difference in property and equipment	7,089	9,502
Total deferred tax liabilities	7,089	9,502
Total net deferred income tax liabilities	$ 24	$ 118

The net deferred income tax liability of $0.1 million as of December 31, 2014 consists of the current asset of $0.5 million and non-current liability of $0.6 million. The net deferred income tax liability of $0.1 million as of December 31, 2013 consists of the current asset of $0.9 million and non-current liability of $1.0 million.

For the year ended December 31, 2013, there was a deferred tax liability associated with excess book over tax goodwill as it relates to the Company's Canadian subsidiary. As goodwill is considered to be an indefinite lived intangible, this associated deferred tax liability is not allowed to be netted with other deferred tax assets in determining the need for a valuation allowance. This resulted in an overall net deferred tax liability after applying the valuation allowance.

Due to the impairment of goodwill for book purposes as of June 30, 2014, a deferred tax asset exists related to goodwill for the Canadian subsidiary. Given the change from 2013 to 2014, from a deferred tax liability to a deferred tax asset, a tax benefit for 2014 of approximately $0.1 million was recognized.

On September 13, 2013 the U.S. Department of the Treasury issued final regulations that provide guidance on capitalization of tangible property. These regulations will result in our adoption of certain accounting method changes with respect to property and equipment, inventory and supplies. We are currently analyzing these accounting method changes, which will be adopted during the 2015 tax year, but we do not believe they will have a material impact on the consolidated financial statements.

The Company has incurred significant net losses for financial reporting purposes. Recognition of deferred tax assets will require generation of future taxable income. A valuation allowance is required to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. During the twelve month period ended December 31, 2014, the Company concluded that the likelihood of realization of the benefits associated with its U.S. deferred tax assets does not reach the level of more likely than not. As a result, the Company continues to recognize a full valuation allowance on all U.S. deferred tax assets as of at December 31, 2014. As of each reporting date, the Company will consider new evidence, both positive and negative, that could impact its view with regard to future realization of deferred tax assets. The Company does not consider the deferred tax liabilities related to indefinite lived intangible assets when determining the need for a valuation allowance.

At December 31, 2014 and 2013, net operating loss ("NOL") carryforwards for federal income tax purposes were $145.9 million and $104.4 million. The Federal NOL's will begin to expire in 2030 and the various state NOL's will begin to expire between the years 2025 and 2030.

We have no recorded uncertain tax positions, therefore, there would be no impact to the effective tax rate. The Company includes interest and penalties accrued in the consolidated financial statements as a component of interest expense. No significant amounts were required to be recorded as of December 31, 2014 and 2013 or during the three year period ended December 31, 2014. The tax years ended December 31, 2011 through December 31, 2014 are considered to be open under statute and therefore may be subject to examination by the Internal Revenue Service and various state jurisdictions. We do not expect the unrecognized tax benefits to change significantly over the next 12 months.

NOTE 13 — EQUITY MATTERS

Comprehensive Loss

A summary of the changes in each component of accumulated other comprehensive loss for the year ended December 31, 2014 is provided below:

	Foreign Exchange	Defined Benefit Plan	Total
Balance at December 31, 2013	$ (94)	$ (435)	$ (529)
Current period other comprehensive loss	(31)	(747)	(778)
Balance at December 31, 2014	$ (125)	$ (1,182)	$ (1,307)

Stock Based Compensation

In November 2010, our board of directors approved, subject to shareholder approval, the Swisher Hygiene Inc. 2010 Stock Incentive Plan (the "SIP Plan") to attract, retain, motivate and reward key officers and employees. The SIP Plan, which was approved by shareholders in May 2011 allows for the grant of stock options, restricted stock units and other equity instruments up to a total of 1,140,000 shares of the Company's common stock.

All options are exercisable at a price equal to the closing market value of the Company's common stock on the date immediately preceding the grant. Options generally vest in four equal annual installments beginning on the first anniversary of the grant date and generally expire ten years from the date of grant. Restricted stock units are issued at the closing market value of the Company's common stock on the date immediately preceding the grant and generally vest over four years with the first vesting occurring twelve months after the award and the remaining vesting occurring on the subsequent anniversary dates of the award. Recipients of both options and restricted stock units may not sell or transfer their shares until the recipient receives the shares underlying the award.

Stock Option Activity

A summary of the Company's stock option activity and related information for 2014 and 2013 is as follows:

	Outstanding Options			
	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Balance at December 31, 2012	305,366	$ 43.84		
Options granted	321,632	$ 7.89		
Options cancelled	(101,118)	$ 46.14		
Options exercised	-			
Balance at December 31, 2013	525,880	$ 22.05		
Options granted	378,000	$ 4.10		
Options cancelled	(194,634)	$ 18.00		
Options exercised	-			
Balance at December 31, 2014	709,246	$ 13.59	8.66	$ -
Expected to Vest after December 31, 2014	138,094	$ 12.21	8.47	$ -
Exercisable at December 31, 2014	153,924	$ 33.85	7.05	$ -

The aggregate intrinsic value represents the value of the Company's closing stock price on the last trading day of the fiscal period in excess of the weighted average exercise price multiplied by the number of options outstanding or exercisable. Total intrinsic value of options at time of exercise was $0.0 million, $0.0 million and $0.2 million for 2014, 2013 and 2012, respectively. The weighted average grant-date fair value of options granted was $1.47, $2.80 and $7.20 for 2014, 2013 and 2012, respectively.

In connection with the Merger, options previously issued by CoolBrands that were outstanding at the date of the Merger were fully vested and all related compensation expense was recognized by CoolBrands prior to November 2, 2010, the Merger date. At December 31, 2012, 17,500 options remain outstanding and exercisable at a weighted average price of $7.89, weighted average remaining contractual life of 1.6 years and an aggregate intrinsic value of $0.2 million. At December 31, 2013, 17,500 options remain outstanding and exercisable at a weighted average price of $7.89, weighted average remaining contractual life of 0.6 years and an aggregate intrinsic value of $0.0 million. At December 31, 2014, 6,000 options remain outstanding and exercisable at a weighted average price of $11.50, weighted average remaining contractual life of 0.2 years and an aggregate intrinsic value of $0.0 million.

The exercise prices for options granted during 2014 and 2013 ranged from $4.04 to $4.80 per share and $5.90 to $9.30 per share, respectively.

Restricted Stock Units

A summary of the Company's restricted stock activity for 2014 and 2013 is as follows:

	Number of Restricted Stock Units	Weighted - Average Grant Date Fair Value	Aggregate Intrinsic Value (in millions)
Balance at December 31, 2012	89,660	$ 51.47	$ 1.6
Granted	32,229	$ 12.32	
Vested	(66,921)	$ 31.57	
Forfeited	(16,782)	$ 40.53	
Balance at December 31, 2013	38,186	$ 56.06	$ 0.2
Granted	53,873	$ 3.71	
Vested	(73,786)	$ 17.67	
Forfeited	(11,507)	$ 42.26	
Balance at December 31, 2014	6,766	$ 81.38	$ -

Stock Based Compensation

Stock based compensation cost for stock options as calculated by the Company using Black-Scholes option-pricing model with the following assumptions:

	2014	2013	2012
Expected dividend yield	-	-	-
Risk free interest rate	1.9% - 2.0%	1.5% - 1.9%	0.9% - 1.2%
Expected volatility	32.70%	30.70%	30.70%
Expected life (years)	6.25	6.25	6.25

The expected dividend yield was assumed to be zero as we have not paid, and do not anticipate paying, cash dividends on our shares of common stock. The risk-free interest rate is determined based on a yield curve of U.S. treasury rates based on the expected life of the options granted. The expected volatility was based on an analysis of industry peers historical stock price and the terms of the equity awards. The Company believes that using a peer group stock volatility rate is appropriate given the Company's relatively short history as a public company, which involved a high growth phase and the audit committee investigation discussed further in Note 15 "Commitments and Contingencies," both of which occurred in 2012. The expected life is based on the simplified method as we do not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected life of our stock options. The Company estimates forfeitures based on estimated turnover by relevant employee categories. The Company recognizes stock based compensation on a straight line basis over the requisite service period.

For the years ended December 31, 2014, 2013 and 2012, the Company recognized stock based compensation expense of $1.7 million, $2.9 million and $3.5 million, respectively, in the consolidated statements of operations for both stock options and restricted stock units. At December 31, 2014, the total unrecognized compensation costs related to outstanding stock options and restricted stock units is $1.0 million.

Subsequent to the Company's notification from NASDAQ in June of 2013, that indicated the Company had completed all outstanding filing requirements and had regained compliance with NASDAQ listing rules, the Company was in a position to settle previously vested RSUs. During 2013, the Company issued the underlying 832,819 shares of common stock and withheld 274,061 shares to cover the required statutory withholding tax totaling $0.2 million, which was determined based on the closing price of our common stock on the date of issuance. These shares are considered retired under the provisions of the Swisher Hygiene Inc. 2010 Stock Incentive Plan. See Note 16, "Commitments and Contingencies" - in the Other Related Matters section.

NOTE 14 — RETIREMENT PLAN

An acquired subsidiary of CoolBrands maintained a defined benefit pension plan (the "Plan") covering substantially all salaried and certain executive employees. Subsequent to the acquisition of this subsidiary in 2000 by CoolBrands, all future participation and all benefits under the Plan were frozen. The Plan provides retirement benefits based primarily on employee compensation and years of service up to the date of acquisition. As part of the Merger, on November 2, 2010, Swisher recorded the net underfunded pension obligation of $0.6 million.

The following table reconciles the changes in benefit obligations and Plan assets as of December 31, 2014 and 2013 and reconciles the funded status to accrued benefit cost at December 31, 2014 and 2013:

	Benefit Obligation (In thousands)
At December 31, 2012	$ 3,421
Interest cost	125
Actuarial gain	(353)
Benefit payments	(117)
At December 31, 2013	3,076
Interest cost	139
Actuarial loss	697
Benefit payments	(117)
At December 31, 2014	$ 3,795

	Plan Assets (In thousands)
At December 31, 2012	$ 2,045
Actual return on plan assets	272
Employer contributions	21
Benefit payments	(117)
At December 31, 2013	2,221
Actual return on plan assets	108
Employer contributions	98
Benefit payments	(117)
At December 31, 2014	$ 2,310

As of December 31, 2014 and 2013, the net underfunded status of the defined benefit plan is $1.5 million and $0.8 million, respectively, which is recognized as accrued benefit cost in other long-term liabilities on the Consolidated Financial Statements. Unrecognized (gains) losses recorded in accumulated other comprehensive loss in the consolidated financial statements were ($1.2) million, ($0.5) million and $0.1 million for the periods ended December 31, 2014, 2013 and 2012, respectively.

The following table provides the components of the net periodic benefit cost (income) for each of the respective fiscal years:

	2014	2013	2012
Interest cost	$ 139	$ 125	$ 131
Expected return on Plan assets	(166)	(149)	(138)
Recognized net actuarial loss	8	27	21
Net periodic benefit cost (income)	$ (19)	$ 3	$ 14

The key assumptions used in the measurement of the benefit obligation are the discount rate and the expected return on Plan assets for each of the respective years are:

	2014	2013	2012
Discount rate	3.8%	4.6%	3.7%
Expected return on Plan assets	7.5%	7.5%	7.5%

The rate used to discount pension benefit plan liabilities was based on the Citigroup Pension Discount Curve at December 31, 2014 and 2013. The estimated future cash flows for the pension obligation were matched to the corresponding rates on the yield curve to derive a weighted average discount rate.

The expected return on Plan assets was developed by determining projected stock and bond returns and then applying these returns to the target asset allocations of the employee benefit trusts, resulting in a weighted average return on Plan assets. The actual historical returns of the Plan assets were also considered.

Based on the latest actuarial report as of December 31, 2014, the Company expects that there will be minimum regulatory funding requirements of $0.1 million that will need to be made during fiscal 2015.

Expected benefit payments under the Plan over future years are: 2015 - $0.1 million, 2016 - $0.2 million, 2017 - $0.2 million, 2018 - $0.2 million, 2019 - $0.2 million and 2020 to 2024 – $1.0 million.

Plan Assets

The Company’s investment strategy is to obtain the highest possible return commensurate with the level of assumed risk. Investments are well diversified within each of the major asset categories. The Company’s allocation of Plan assets and target allocations are as follows:

	Fair Value Measurements Level 1 as of December 31,	
	2014	2013
Equities:		
U. S.	$ 1,116	$ 1,205
International	337	340
Fixed Income:		
U. S.	560	554
International	82	81
Cash, cash equivalents and other	215	51
Total	$ 2,310	$ 2,231

The U.S. and International equities are actively traded on a public exchange and are considered Level 1 assets. The fixed income securities are corporate and government bonds that are valued based on prices in active markets for identical transactions and are considered Level 1 assets. There were no Plan assets categorized as Level 2 or Level 3 as of December 31, 2014 or 2013. There were no significant transfers between Level 1, 2, or Level 3 during the fiscal years 2014 or 2013. See Note 1, “Operations and Summary of Significant Accounting Policies,” for a description of the fair value hierarchy.

NOTE 15 — LOSS PER SHARE

Basic net loss from continuing operations and discontinuing operations attributable to common stockholders per share is computed by dividing the applicable net loss attributable to common stockholders by the weighted average number of common shares outstanding during the period. Shares of common stock underlying outstanding stock options of which the market price of the common stock is lower than the exercise price of the related options were not considered for any dilutive earnings per share calculation. Shares of common stock underlying unvested restricted stock awards of 6,766, 38,234 and 395,180 were not included in the computation of diluted loss per share for 2014, 2013 and 2012, respectively, as their inclusion would be anti-dilutive.

NOTE 16 — COMMITMENTS AND CONTINGENCIES

We may be involved in litigation from time to time in the ordinary course of business. We do not believe that the ultimate resolution of these matters will have a material adverse effect on our business, financial condition or results of operations. However, the results of these matters cannot be predicted with certainty and we cannot assure you that the ultimate resolution of any legal or administrative proceedings or disputes will not have a material adverse effect on our business, financial condition and results of operations.

Securities Litigation

Between March 30, 2012 and May 24, 2012, six stockholder lawsuits were filed in federal courts in North Carolina and New York asserting claims relating to the Company's March 28, 2012 announcement regarding the Company's Board's conclusion that the Company's previously issued interim financial statements for the quarterly periods ended March 31, 2011, June 30, 2011 and September 30, 2011, and the other financial information in the Company's quarterly reports on Form 10-Q for the periods then ended, should no longer be relied upon and that an internal review by the Company's Audit Committee primarily relating to possible adjustments to the Company's financial statements was ongoing.

On March 30, 2012, a purported Company stockholder commenced a putative securities class action on behalf of purchasers of the Company's common stock in the U.S. District Court for the Southern District of New York against the Company, the former President and Chief Executive Officer ("former CEO"), and the former Vice President and Chief Financial Officer ("former CFO"). The plaintiff asserted claims alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") based on alleged false and misleading disclosures in the Company's public filings. In April and May 2012, four more putative securities class actions were filed by purported Company stockholders in the U.S. District Court for the Western District of North Carolina against the same set of defendants. The plaintiffs in these cases asserted claims alleging violations of Sections 10(b) and 20(a) of the Exchange Act based on alleged false and misleading disclosures in the Company's public filings. In each of the putative securities class actions, the plaintiffs sought damages for losses suffered by the putative class of investors who purchased the Company's common stock.

On May 21, 2012, a stockholder derivative action was brought against the Company's former CEO and former CFO and the Company's then directors for alleged breaches of fiduciary duty by another purported Company stockholder in the Southern District of New York. In this derivative action, captioned Arsenault v. Berrard, et al., 1:12-cv-4028, the plaintiff seeks to recover for the Company damages arising out of the then possible restatement of the Company's financial statements.

On May 30, 2012, the Company, its former CEO and former CFO filed a motion with the United States Judicial Panel on Multidistrict Litigation ("MDL Panel") to centralize all of the cases in the Western District of North Carolina by requesting that the actions filed in the Southern District of New York be transferred to the Western District of North Carolina. In light of the motion to centralize the cases in the Western District of North Carolina, the Company, its former CEO and former CFO requested from both courts a stay of all proceedings pending the MDL Panel's ruling. On June 4, 2012, the Southern District of New York adjourned all pending dates in the cases in light of the motion to transfer filed before the MDL Panel. On June 13, 2012, the Western District of North Carolina issued a stay of proceedings pending a ruling by the MDL Panel.

On August 13, 2012, the MDL Panel granted the motion to centralize, transferring the actions filed in the Southern District of New York to the Western District of North Carolina as part of MDL No. 2384, captioned *In re Swisher Hygiene, Inc. Securities and Derivative Litigation.* In response, on August 21, 2012, the Western District of North Carolina issued an order governing the practice and procedure in the actions transferred to the Western District of North Carolina as well as the actions originally filed there. On October 18, 2012, the Western District of North Carolina held an Initial Pretrial Conference at which it appointed lead counsel and lead plaintiffs for the securities class actions, and set a schedule for the filing of a consolidated class action complaint and defendants' time to answer or otherwise respond to the consolidated class action complaint. The Western District of North Carolina stayed the Arsenault derivative action pending the outcome of the securities class actions.

On April 24, 2013, lead plaintiffs filed their first amended consolidated class action complaint (the "Class Action Complaint") asserting similar claims as those previously alleged as well as additional allegations stemming from the Company's restated financial statements. The Class Action Complaint also named the Company's former Senior Vice President and Treasurer as an additional defendant who was later dismissed from the case. On June 24, 2013, defendants moved to dismiss the Class Action Complaint. Briefing on the motions to dismiss was completed on August 9, 2013.

Although the Company believed it had meritorious defenses to the asserted claims in the securities class actions in the United States, the defendants and plaintiffs agreed to the terms of a settlement and on February 5, 2014 executed a settlement agreement that, following approval by the Western District of North Carolina, would resolve all claims in the securities class actions pending there (the "Settlement"). The Settlement provided that the defendants would make a set cash payment totaling $5,500,000, all from insurance proceeds, to settle all of the securities class actions, and full and complete releases would be provided to defendants. On March 11, 2014, the Western District of North Carolina issued a preliminary order approving the Settlement, and scheduled a hearing for August 6, 2014. That same day, the Western District of North Carolina also issued an order terminating defendants' pending motions to dismiss the Class Action Complaint as moot in light of the Settlement. On August 6, 2014, following a hearing, the Western District of North Carolina approved the Settlement, and issued an Order and Final Judgment that, among other things, dismissed the securities class actions pending in the United States with prejudice and provided for full and complete releases to defendants. The Arsenault derivative action is still pending.

On June 11, 2013, an individual action was filed in the U.S. District Court for the Southern District of Florida captioned *Miller, et al. v. Swisher Hygiene, Inc., et al.,* No. 0:13-CV-61292-JAL, against the Company, its former CEO and former CFO, and a former Company director, bringing state and federal claims founded on the allegations that in deciding to sell their company to the Company, plaintiffs relied on defendants' statements about such things as the Company's accounting and internal controls, which, in light of the Company's restatement of its financial statements, were false. On July 17, 2013, the Company notified the MDL Panel of this action, and requested that it be transferred and centralized in the Western District of North Carolina with the other actions pending there. On July 23, 2013, the MDL Panel issued a Conditional Transfer Order (the "Miller CTO"), conditionally transferring the case to the Western District of North Carolina. On July 29, 2013, plaintiffs notified the MDL Panel that they would seek to vacate the Miller CTO. In light of the proceedings in the MDL Panel, defendants requested that the Southern District of Florida stay all proceedings pending the MDL Panel's ruling. On August 6, 2013, the Southern District of Florida issued a stay of all proceedings pending a ruling by the MDL Panel. On October 2, 2013, following briefing on the issue of whether the Miller CTO should be vacated, the MDL Panel issued an order transferring the action to the Western District of North Carolina. The Company and the individual defendants filed motions to dismiss the complaint on March 20, 2014. Briefing on the motions to dismiss was completed on May 12, 2014. On June 2, 2014, plaintiffs filed a motion with the Western District of North Carolina seeking a suggestion for remand from that Court to the MDL Panel. Briefing on that motion was completed on June 26, 2014. Oral argument on the motions to dismiss and motion for suggestion for remand were heard on July 22, 2014. On August 5, 2014, the Western District of North Carolina denied plaintiffs' motion for suggestion for remand. On October 22, 2014, the Company filed a notice of supplemental authority in support of its motion to dismiss the complaint in this action. On November 4, 2014, plaintiffs filed a response to the notice of supplemental authority.

On July 11, 2013, a purported stockholder filed a derivative action on behalf of the Company in the General Court of Justice, Superior Court Division in the State of North Carolina, Mecklenburg County, captioned Borthwick v. Berrard, et. al., No. 13-CVS-12397. The action asserted claims against the Company as a nominal defendant, its former CEO and former CFO, and certain former and current Company directors for breaches of fiduciary duties, gross mismanagement, abuse of control, waste of corporate assets, and aiding and abetting thereof in connection with the Company's restatement of its financial statements. Among other things, the action sought damages on behalf of the Company and an order directing the Company to implement corporate governance reforms. On August 7, 2013, the Company filed a notice to remove the action from the General Court of Justice, Superior Court Division in the State of North Carolina, Mecklenburg County to the Western District of North Carolina. On August 30, 2013, the Company moved to consolidate this action with the actions previously consolidated before the Western District of North Carolina, and to stay the action. On September 25, 2013, the Western District of North Carolina granted the Company's motion to consolidate and stay the action. On October 23, 2014, following its approval of the settlement of the securities class actions, the Western District of North Carolina set a briefing schedule whereby the Company, as nominal defendant, filed a motion to dismiss the derivative action on November 4, 2014. Pursuant to the schedule, the remaining defendants did not need to file any motions to dismiss until after the Court ruled on the Company's motion. On December 10, 2014, the parties filed a Stipulation and Proposed Order for the dismissal of the complaint filed in this action with prejudice. On December 11, 2014, the Western District of North Carolina issued an order dismissing the Borthwick action with prejudice.

On December 17, 2013, a purported stockholder commenced a putative securities class action on behalf of purchasers of the Company's common stock on the Toronto Stock Exchange or any other Canadian trading platforms in the Ontario Superior Court of Justice, captioned Edwards v. Swisher Hygiene, Inc., et al., CV 13-20282 CP, against the Company, the former CEO and former CFO. The action alleges claims under Canadian law for alleged misrepresentations of the Company's financial position relating to its business acquisitions. On February 13, 2014, a Fresh Statement of Claim and Fresh Notice of Action were filed, adding an additional named plaintiff. On March 28, 2014, another purported stockholder commenced a putative securities class action on behalf of purchasers of the Company's common stock on the Toronto Stock Exchange or any other Canadian trading platforms in the Ontario Superior Court of Justice, captioned Phillips v. Swisher Hygiene, Inc., et al., CV 14-00501096-0000, against the Company, the former CEO, the former CFO and the Company's former Senior Vice President and Treasurer. The action alleges claims under Canadian law stemming from the Company's restatement.

Although the Company believed it had meritorious defenses to the asserted claims in the two securities class actions pending in Canada, the defendants agreed to terms of settlement and executed a settlement agreement resolving all claims in both securities class actions pending there, which was approved by the Ontario Superior Court of Justice by Order dated February 13, 2015 (the "Canadian Settlement"). The Canadian Settlement provides that defendants will make a set cash payment totaling $0.7 million, including legal fees, all from insurance proceeds, to settle all of the Canadian securities class actions, with full and complete releases provided to the defendants. Notice has been given of the Canadian Settlement.

Other Matters

The Company was contacted by the staff of the Atlanta Regional Office of the SEC and by the United States Attorney's Office for the Western District of North Carolina (the "U.S. Attorney's Office") after publicly announcing the Audit Committee's internal review and the delays in filing our periodic reports. The Company has been asked to make certain individuals available and to provide certain information about these matters to the SEC and the U.S. Attorney's Office. The Company is fully cooperating with the SEC and the U.S. Attorney's Office. Any action by the SEC, the U.S. Attorney's Office or other government agency could result in criminal or civil sanctions against the Company and/or certain of its current or former officers, directors or employees.

Purchase Obligations and Leases

In connection with a distribution agreement entered into in December 2010, the Company provided a guarantee that the distributor's operating cash flows associated with the agreement would not fall below certain agreed-to minimums, subject to certain pre-defined conditions, over the ten year term of the distribution agreement. If the distributor's annual operating cash flow does fall below the agreed-to annual minimums, the Company will reimburse the distributor for any such short fall up to a pre-designated amount. As discussed in Note, 9 “Fair Value Measurements” no value was assigned to the fair value of the guarantee at December 31, 2014 and December 31, 2013 based on a probability assessment of the projected cash flows. Management currently does not believe that it is probable that any amounts will be paid under this agreement and thus there is no amount accrued for the guarantee in the Consolidated Financial Statements.

The Company entered into a Manufacturing and Supply Agreement (the "Cavalier Agreement") with another plant in conjunction with its acquisition of Sanolite in July of 2011. The Cavalier Agreement, which was scheduled to expire on December 31, 2012, was extended for an additional two year period with an automatic 18-month renewal term and a 6-month termination option. The Cavalier Agreement provides for pricing adjustments, up or down, on the first of each month based on the vendor's actual average product costs incurred during the prior month. Additional product payments made by the Company due to pricing adjustments under the Cavalier Agreement have not been significant and have not represented costs materially above the market price for such products. The Cavalier Agreement was terminated in September 2014 pursuant to the terms of the agreement.

The Company leases its headquarters and other facilities, equipment and vehicles under operating leases that expire at varying times through 2024. Future minimum lease payments for operating leases that had initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2014 are: 2015 - $5.8 million, 2016 - $4.8 million , 2017 - $3.5 million, 2018 - $2.5 million, 2019 - $2.3 million, and thereafter - $2.3 million.

Total rent expense for operating leases, including those with terms of less than one year was $6.5 million, $6.3 million and $6.2 million for the years ended December 31, 2014, 2013 and 2012, respectively.

NOTE 17 — OTHER EXPENSE, NET

Other expense consists of the following for the years ended December 31, 2014, 2013 and 2012:

	2014	2013	2012
Interest Income	$ 9	$ 41	$ 75
Interest Expense	(387)	(485)	(3,406)
Realized and unrealized gain/(loss) on fair value of convertible notes	-	-	66
Earn-out	-	-	170
Foreign Currency	(167)	(5)	(15)
Loss from impairment	-	-	(507)
Other	(1,118)	(205)	524
Total other expenses	$ (1,663)	$ (654)	$ (3,093)

"Other" primarily consists of the loss related to the sale of assets held for sale for the years ended December 31, 2014 and 2013 as described further in Note 2, "Discontinued Operations and Assets Held for Sale". During fiscal year 2012, a fire occurred at a linen warehouse of one of the Company's subsidiaries in Tampa, Florida. The fire heavily damaged the leased building and its contents requiring the building to be demolished. After consideration of the insurance recoveries received, we recorded a gain in other (expense), net on the involuntary conversion of assets of approximately $0.6 million in the fourth quarter of 2012.

NOTE 18 — GEOGRAPHIC INFORMATION

The following table includes our revenue from geographic locations for the years ended December 31, 2014, 2013, and 2012 were:

Geographic Information

	2014	2013	2012
Revenue			
United States	$ 184,854	$ 203,453	$ 220,624
Canada	8,903	10,235	9,897
Total revenue	$ 193,757	$ 213,688	$ 230,521

The following table summarizes our foreign long-lived assets, which relate to our Canadian subsidiaries, as of December 31, 2014 and 2013:

	2014	2013
Long-Lived Assets		
Property and equipment, net	$ 739	$ 589
Goodwill	$ -	$ 3,291
Other intangibles, net	$ 528	$ 1,478

NOTE 19 — QUARTERLY FINANCIAL DATA (UNAUDITED)

2014	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
Revenue	$ 48,295	$ 49,955	$ 49,650	$ 45,857	$ 193,757
Gross profit (1)	$ 26,483	$ 26,982	$ 26,979	$ 24,212	$ 104,656
Loss from continuing operations	$ (13,038)	$ (14,706)	$ (7,613)	$ (9,877)	$ (45,234)
Net loss from continuing operations	$ (13,792)	$ (15,147)	$ (7,776)	$ (10,093)	$ (46,808)
Basic and diluted loss per share	$ (0.78)	$ (0.86)	$ (0.44)	$ (0.56)	$ (2.64)
2013					
Revenue	$ 52,022	$ 55,386	$ 55,916	$ 50,364	$ 213,688
Gross profit (1)	$ 29,457	$ 30,987	$ 30,682	$ 26,977	$ 118,103
Loss from operations	$ (16,742)	$ (14,456)	$ (12,778)	$ (108,496)	$ (152,472)
Net loss from continuing operations	$ (17,240)	$ (14,885)	$ (13,192)	$ (105,215)	$ (150,532)
Basic and diluted loss per share	$ (0.98)	$ (0.88)	$ (0.75)	$ (5.94)	$ (8.55)

(1) Revenue less cost of sales, which is exclusive of route expense and related depreciation and amortization.

The following non-recurring transactions occurred during the fourth quarter of fiscal year 2013: (i) a $93.2 million non-cash goodwill impairment charge recorded in conjunction with the performance of the Company's annual impairment test that is further described in Note 5, "Goodwill and Other Intangibles" in the Notes to the Consolidated Financial Statements and (ii) a $3.1 million impairment charge related to assets held for sale that is further described in Note 2, Discontinued Operations and Assets Held for Sale," in the Notes to the Consolidated Financial Statements.

NOTE 20 – SUBSEQUENT EVENT

During March 2015, the Board of Directors of the Company approved a board resolution to sell its remaining non-core linen operation. During the first quarter of 2015, in accordance with *ASC 360, Property, Plant and Equipment,* these assets will be classified as assets held for sale and will be adjusted to the lower of historical carrying amount or fair value. The estimated fair value is derived based on the assessment of potential net selling prices. The carrying value of the assets will be compared to the estimated fair value and if applicable, any write down will be recognized in the first quarter of 2015. The Company expects the linen operation will be sold in the second quarter of 2015. The carrying value of the major classes of the assets are as follows:

	December 31, 2014
Accounts receivable, net	445
Property and equipment, net	1,957
Customer relationships, net	477
Other intangibles, net	330
Total	$ 3,209

On March 26, 2015, the Company entered into a letter agreement, dated as of March 25, 2015 ("Letter Agreement"), with its lender, Siena Lending Group LLC, in respect of the occurrence of a Springing DACA Event, as such term is defined in the Credit Facility. The Letter Agreement temporarily waives, until April 10, 2015, certain cash management requirements and certain enhanced reporting requirements that would otherwise go into effect upon the occurrence of a Springing DACA Event.

CONSOLIDATED FINANCIAL STATEMENT SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
FOR THE THREE YEARS ENDED DECEMBER 31, 2014

In thousands

	Balance at the Beginning of the Year	Charged to Costs and Expenses	Deductions from Allowance	Balance at the End of the Year
31-Dec-14				
Allowances for receivables	$ 1,999	$ 196	$ 1,219	$ 976
Other allowances	892	-	76	816
	$ 2,891	**$ 196**	**$ 1,295**	**$ 1,792**
31-Dec-13				
Allowances for receivables	$ 2,335	$ 936	$ 1,272	$ 1,999
Other allowances	437	455	-	892
	$ 2,772	**$ 1,391**	**$ 1,272**	**$ 2,891**
31-Dec-12				
Allowances for receivables	$ 2,185	$ 2,396	$ 2,246	$ 2,335
Other allowances	471	-	34	437
	$ 2,656	**$ 2,396**	**$ 2,280**	**$ 2,772**

EXHIBIT INDEX

Exhibit Number	Description
10.38	Second Amendment to Employment Agreement by and between Swisher Hygiene Inc. and William M. Pierce, dated January 31, 2015.
10.39	Letter Agreement, dated as of March 25, 2015, by and among Siena Lending Group LLC and the Borrowers listed thereto.
21.1	Subsidiaries of Swisher Hygiene Inc.
23.1	Consent of BDO USA, LLP.
31.1	Section 302 Certification of Chief Executive Officer.
31.2	Section 302 Certification of Chief Financial Officer.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.

* Furnished herewith.

EXHIBIT 31.1

CERTIFICATION

I, William M. Pierce, certify that:

1. I have reviewed this Annual Report on Form 10-K of Swisher Hygiene 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.

Date: March 31, 2015

By: /s/William M. Pierce
William M. Pierce
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, William T. Nanovsky, certify that:

1. I have reviewed this Annual Report on Form 10-K of Swisher Hygiene 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.

Date : March 31, 2015

By:/s/ William T. Nanovsky
William T. Nanovsky
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Swisher Hygiene Inc. (the "Company") for the year ended December 31, 2014, as filed with the Securities and Exchange Commission (the "Report"), I, William M. Pierce, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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

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

Date: March 31, 2015

By: /s/ William M. Pierce
William M. Pierce
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Swisher Hygiene Inc. (the "Company") for the year ended December 31, 2014, as filed with the Securities and Exchange Commission (the "Report"), I, William T. Nanovsky, Senior Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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

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

Date: March 31, 2015

By: /s/ William T. Nanovsky
William T. Nanovsky
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

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

FORM 10-K/A
(Amendment No. 1)

(Mark One)

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

For the fiscal year ended: December 31, 2014
OR

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

For the transition period from _______ to _______

Commission file number: 001-35067

SWISHER HYGIENE INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**27-3819646**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*

4725 Piedmont Row Drive, Suite 400, Charlotte, North Carolina	**28210**
(Address of Principal Executive Offices)	*(Zip Code)*

Registrant's Telephone Number, Including Area Code **(704) 364-7707**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
Common Stock **$0.001 par value**	**The NASDAQ Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

The aggregate market value of the shares of common stock held by non-affiliates of the registrant as of June 30, 2014 (based on the last reported sales price of such stock on the NASDAQ Global Select Market on such date of $4.30 per share) was approximately $53,344,243.

Number of shares outstanding of each of the registrant's classes of Common Stock at April 17, 2015: 17,617,379 shares of Common Stock, $0.001 par value per share.

EXPLANATORY NOTE

Swisher Hygiene Inc. (the "Company" or "Swisher") is filing this Amendment No. 1 to the Annual Report on Form 10-K/A ("Amendment") to amend the Annual Report on Form 10-K for the year ended December 31, 2014.

This Amendment is being filed to: (i) include the information required by Items 10 through 14 of Part III of Form 10-K; (ii) amend the cover page of the Form 10-K to (a) delete the reference in the Form 10-K to the incorporation by reference of the definitive Proxy Statement for our 2015 Annual Meeting of Shareholders and (b) update the number of outstanding shares of common stock; and (iii) amend Item 15 of the Form 10-K to include the certifications specified in Rule 13a-14(a) under the Securities Exchange Act of 1934 that are required to be filed with this Amendment. Except as set forth in the immediately preceding sentence, this Amendment does not amend, modify or update any disclosures contained in the Form 10-K. Nothing contained in this Amendment updates any disclosure contained in the Form 10-K to reflect any events occurring after the filing of the Form 10-K.

SWISHER HYGIENE INC.
ANNUAL REPORT ON FORM 10-K/A
FOR THE YEAR ENDED DECEMBER 31, 2014

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ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors

The following persons currently serve as members of the Board of Directors. Directors have been elected to serve until the next annual meeting of shareholders, their earlier resignation or their successors are duly elected and qualified.

Nominee	Age	Current Position with Swisher Hygiene	Director Since
Joseph Burke	57	Director	2014
Richard L. Handley	68	Chairman of the Board	2012
Harris W. Hudson	72	Director	2011
William M. Pierce	64	Director, President and Chief Executive Officer	2013
William D. Pruitt	74	Director	2011
David Prussky	57	Director	2010(1)

(1) On November 2, 2010, Swisher International, Inc. completed a merger with Swisher Hygiene (formerly CoolBrands International, Inc.) (the "Merger"). Mr. Prussky served an initial term as a director of CoolBrands from 1994 to 1998 and rejoined the CoolBrands board of directors in February 2010.

Joseph Burke

Mr. Burke has served as a director of Swisher Hygiene since May 2014. Mr. Burke has served as a Management Consultant – Finance and Operations for Hudson Capital Group since March 2013. Mr. Burke served as a Management Consultant – Finance and Operations for Boston Finance Group, LLC from February 2011 to May 2012. Mr. Burke served as Chief Executive Officer of Lakeland Construction Finance, LLC from 2005 to 2007 and as Executive Vice President in 2008. Beginning in 1995, Mr. Burke spent ten years with Gateway, Inc. (NYSE: GTW), a worldwide technology pioneer, serving in a number of executive capacities including Chief Executive Officer – Gateway Country (Retail Division), Senior Vice President – Global Business Development, Chief Financial Officer and most recently as Senior Vice President - Business Development. Mr. Burke has been a director of Flagship Community Bank since its founding in 2005 and is the Chairman of the Asset and Liability and Technology Committees. Mr. Burke was a director of Sunair Services Corporation (AMEX: SNR) from 2006 to 2008 and was a member of the Audit Committee. Mr. Burke earned a BA from the University of Florida.

Mr. Burke is an experienced officer and director of public and private companies with the skills necessary to serve as a director. Mr. Burke also has extensive experience in financial matters as a currently licensed certified public accountant, in good standing, and as a former Audit Supervisor of an international accounting firm.

Richard L. Handley

Mr. Handley has served as the Chairman of Swisher Hygiene since June 5, 2013 and as a director of Swisher Hygiene since December 2012. Mr. Handley served as a director of Swisher International, Inc., the Company's predecessor, from 2005 to 2010. Mr. Handley has served as the Senior Vice President, Secretary and General Counsel of Huizenga Holdings, Inc. since May 1997. From May 1997 to December 2004, Mr. Handley also served as Senior Vice President, Secretary, and General Counsel of Boca Resorts, Inc. From October 1995 to May 1997, Mr. Handley served as Senior Vice President and General Counsel of AutoNation Inc. and its predecessor, Republic Industries Inc. Mr. Handley served as a director of Services Acquisition Corp. International from June 2006 to November 2006. Mr. Handley also serves on the board of certain privately held companies and certain not for profit entities. Mr. Handley earned a BA from the University of California, Berkeley, a JD from the University of Utah College of Law, and an LLM from Georgetown University.

Mr. Handley is an experienced officer and director of public and private companies with the skills necessary to serve as a director. As an executive officer and director, Mr. Handley has developed knowledge and experience of financial, operational, and managerial matters. He has helped guide numerous public and private companies from early stage development to significant operating entities.

Harris W. Hudson

Mr. Hudson has served as a director of Swisher Hygiene since January 2011. Mr. Hudson is currently chairman and owner of Hudson Capital Group, an investment company located in Fort Lauderdale, Florida founded by Mr. Hudson in 1997. Mr. Hudson served as Vice Chairman and a director of Republic Services Inc. from 1998 to 2008. Prior to that period, he served in various executive roles from 1995 to 1998 with Republic Service Inc.'s former parent company (then known as Republic Waste Industries, Inc.), including as Chairman of its Solid Waste Group and its President. From 1983 to 1995, Mr. Hudson was Chairman, CEO and President of Hudson Management Corporation, a solid waste collection company that he founded and later merged with Republic Waste Industries. Mr. Hudson also served as Vice President of Waste Management of Florida, Inc. and its predecessor from 1964 until 1982.

Mr. Hudson is an experienced public company officer and director. As a result of his experiences, Mr. Hudson has a thorough knowledge and understanding of financial, operational, compensatory and other issues faced by a public company.

William M. Pierce

Mr. Pierce has served as President and Chief Executive Officer of Swisher Hygiene since September 2013. He has also served as a director of Swisher Hygiene since June 2013. Mr. Pierce has served as Senior Vice President at Huizenga Holdings, Inc. since 1990, where he has also served as chief operating officer, chief financial officer and as an officer and director of numerous private companies. Mr. Pierce's positions include Director of VAC, a privately held company, President of Frederica Hospitality Group, LLC, and previously five years as Chief Financial Officer and Executive Vice President of Dolphins Enterprises where he was responsible for all non-football business operations of the Miami Dolphins and Sun Life Stadium, and Chief Operating Officer of two route-based businesses, Sparkle, Inc. and Blue Ribbon Water Company. From 1997 to 2002, Mr. Pierce served as the Senior Vice President and Chief Financial Officer of Boca Resorts Inc., an NYSE-traded company, where he was primarily responsible for the day-to-day oversight and the growth of the company, as well as raising equity and debt in the public markets. Prior to Huizenga Holdings, Mr. Pierce spent 11 years as a senior operating executive of Sky Chefs, a wholly owned subsidiary of American Airlines and seven years in senior management positions in the food and beverage industry. He received his B.S. in Accounting from the University of Texas at El Paso. All of Mr. Pierce's day to day professional efforts and focus are concentrated on Swisher; however, he remains a senior vice president of Huizenga Holdings, Inc.

Mr. Pierce is an experienced officer and director of public and private companies with the skills necessary to serve as a director. As an executive officer and director, Mr. Pierce has developed knowledge and experience of financial, operational, and managerial matters. He has helped guide public and private companies from early stage development to significant operating entities.

William D. Pruitt

Mr. Pruitt has served as a director of Swisher Hygiene since January 2011. Mr. Pruitt has served as general manager of Pruitt Enterprises, LP. and president of Pruitt Ventures, Inc. since 2000. Mr. Pruitt served as an independent board member of the MAKO Surgical Corp., a developer of robots for knee and hip surgery, from 2008 to 2013, when it was sold to Stryker Corp., and served as a member of the MAKO audit committee. Mr. Pruitt has been an independent board member of NV5 Holdings, Inc., a professional services company, and is a member of the NV5 Audit Committee, since April 2013. Mr. Pruitt served as an independent board member of The PBSJ Corporation, an international professional services firm, from 2005 to 2010. Mr. Pruitt served as chairman of the audit committee of KOS Pharmaceuticals, Inc., a fully integrated specialty pharmaceutical company, from 2004 until its sale in 2006. He was also chairman of the audit committee for Adjoined Consulting, Inc., a full-service management consulting firm, from 2000 until it was merged into Kanbay International, a global consulting firm, in 2006. From 1980 to 1999, Mr. Pruitt served as the managing partner for the Florida, Caribbean and Venezuela operations of the independent auditing firm of Arthur Andersen LLP. Mr. Pruitt holds a Bachelor of Business Administration from the University of Miami and is a Certified Public Accountant, in good standing.

Mr. Pruitt is an experienced director of public companies with the skills necessary to serve as a director. Mr. Pruitt also has extensive experience in financial matters as a certified public accountant and as a former managing partner of an accounting firm.

David Prussky

Mr. Prussky was a director and chair of the Audit Committee of CoolBrands. He was an original director of the predecessor to CoolBrands, Yogen Fruz World-Wide Inc. Mr. Prussky served as an investment banker for Patica Securities Limited from August 2002 to January 2012. Mr. Prussky has served as director of numerous public and private companies over the past 17 years, including Carfinco Income Fund, Canada's largest public specialty auto finance business, and Lonestar West Inc., a hydro-vac service business based in Sylvan Lake, Alberta. Mr. Prussky is also a director and chairman of the audit committee of Atrium Mortgage Investment Corporation and Chairman of Griffin Skype Corporation.

Mr. Prussky is an experienced director of public companies with the skills necessary to serve as director. He has helped build numerous public and private entities from the early stages to significant operating entities.

Executive Officers

Our current executive officers and additional information concerning them are below. For a summary of Mr. Pierce's background and qualifications, see the Director section above.

Name	Position	Age
William M. Pierce	Director, President and Chief Executive Officer	64
William T. Nanovsky	Senior Vice President and Chief Financial Officer	66
Blake Thompson	Senior Vice President and Chief Operating Officer	60

William T. Nanovsky
Senior Vice President and Chief Financial Officer

Mr. Nanovsky has served as Senior Vice President and Chief Financial Officer of Swisher Hygiene since February 18, 2013 and previously served as Interim Senior Vice President and Chief Financial Officer of Swisher Hygiene from September 24, 2012 to February 18, 2013. Mr. Nanovsky has over 30 years of experience as a financial executive in environments ranging from emerging growth entities to public companies with annual revenue of more than $20 billion. Since September 2011, he has been a founding Partner of The SCA Group, LLC ("SCA"), which provides C-level services including regulatory solutions, restructuring and interim management to their clients. Before SCA, from May 1998 to September 2011, Mr. Nanovsky was a Partner of Tatum, LLC and served on Tatum's Board of Managers from 2003 through 2007. At Tatum, he served as Chief Financial Officer of Specialty Foods Group, Inc., an international manufacturer and marketer of premium-branded, private-label and food service processed meat products. While at Tatum, Mr. Nanovsky also served as Chief Accounting Officer of a $3 billion publicly-traded provider of wireless telephone service to 5.5 million customers through 189 majority-owned subsidiaries. Additionally while at Tatum, Mr. Nanovsky served at AutoNation, Inc., a $20 billion automotive retailer, developing the integration and reporting processes for more than 370 franchises preparing for SOX compliance. Prior to Tatum, Mr. Nanovsky served as Chief Financial Officer, Senior Vice President and member of the Board of Directors of Seneca Foods Corporation, a Fortune 500 international food processor and distributor. All of Mr. Nanovsky's professional effort and focus are concentrated on Swisher; however, he remains a Partner of SCA.

Blake W. Thompson
Senior Vice President and Chief Operating Officer

Mr. Thompson has served as Senior Vice President and Chief Operating Officer of Swisher Hygiene since August 2013 and previously served as Senior Vice President – Supply Chain and Manufacturing from June 2012 until August 2013. Mr. Thompson has over 30 years of supply chain and operations leadership experience. Before joining Swisher he served as Senior Vice President of Supply Chain from 2006 to 2011 for Snyder's-Lance, Inc., a manufacturer and distributor of branded and private brand snack products throughout North America, where he restructured the company's supply chain and grew the contract manufacturing business while improving contribution margins. Prior to Snyder's-Lance, Mr. Thompson was Senior Vice President of Supply Chain from 2004 to 2005 at Tasty Baking Co., a regional snack cake company, where he helped rebuild the entire supply chain and optimized the company's systems and operations. Previously, Mr. Thompson spent 23 years at Frito-Lay, Inc., where he held a variety of management positions.

Corporate Governance Principles and Code of Ethics

The Board is committed to sound corporate governance principles and practices. The Board's core principles of corporate governance are set forth in the Swisher Hygiene Corporate Governance Principles (the "Principles"). In order to clearly set forth our commitment to conduct our operations in accordance with our high standards of business ethics and applicable laws and regulations, the Board adopted a Code of Business Conduct and Ethics ("Code of Ethics") which is applicable to all directors, officers, and employees. We intend to post amendments to or waivers from our Code of Ethics (to the extent applicable to our Principal Executive Officer, Principal Financial Officer, Principal Accounting Officer or controller, or persons performing similar functions) on our website at www.swsh.com. A copy of the Code of Ethics and the Principles are available on our corporate website at www.swsh.com. You also may obtain a printed copy of the Code of Ethics and Principles by sending a written request to: Investor Relations, Swisher Hygiene Inc., 4725 Piedmont Row Drive, Suite 400, Charlotte, North Carolina 28210.

Audit Committee

The primary function of the Audit Committee is to assist the Board in fulfilling its responsibilities by overseeing our accounting and financial processes and the audits of our financial statements. The independent auditor is ultimately accountable to the Audit Committee, as representatives of the stockholders. The Audit Committee has the ultimate authority and direct responsibility for the selection, appointment, compensation, retention and oversight of the work of the company's independent auditor that is engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the company (including the resolution of disagreements between management and the independent auditors regarding financial reporting), and the independent auditor must report directly to the Audit Committee. The Audit Committee also is responsible for the review of proposed transactions between the company and related parties. For a complete description of our Audit Committee's responsibilities, you should refer to the Audit Committee Charter which is available on our corporate website at www.swsh.com.

The Audit Committee consists of three (3) directors, Mr. Pruitt, Chairman, Mr. Burke and Mr. Prussky. The Board has determined that the Audit Committee members have the requisite independence and other qualifications for audit committee membership under applicable rules under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and NASDAQ rules. The Board also has determined that Mr. Pruitt is an "audit committee financial expert" within the meaning of Item 407(d)(5) of Regulation S-K under the Exchange Act.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires that our directors, executive officers and persons who beneficially own 10% or more of our stock file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of our stock and our other equity securities. To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required, during the year ended December 31, 2014, our directors, executive officers and greater than 10% beneficial owners complied with all such applicable filing requirements, except the untimely filing of five Form 4 reports with respect to one transaction for each of Joseph Burke, Richard L. Handley, Harris W. Hudson, William D. Pruitt and David Prussky, and one Form 3 report with respect to one transaction for Joseph Burke.

ITEM 11. EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Overview

This discussion and analysis describes the material elements of compensation paid to, awarded to, or earned by our named executive officers during 2014. For 2014, our named executive officers, which include the individuals who served as our Chief Executive Officer or Chief Financial Officer during 2014, as well as the other individuals listed in the Summary Compensation Table as the "named executive officers," are William M. Pierce, William T. Nanovsky and Blake W. Thompson.

The Compensation Committee (the "Committee") of our Board of Directors (the "Board") is responsible for the oversight, implementation, and administration of all of the executive compensation plans and programs. During 2014, Harris W. Hudson and William D. Pruitt served as members of the Committee. Mr. Hudson serves as Chairman of the Committee.

Our Board recognizes the fundamental interest our stockholders have in the compensation of our executive officers. At the 2014 Annual Meeting, our stockholders approved, on an advisory basis, the compensation of our named executive officers. We believe that our 2014 compensation policies and decisions remain consistent with the compensation philosophy and objectives and properly align the interests of our named executive officers with the short and long-term goals of the Company and the interests of our stockholders.

Compensation Policies

The core objectives of our compensation programs are to secure and retain the services of high quality executives and to compensate our executives in a manner commensurate to and aligned with the Company's performance and the interests of our stockholders. We seek to achieve these objectives through three principal compensation programs: (1) a base salary, (2) cash incentive compensation, and (3) long-term equity incentive compensation. Base salaries are designed primarily to attract and retain talented executives. Cash incentive compensation is designed to motivate and reward the achievement of selected financial and individual performance goals generally tied to profitability and company growth. Grants of equity awards are designed to provide an incentive for achieving long-term results by aligning the interests of our executives with those of our stockholders, while at the same time encouraging our executives to remain with the Company.

The Committee believes the risks arising from the Company's compensation policies and practices for our employees are not likely to have a material adverse effect on the Company.

Compensation Practices and Components for 2014

Base Salary

The annual base salaries for our named executive officers for 2014 were: Mr. Pierce - $150,000, Mr. Nanovsky - $270,000 and Mr. Thompson - $275,000. Also, pursuant to the Services Agreement with The SCA Group, LLC (“SCA Group”), SCA Group received an annual fee of $30,000 in connection with Mr. Nanovsky’s services as Senior Vice President and Chief Financial Officer of the Company. For a discussion of the Services Agreement with the SCA Group, see the “Related Party Transactions” section below. Other than the increase in Mr. Pierce’s annual base salary effective January 1, 2015, described below, the compensation committee did not approve any changes to the Name Executive Officers’ compensation for 2014 or 2015.

Effective January 1, 2015, Mr Pierce’s annual base salary was increased from $150,000 to $400,000. The salary increase was the result of the Compensation Committee’s belief that Mr. Pierce’s compensation was substantially below market rate, due to the importance to the Company and its shareholders of the CEO’s continued employment with the Company, due to the ongoing efforts by Mr. Pierce and senior management to stabilize the Company’s performance and cash flow, due to substantial travel, and other significant factors.

Cash Incentive Compensation

No amounts were paid under the cash incentive program to the Company’s executive officers for service during 2014.

Long-Term Equity Incentive Compensation

In 2014, the Committee granted a total of 378,000 stock options to the Company’s executives and employees. Among the awards made under the Stock Incentive Plan, the Committee granted equity awards to our named executive officers as follows:

Name	Restricted Stock Units	Stock Options (1)
William M. Pierce	—	30,000
William T. Nanovsky	—	18,000(2)
Blake W. Thompson	—	20,000

(1) Represents stock options granted under the Stock Incentive Plan at an exercise price of $4.04, which vest in four annual installments beginning on the first anniversary of the grant date.

(2) The table does not include the warrant to purchase 2,000 shares of common stock at an exercise price of $4.04 granted to the SCA Group on August 8, 2014 with a grant date fair value of $2,949.

The Committee's grant of equity awards to the named executive officers was entirely discretionary, subject to limitations set by the Stock Incentive Plan. Decisions by the Committee regarding grants of equity awards to the named executive officers were made based upon the consideration of the executive officer's current position with us, and the executive officer's past and expected future performance. The Committee did not use any specific factors or particular criteria that were to be met by each executive officer and did not assign any relative weight to any factors or criteria it considered when granting equity awards. Rather, the Committee relied on its own business experience and judgment in determining the grants.

In 2014, Mr. Pierce and Mr. Nanovsky received additional compensation in the form of the use of a corporate apartment and travel between North Carolina and Florida. Also, the named executive officers received additional compensation in the form of vacation and cell phone services, and received other benefits generally available to all of our full time employees.

Internal Revenue Code Limits on Deductibility of Compensation

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public corporations for compensation over $1,000,000 paid for any fiscal year to the corporation's chief executive officer and four other most highly compensated executive officers as of the end of any fiscal year. However the statute exempts qualifying performance-based compensation from the deduction limit if certain requirements are met.

The Committee believes that it is generally in our best interest to attempt to structure performance-based compensation, including stock option grants and annual bonuses, to the named executive officers, each of whom are subject to Section 162(m), in a manner that satisfies the statute's requirements for full tax deductibility for the compensation. However, the Committee also recognizes the need to retain flexibility to make compensation decisions that may not meet Section 162(m) standards when necessary to enable us to meet our overall objectives, even if we may not deduct all of the compensation. However, because of ambiguities and uncertainties as to the application and interpretation of Section 162(m) and the regulations issued thereunder, no assurance can be given, notwithstanding our efforts, that compensation intended by us to satisfy the requirements for deductibility under Section 162(m) will in fact do so.

COMPENSATION COMMITTEE REPORT

The following statement made by our Compensation Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate such statement by reference.

The Compensation Committee of the Company has reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K and, based on such review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

Compensation Committee:
Harris W. Hudson, Chair
William D. Pruitt

Summary Compensation Table

The following table sets forth certain summary information concerning compensation earned by, and paid to, the named executive officers for 2014, 2013, and 2012. All historical share amounts and computations using such amounts have been retroactively adjusted to reflect the June 3, 2014 one-for-ten reverse stock split.

Name and Principal Position	Year	Salary	Bonus	Stock Awards (1)	Option Awards (1)	Non-Equity Incentive Plan Compensation	Change in Pension Value and Non-Qualified Deferred Compensation Earnings	All Other Compensation	Total
William M. Pierce	2014	$ 150,000	-	$ -	$ 44,235	-	-	$ 61,836 (2)	$ 256,071
President and Chief	2013	40,385	-	60,000	-	-	-	35,470 (3)	135,855
Executive Officer (7)	2012	-	-	-	-	-	-	-	-
William T. Nanovsky	2014	270,000	-	-	26,541	-	-	81,594 (4)	378,135
Senior Vice President	2013	145,385	-	-	41,567	-	-	325,748 (5)	512,700
and Chief Financial Officer (8)	2012	-	-	-	-	-	-	141,750 (6)	141,750
Blake W. Thompson	2014	275,000	-	-	29,490	-	-	-	304,490
Senior Vice President	2013	268,270	-	-	41,505	-	-	-	309,775
and Chief Operating Officer (9)	2012	-	-	-	-	-	-	-	-

(1) Represents restricted stock units and stock options granted under the Stock Incentive Plan. Represents the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. In determining the grant date fair value for 2014 stock options, we used the Black-Scholes option pricing model, and took into account the $4.04 closing price of our common stock on the date previous to the grant, the $4.04 exercise price, the six year assumed period over which the stock options will be outstanding, a 32.7% volatility rate, and a 1.9% – 2.0% risk free rate. In determining the grant date's fair value for the 2013 restricted stock units, we used $10.00 and $8.60, the closing price of our common stock on the date previous to the grants. In determining the grant date fair value for 2013 stock options, we used the Black-Scholes option pricing model, and took into account the $9.30 and $8.10 closing price of our common stock on the date previous to the grants, the $9.30 and $8.10 exercise prices, the six year assumed period over which the stock options will be outstanding, a 30.7% volatility rate, and a 1.5% – 1.9% risk free rate.

(2) Includes $36,388 for expenses related to use of a corporate apartment and $25,448 for expenses related to travel between North Carolina and Florida.

(3) Includes $25,121 for fees related to Mr. Pierce's service on the Board as a non-employee director until September 10, 2013, $6,660 for expenses related to use of a corporate apartment and $3,689 for expenses related to travel between North Carolina and Florida.

(4) Includes (i) $30,000 of fees paid to the SCA Group pursuant to the Executive Services Agreement, (ii) the $2,949 grant date fair value of a warrant to purchase 2,000 shares of common stock at an exercise price of $4.04 granted to the SCA Group (iii) $28,600 for expenses related to use of a corporate apartment, (iv) $18,545 for expenses related to travel between North Carolina and Florida and (iv) $1,500 in phone allowance. For a discussion of the Executive Services Agreement, see the "Related Party Transactions" section.

(5) Includes (i) $294,404 of fees paid to the SCA Group pursuant to the Executive Services Agreement, effective June 9, 2013, and the Interim Services Agreement, effective September 24, 2012, (ii) the $4,618 grant date fair value of a warrant to purchase 1,500 shares of common stock at an exercise price of $9.30 granted to the SCA Group, (iii) $15,450 for expenses related to use of a corporate apartment, (iv) $10,721 for expenses related to travel between North Carolina and Florida and (iv) $555 in phone allowance. For a discussion of the Executive Services Agreement and the Interim Services Agreement, see the "Related Party Transactions" section.

(6) Represents fees paid to the SCA Group pursuant to the Interim Services Agreement, effective September 24, 2012. For a discussion of the Interim Service Agreement, see the "Related Party Transactions" section.

(7) Mr. Pierce was appointed as President and Chief Executive Officer of the Company on September 10, 2013.

(8) Mr. Nanovsky has served as Interim Senior Vice President and Chief Financial Officer or Senior Vice President and Chief Financial Officer of the Company since September 24, 2012.

(9) Mr. Thompson was appointed Chief Operating Officer of the Company on August 9, 2013.

Grants of Plan-Based Awards - Fiscal 2014

The following table sets forth certain information concerning grants of awards to the named executive officers in the fiscal year ended December 31, 2014.

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options (1)	Exercise or Base Price of Option Awards ($) Per Share	Grant Date Fair Value of Stock and Option Awards (2)
William M. Pierce	8/8/2014	-	30,000	4.04	$ 44,235
William T. Nanovsky (3)	8/8/2014	-	18,000	$ 4.04	$ 26,541
Blake W. Thompson	8/8/2014	-	20,000	$ 4.04	$ 29,490

(1) Represents stock options granted under the Stock Incentive Plan which vest in four annual installments beginning on the first anniversary of the grant date.

(2) Represents the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. In determining the grant date fair value for stock options, we used the Black-Scholes option pricing model, and took into account the $4.04 closing price of our common stock on the date previous to the grant date, the $4.04 exercise price, the six year assumed period over which the stock options will be outstanding, a 32.7% volatility rate, and a 1.9% – 2.0% risk free rate.

(3) The table does not include the warrant to purchase 2,000 shares of common stock at an exercise price of $4.04 granted to the SCA Group on August 8, 2014 with a grant date fair value of $2,949.

Outstanding Equity Awards at Fiscal Year-End – 2014

The following table sets forth certain information regarding equity-based awards held by the named executive officers as of December 31, 2014. All historical share amounts and computations using such amounts have been retroactively adjusted to reflect the June 3, 2014 one-for-ten reverse stock split.

Name	Option Awards (3)					Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Grant Date	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested
William M. Pierce (1)	-	30,000	8/8/2014	$ 4.04	8/7/2024	-	$ -
William T. Nanovsky (2)	-	18,000	8/8/2014	$ 4.04	8/7/2024	-	$ -
	3,375	10,125	6/11/2013	$ 9.30	6/10/2023	-	$ -
Blake W. Thompson	-	20,000	8/8/2014	$ 4.04	8/7/2024	-	$ -
	14,764	14,763	6/26/2012	$ 25.40	6/25/2022	-	$ -
	3,750	11,250	8/15/2013	$ 8.10	8/14/2023	-	$ -

(1) Does not include 6,569 restricted stock units granted under the Stock Incentive Plan to Mr. Pierce in connection with his service to the Board of Directors, which vested immediately at the time of grant, and represents the right to receive one share of common stock following Mr. Pierce's departure as a director.

(2) Does not include warrants to purchase 2,000 shares of common stock with an exercise price of $4.04 and 1,500 shares of common stock with an exercise price of $9.30 granted to the SCA Group.

(3) Represents stock options granted under the Stock Incentive Plan, which vest in four annual installments starting on the first anniversary of the grant date. Each stock option represents the right to receive one share of common stock upon vesting.

Option Exercises and Stock Vested - Fiscal 2014

During 2014, our named executive officers did not exercise any stock options and no restricted stock units held by our named executive officers vested.

Employment Agreements

We entered into an employment agreement with Mr. Pierce, and we entered into an Executive Services Agreement with the SCA Group in connection with Mr. Nanovsky's service as Senior Vice President and Chief Financial Officer. Below is a summary of the employment agreement with Mr. Pierce. For a description of the Executive Services Agreement, see the "Related Party Transactions" section.

Employment Agreement – William M. Pierce

On October 16, 2013, the Company entered into an employment agreement with William M. Pierce, effective as of September 16, 2013 (the "Pierce Agreement"), relating to his service as Chief Executive Officer of the Company. The Pierce Agreement has a term of one year and may be renewed annually upon the consent of both Mr. Pierce and the Company. Also, the Pierce Agreement may be terminated at any time by the Company or Mr. Pierce, provided the terminating party gives the other party written notice of such termination at least 30 days in advance. Pursuant to the Pierce Agreement, Mr. Pierce will receive an annual base salary in the amount of $150,000 payable in regular installments in accordance with the Company's general payroll practices. Mr. Pierce is also eligible to earn an annual bonus in an amount determined by the Compensation Committee of the Board, based upon achieving performance metrics and strategic goals established by the Board. In addition, the Company will reimburse Mr. Pierce for any reasonable out-of-pocket business expenses incurred in connection with his performance as Chief Executive Officer. The Company will also reimburse Mr. Pierce for the costs associated with the lease of an apartment in Charlotte, North Carolina and for the cost of weekly, round-trip air travel between Charlotte, North Carolina and Fort Lauderdale, Florida.

On August 8, 2014, the Company entered into an agreement for Renewal and Amendment to the Pierce Agreement with William M. Pierce (the "Pierce Renewal Agreement"). The Pierce Renewal Agreement provided that the term of the Pierce Agreement was renewed and continued to the second annual anniversary of the commencement date unless earlier terminated. In addition to the weekly air travel of Mr. Pierce between Charlotte, North Carolina and Fort Lauderdale, Florida, the Company shall reimburse Mr. Pierce for the cost of one trip monthly, round-trip air travel, for Executive's spouse to and from Fort Lauderdale, Florida and Charlotte, North Carolina. On November 3, 2014, the Board of Directors approved a salary increase for Mr. Peirce bringing his annual salary to $400,000 effective January 1, 2015, thus bringing his salary in line with market rates. All other terms and conditions of the Pierce Agreement remained unchanged.

If Mr. Pierce's employment is terminated by (i) the Company without Cause (as defined in the Pierce Agreement) or (ii) Mr. Pierce for Good Reason (as defined in the Pierce Agreement), then (A) the Pierce Agreement will be deemed to have terminated as of the date Mr. Pierce ceases to be employed by the Company, (B) Mr. Pierce will be entitled to continue to receive his then base salary from the Company for the remainder of the term (which, in the case of base salary, will be paid in arrears in accordance with the Company's general payroll practices, over the applicable period commencing on the date of such termination and subject to withholding and other appropriate deductions), (C) Mr. Pierce shall be entitled to receive any bonus that has been awarded to Mr. Pierce by the Board but has not yet been paid by the Company, subject to withholding and other appropriate deductions, and (D) Mr. Pierce shall be entitled to reimbursement of any unreimbursed expenses. As a condition to receiving such payments, Mr. Pierce will sign and deliver to the Company a release in the form mutually agreed by the parties.

If Mr. Pierce's employment is terminated by the Company for Cause (as defined in the Pierce Agreement) or by Mr. Pierce without Good Reason (as defined in the Pierce Agreement), then (i) the Pierce Agreement will be deemed to have terminated as of the date Mr. Pierce ceases to be employed by the Company, (ii) Mr. Pierce shall be entitled to receive his base salary through the date of such termination, subject to withholding and other appropriate deductions, and (iii) Mr. Pierce shall be entitled to reimbursement of any unreimbursed expenses.

If Mr. Pierce's employment by the Company is terminated due to Mr. Pierce's death or Disability (as defined in the Pierce Agreement), then (A) the Pierce Agreement will be deemed to have terminated as of the date Mr. Pierce ceases to be employed by the Company, (B) Mr. Pierce will be entitled to continue to receive his base salary through the remainder of the term, subject to withholding and other appropriate deductions, (C) Mr. Pierce shall be entitled to receive any bonus that has been awarded to Mr. Pierce by the Board but has not yet been paid by the Company, subject to withholding and other appropriate deductions, and (D) Mr. Pierce shall be entitled to reimbursement of any unreimbursed expenses.

Potential Payments Upon Termination or Change-in-Control

The section below quantifies certain compensation and benefits that would be payable to Mr. Pierce under his employment agreement if his employment had terminated on December 31, 2014. As of December 31, 2014, the Company had no other agreements with Mr. Pierce which would trigger potential payments upon termination or change-in-control. For a general description of Mr. Pierce's agreement see "Employment Agreement" above. Also, in connection with a termination, shares underlying vested restricted stock units would be delivered to Mr. Pierce, and stock options held by Mr. Pierce would be forfeited 90 days from the date of termination in connection with a termination other than for death or disability, and stock options held by Mr. Pierce would be forfeited one year from the date of termination in connection with a termination for death or disability, subject to the original term of the stock option.

Without Cause or for Good Reason

The following table shows amounts that would be payable to Mr. Pierce if his employment was terminated by the Company without Cause or by Mr. Pierce for Good Reason.

Name	Cash (1)	Bonus (2)	Severance	Other (3)	Total
William M. Pierce	$ 106,027	-	-	-	$ 106,027

(1) Mr. Pierce will be entitled to continue to receive his then base salary through the term of his employment agreement.

(2) Mr. Pierce will be entitled to receive any bonus that has been awarded to executive by the Board but has not yet been paid by the Company.

(3) Mr. Pierce will be entitled to reimbursement for any unreimbursed expenses.

Cause or Without Good Reason

The following table shows amounts that would be payable to Mr. Pierce if his employment was terminated by the Company for Cause or by Mr. Pierce without Good Reason.

Name	Cash (1)	Other (2)	Total
William M. Pierce	-	-	-

(1) Mr. Pierce will be entitled to receive his base salary through the date of termination.

(2) Mr. Pierce will be entitled to reimbursement for any unreimbursed expenses.

Death or Disability

The following table shows amounts that would be payable to Mr. Pierce if his employment was terminated due to death or Disability.

Name	Cash (1)	Bonus (2)	Severance	Other (3)	Total
William M. Pierce	$ 106,027	-	-	-	$ 106,027

(1) Mr. Pierce will be entitled to continue to receive his then base salary through the term of his employment agreement.

(2) Mr. Pierce will be entitled to receive any bonus that has been awarded to executive by the Board but has not yet been paid by the Company.

(3) Mr. Pierce will be entitled to reimbursement for any unreimbursed expenses.

Director Compensation

Director compensation for our non-employee directors is as follows:

- an annual fee of $60,000, paid quarterly on a calendar year basis;
- an annual committee chairman fee of $10,000, paid quarterly on a calendar year basis to the Chairman of each of our Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee;
- a per Board meeting fee of $1,500, paid quarterly in arrears on a calendar year basis;
- a per committee meeting fee of $1,500, paid quarterly in arrears on a calendar year basis;
- an annual grant of $35,000 in restricted stock units, paid on the first day of the month following our annual meeting of stockholders; and
- a one-time grant of $25,000 in restricted stock units, paid to each non-employee director upon their election or appointment to the Board.

Fees not designated to be paid in restricted stock units may be accepted as cash or restricted stock units at the director's discretion. Also, non-employee directors are reimbursed for reasonable expenses in connection with their service on the Board of Directors.

The following table sets forth certain information regarding the compensation paid to our non-employee directors for their service during the fiscal year ended December 31, 2014:

N ame	Fees Earned or Paid in Cash	Stock Awards (3)	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Non-qualified Deferred Compensation Earnings	All Other Compensation	Total
Steven R. Berrard (1)	$ 16,500	$ -	-	-	-	$ -	$ 16,500
Joseph Burke (2)	48,247	16,037	-	-	-	-	64,284
Richard L. Handley	82,000	9,459	-	-	-	-	91,459
Harris W. Hudson	82,000	9,459	-	-	-	-	91,459
William D. Pruitt	91,000	9,459	-	-	-	-	100,459
David Prussky	79,500	9,459	-	-	-	-	88,959

(1) Mr. Berrard served as a director through the 2014 Annual Meeting of Stockholders held on May 15, 2014.

(2) Mr. Burke was elected as a director on May 15, 2014.

(3) The table below sets forth the aggregate number of restricted stock units and stock options of each non-employee director outstanding as of December 31, 2014. All historical share amounts and computations using such amounts have been retroactively adjusted to reflect the June 3, 2014 one-for-ten reverse stock split.

Name	Restricted Stock Units (4)	Stock Options
Steven R. Berrard	6,280	-
Joseph Burke	16,037	-
Richard L. Handley	16,028	-
Harris W. Hudson	15,477	-
William D. Pruitt	15,477	-
David Prussky	15,455	2,000(5)

(4) These restricted stock units vested immediately upon grant and receipt of shares of common stock has been deferred in connection with the vesting of these restricted stock units.

(5) The options were previously granted pursuant to the CoolBrands International Inc. 2002 Stock Option Plan and were fully exercisable until they expired on March 2, 2015.

Compensation Committee Interlocks and Insider Participation

During 2014, our Compensation Committee was comprised of the following members: Mr. Hudson, Chairman, and Mr. Pruitt. Neither of these Committee members has ever been an officer or employee of Swisher Hygiene or any of our subsidiaries and none of our executive officers have served on the compensation committee or board of directors of any company of which any of our other directors is an executive officer.

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

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth, as of April 17, 2015, information regarding the beneficial ownership of our common stock by each director, each named executive officer, all of the directors and executive officers as a group, and each other person or entity known to us to be the beneficial owner of more than five percent of our common stock. Unless noted otherwise,

we believe that all persons named in the table below have sole voting and investment power with respect to all securities shown as being owned by them. Unless noted otherwise, the corporate address of each person listed below is 4725 Piedmont Row Drive, Suite 400, Charlotte, North Carolina, 28210.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (1)
Directors, Nominees, and Executive Officers:		
Joseph Burke	16,037(2)	*
Richard L. Handley	73,818(4)(3)	*
Harris W. Hudson	118,845(5)	*
William T. Nanovsky	7,500(6)	*
William M. Pierce	64,359(7)(3)	*
William D. Pruitt	16,920(8)	*
David Prussky	39,755(9)	*
Blake W. Thompson	34,014(10)	*
Directors and Executive Officers as a group (8 persons)	370,498(11)	2.1%
5% or Greater Stockholders		
H. Wayne Huizenga	2,423,009(12)	13.8%
Steven R. Berrard	2,506,811(13)	14.2%

(1) Based on 17,617,379 shares of our common stock outstanding as of April 17, 2015.

(2) Consists of 16,037 vested restricted stock units held by Mr. Burke.

(3) The shares of common stock held by these executive officers and director have been pledged to H. Wayne Huizenga as security for certain obligations owing pursuant to stock pledge and security agreements by each executive officer and director for the benefit of Mr. Huizenga.

(4) Consists of 57,790 shares of common stock held by Mr. Handley and 16,028 vested restricted stock units held by Mr. Handley.

(5) Consists of 30,368 shares of common stock held by Mr. Hudson, 73,000 shares of common stock held by Harris W. Hudson, LP and 15,477 vested restricted stock units held by Mr. Hudson.

(6) Consists of 3,375 shares underlying vested stock options held by Mr. Nanovsky, 3,375 shares underlying stock options which will vest within 60 days held by Mr. Nanovsky, 375 shares underlying vested warrants held by SCA Group and 375 shares underlying warrants held by SCA Group which will vest within 60 days. Mr. Nanovsky has shared voting and investment power of the securities held by SCA Group.

(7) Consists of 57,790 shares of common stock held by Mr. Pierce and 6,569 vested restricted stock units held by Mr. Pierce.

(8) Consists of 243 shares of common stock held by Mr. Pruitt, 1,000 shares of common stock held by Pruitt Enterprises, LP, 200 shares of common stock held by Mr. Pruitt's spouse, 13,927 vested restricted stock units held by Mr. Pruitt, and 1,550 vested restricted stock units held by Pruitt Enterprises, LP.

(9) Consists of 21,000 shares of common stock held by Mr. Prussky, 3,300 shares of common stock held by Mr. Prussky's spouse, Erica Prussky, and 15,455 vested restricted stock units held by Mr. Prussky.

(10) Consists of 15,500 shares of common stock held by Mr. Thompson and 18,514 shares underlying vested stock options held by Mr. Thompson.

(11) Includes 260,191 shares of common stock, 85,043 vested restricted stock units and options to purchase 25,264 shares of common stock.

(12) Consists of 2,420,779 shares of common stock held by Mr. Huizenga and 2,230 vested restricted stock units held by Mr. Huizenga. Mr. Huizenga is the Chairman of the Board of Directors of Huizenga Holdings, Inc. The business address of Huizenga Holdings, Inc. is 450 E. Las Olas Blvd., Suite 1500, Fort Lauderdale, Florida 33301.

(13) Consists of 2,500,531 shares of common stock held by Mr. Berrard and vested restricted stock units held by Mr. Berrard to purchase 6,280 shares of common stock. Mr. Berrard's address is 4521 Sharon Road, Suite 370, Charlotte, North Carolina 28211.

Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information as of December 31, 2015, with respect to all of our compensation plans under which equity securities are authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance
Equity compensation plans approved by stockholders	854,582(1)	$ 13.59	130,635
Equity compensation plans not approved by stockholders	-	-	-
	854,582	$ 13.59	130,635

(1) Includes 709,246 options to purchase shares of our common stock at a weighted average price of 13.59 per share and 145,336 restricted stock units, which have no exercise price.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Director Independence

The Board has determined that the following non-employee directors are "independent" in accordance with the NASDAQ rules and have no material relationship with the Company, except as a director and a stockholder of the Company: Mr. Burke, Mr. Handley, Mr. Hudson, Mr. Pruitt and Mr. Prussky. In determining the independence of each of the non-employee directors, the Board considered the relationships described under "Related Party Transactions."

In each case, the relationships did not violate NASDAQ listing standards or our Principles, and the Board concluded that such relationships would not impair the independence of our non-employee directors.

Related Party Transactions

As set forth in the Audit Committee Charter, our Audit Committee must approve all transactions with related persons as described in Item 404 of Regulation S-K under the Exchange Act. The following is a summary of agreements or transactions with parties related to our directors, executive officers, or us since January 1, 2014.

The SCA Group, LLC

Interim Services Agreement

On September 27, 2012, we entered into a certain Interim Services Agreement (the "Interim Services Agreement"), effective September 24, 2012, with The SCA Group, LLC (the "SCA Group") pursuant to which the SCA Group agreed to provide the Company with the services of William T. Nanovsky as the Company's Interim Senior Vice President and Chief

Financial Officer for consideration of up to $50,000 per month, plus reimbursement of certain expenses. Mr. Nanovsky is a founding partner of the SCA Group. During 2012, we paid the SCA Group $141,750 and a security deposit of $25,000. No payments were made directly to Mr. Nanovsky during 2012. The Interim Services Agreement was replaced with the Executive Services Agreement, described below.

Executive Services Agreement

On June 11, 2013, the Company entered into an Executive Services Agreement with the SCA Group, effective June 9, 2013, in connection with the services provided by William T. Nanovsky as Senior Vice President and Chief Financial Officer of the Company (the "Executive Services Agreement"). Pursuant to the Executive Services Agreement, the Company will pay the SCA Group a bi-weekly fee of $1,153.85 and Mr. Nanovsky a bi-weekly salary of $10,384.61, such amounts may increase on an annual basis consistent with the Company's policy as it applies to its senior management. Mr. Nanovsky will participate in the Company's bonus program, as it applies to senior management, with a bonus target of 50%. Any bonus will be paid 10% to SCA Group and 90% to Mr. Nanovsky. Mr. Nanovsky will remain a partner of SCA Group. We paid the SCA Group an aggregate of $30,000 and $294,404 pursuant to the Interim Services Agreement and Executive Services Agreement during 2014 and 2013, respectively. From January 1, 2015 through April 27, 2015, we paid the SCA Group $9,231 pursuant to the Executive Services Agreement.

Pursuant to the Executive Services Agreement, the Company will reimburse Mr. Nanovsky for all reasonable travel and out-of-pocket expenses in connection with his services to the Company. The Company will provide Mr. Nanovsky up to two round trip flights to Florida from North Carolina per month and a daily per diem equal to the then current U.S.A. General Services Administration dinner allowance for Charlotte, North Carolina (currently $29.00). Also, pursuant to the Executive Services Agreement, the Company will provide an apartment to Mr. Nanovsky in Charlotte, North Carolina, and Mr. Nanovsky will participate in the Company's benefit plans as they apply to senior management.

The Executive Services Agreement may be terminated by either party by providing a minimum of 30 days' advance notice. Also, the SCA Group may terminate the Agreement immediately upon written notice to the Company if (i) the Company is engaged in or asks the SCA Group or any SCA Group professional to engage in or ignore any illegal or unethical activity, (ii) Mr. Nanovsky ceases to be a SCA Group professional for any reason, (iii) Mr. Nanovsky becomes disabled, or (iv) the Company fails to pay any amounts due to the SCA Group under the Executive Services Agreement when due. In lieu of terminating the Executive Services Agreement under (ii) and (iii) above, upon mutual agreement of the parties, Mr. Nanovsky may be replaced by another SCA Group professional.

In addition, pursuant to the Executive Services Agreement, Mr. Nanovsky will participate in the Company's Amended and Restated 2010 Stock Incentive Plan (the "Stock Incentive Plan"). Any awards granted will be issued 10% as a warrant to the SCA Group and 90% to Mr. Nanovsky under the Stock Incentive Plan.

On June 10, 2013, in connection with the Executive Services Agreement, the Company granted Mr. Nanovsky an option to purchase 13,500 shares of common stock of the Company under the Stock Incentive Plan with an exercise price of $9.30. The option vests annually in four equal installments commencing on the first anniversary of the grant date. The option has a term of ten years. On August 8, 2014, in connection with the Executive Services Agreement, the Company granted Mr. Nanovsky an option to purchase 18,000 shares of common stock of the Company under the Stock Incentive Plan with an exercise price of $4.04. The option vests annually in four equal installments commencing on the first anniversary of the grant date. The option has a term of ten years.

Also in connection with the Executive Services Agreement, on June 10, 2013, the Company granted the SCA Group a warrant to purchase 1,500 shares of common stock of the Company with an exercise price of $9.30. The warrant vests annually in four equal installments commencing on June 10, 2014. During 2014, the SCA Group was granted a warrant to purchase 2,000 shares of common stock of the Company with an exercise price of $4.04, which vests in four equal installments commencing on August 8 , 2015. The warrants have a term of ten years.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

Auditor Fees and Services

The following table sets forth BDO's fees for the years ended December 31, 2014 and 2013.

	2014	2013
Audit Fees	$ 1,288,000	$ 1,357,000
Audit-Related Fees	-	-
Tax Fees	125,000	236,000
All Other Fees (1)	419,000	375,000
Total	$ 1,832,000	$ 1,968,000

(1) These amounts relate to costs incurred by BDO associated with certain government agencies' ongoing inquiries and requests for information related to the Company.

Policy for Approval of Audit and Permitted Non-Audit Services

The Audit Committee has adopted a policy and related procedures requiring its pre-approval of all audit and non-audit services to be rendered by its independent registered public accounting firm. These policies and procedures are intended to ensure that the provision of such services do not impair the independent registered public accounting firm's independence. These services may include audit services, audit related services, tax services and other services. The policy provides for the annual establishment of fee limits for various types of audit services, audit related services, tax services and other services, within which the services are deemed to be pre-approved by the Audit Committee. The independent registered public accounting firm is required to provide to the Audit Committee back up information with respect to the performance of such services.

All services provided by BDO during the fiscal years ended December 31, 2014 and 2013 were approved by the Audit Committee. The Audit Committee has delegated to its Chair the authority to pre-approve services, up to a specified fee limit, to be rendered by the independent registered public accounting firm and requires that the Chair report to the Audit Committee any pre-approved decisions made by the Chair at the next scheduled meeting of the Audit Committee.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

All other schedules not included have been omitted because of the absence of conditions under which they are required or because the required information, where material, is shown in the consolidated financial statements or the notes to the consolidated financial statements.

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated February 13, 2011. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, filed on February 17, 2011).
2.2	Amendment to Agreement and Plan of Merger, dated as of February 28, 2011, by and among Swisher Hygiene Inc., SWSH Merger Sub, Inc., Choice Environmental Services, Inc., and the other parties set forth therein. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, filed on March 4, 2011).
2.3	Stock Purchase Agreement, dated November 15, 2012, by and between Swisher Hygiene Inc. and Waste Services of Florida, Inc. (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 16, 2012 and schedules and similar attachments of this exhibit have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company undertakes to furnish on a supplemental basis a copy of any omitted schedules and similar attachments to the Securities and Exchange Commission upon request).
3.1	Certificate of Corporate Domestication of CoolBrands International Inc., dated November 1, 2010. (1)
3.2	Amended and Restated Certificate of Incorporation of Swisher Hygiene Inc. (2)
3.3	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Swisher Hygiene Inc. (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on June 2, 2014).
3.4	Bylaws of Swisher Hygiene Inc. (1)
10.1	Promissory Note, dated May 26, 2010, as amended, in the principal amount of $21,445,000 to Royal Palm Mortgage Group, LLC. (1)
10.2	Promissory Note, dated August 9, 2010, in the principal amount of $2,000,000 to Royal Palm Mortgage Group, LLC. (1)
10.3	Promissory Note, dated August 9, 2010, in the principal amount of $1,500,000 to Royal Palm Mortgage Group, LLC. (1)
10.4	Credit Agreement among Swisher Hygiene, Inc., the lenders named therein and Wells Fargo Bank, National Association, dated March 30, 2011 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 5, 2011).
10.5	Pledge and Security Agreement by Swisher Hygiene Inc., certain subsidiaries of Swisher Hygiene, Inc. named therein, and Wells Fargo Bank, National Association, dated March 30, 2011 (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 5, 2011 and portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment).
10.6	Guaranty Agreement by certain subsidiaries of Swisher Hygiene Inc. and Guaranteed Parties named therein, dated March 30, 2011 (incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 5, 2011).

10.7	CoolBrands International Inc. 2002 Stock Option Plan. (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-8, filed on February 14, 2011). †
10.8	Omnibus Amendment Agreement, effective as of February 28, 2011, by and between Swisher International, Inc. HB Service, LLC and Wells Fargo Bank, National Association. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on March 4, 2011).
10.9	Amended and Restated Swisher Hygiene Inc. 2010 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on May 9, 2011).* †
10.10	Swisher Hygiene Inc. Senior Executive Officers Performance Incentive Bonus Plan (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 10, 2011).* †
10.11	Employment and Non-Compete Agreement of Michael Kipp (incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 10, 2011).* †
10.12	First Amendment to Credit Agreement and Pledge and Security Agreement, dated August 12, 2011, by and between Swisher Hygiene Inc. and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on August 18, 2011).
10.13	General Electric Capital Corporation Loan Commitment Letter, dated August 12, 2011 (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 18, 2011).
10.14	Master Loan and Security Agreement, dated August 12, 2011, by and between General Electric Capital Corporation and Choice Environmental Services, Inc. (incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 18, 2011).
10.15	Amendment to Master Loan and Security Agreement, dated August 12, 2011, by and between General Electric Capital Corporation and Choice Environmental Services, Inc. (incorporated by reference to Exhibit 10.4 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 18, 2011).
10.16	Wells Fargo Equipment Finance, Inc. Loan Commitment Letter dated August 12, 2011 (incorporated by reference to Exhibit 10.5 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 18, 2011).
10.17	Master Loan and Security Agreement dated August 12, 2011, by and between Wells Fargo Equipment Finance, Inc. and Choice Environmental Services, Inc. (incorporated by reference to Exhibit 10.6 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 18, 2011).
10.18	Automotive Rentals, Inc. Vehicle Lease Financing Proposal, dated August 12, 2011 (incorporated by reference to Exhibit 10.7 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 18, 2011).
10.19	Second Amendment to Credit Agreement by and among Swisher Hygiene, Inc., the Subsidiary Guarantors party thereto, the Required Lenders, and Wells Fargo Bank, National Association, dated April 12, 2012 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 12, 2012).

10.20	Third Amendment to Credit Agreement by and among Swisher Hygiene, Inc., the Subsidiary Guarantors party thereto, the Required Lenders, and Wells Fargo Bank, National Association, dated May 15, 2012 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 17, 2012).
10.21	Fourth Amendment to Credit Agreement by and among Swisher Hygiene, Inc., the Subsidiary Guarantors party thereto, the Required Lenders, and Wells Fargo Bank, National Association, dated May 30, 2012 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 5, 2012).
10.22	Fifth Amendment to Credit Agreement by and among Swisher Hygiene, Inc., the Subsidiary Guarantors party thereto, the Required Lenders, and Wells Fargo Bank, National Association, dated June 28, 2012 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 29, 2012).
10.23	Sixth Amendment to Credit Agreement by and among Swisher Hygiene, Inc., the Subsidiary Guarantors party thereto, the Required Lenders, and Wells Fargo Bank, National Association, dated July 30, 2012 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 31, 2012).
10.24	Seventh Amendment to Credit Agreement and Pledge and Security Agreement by and among Swisher Hygiene, Inc., the Subsidiary Guarantors party thereto, the Required Lenders, and Wells Fargo Bank, National Association, dated August 31, 2012 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 4, 2012 and portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment).
10.25	Eighth Amendment to Credit Agreement by and among Swisher Hygiene, Inc., the Subsidiary Guarantors party thereto, the Required Lenders, and Wells Fargo Bank, National Association, dated September 27, 2012 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 27, 2012).
10.26	Ninth Amendment to Credit Agreement by and among Swisher Hygiene, Inc., the Subsidiary Guarantors party thereto, the Required Lenders, and Wells Fargo Bank, National Association, dated October 31, 2012 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 1, 2012).
10.27	Employment Letter, dated June 1, 2012, by and between Swisher Hygiene, Inc. and Brian Krass (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2012, filed with the Securities and Exchange Commission on March 15, 2013). †
10.28	Interim Services Agreement, effective September 24, 2012, between Swisher Hygiene Inc. and SCA Group, LLC (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2012, filed with the Securities and Exchange Commission on March 18, 2013). †
10.29	Consulting Agreement and Release between Steven R. Berrard and Swisher International, Inc., effective October 26, 2012 (incorporated by reference to Exhibit 10.56 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012, filed with the Securities and Exchange Commission on May 1, 2013). †
10.30	Separation Agreement and Release between Hugh Cooper and Swisher International Inc., dated November 15, 2012 (incorporated by reference to Exhibit 10.57 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012, filed with the Securities and Exchange Commission on May 1, 2013). †

10.31	Executive Services Agreement, effective June 9, 2013, between Swisher Hygiene Inc. and The SCA Group, LLC (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2013, filed with the Securities and Exchange Commission on August 9, 2013). †
10.32	Employment Agreement, dated October 16, 2013, between Swisher Hygiene Inc. and William M. Pierce. †
10.33	Employment Agreement, dated October 16, 2013, between Swisher Hygiene Inc. and Thomas C. Byrne. †
10.34	Separation Agreement and Release between Swisher Hygiene Inc. and Thomas E. Aucamp, dated March 7, 2014 (incorporated by reference to Exhibit 10.1 of the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, filed with the Securities and Exchange Commission on May 12, 2014). †
10.35	Amendment No. 1 to the Employment Agreement between Swisher Hygiene Inc. and Thomas C. Byrne, dated July 14, 2014 (incorporated by reference to Exhibit 10.2 of the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, filed with the Securities and Exchange Commission on November 10, 2014). †
10.36	Amendment to Employment Agreement by and between Swisher Hygiene Inc. and William M. Pierce, dated August 8, 2014 (incorporated by reference to Exhibit 10.3 of the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, filed with the Securities and Exchange Commission on November 10, 2014). †
10.37	Loan and Security Agreement by and among Swisher Hygiene Inc., as Guarantor, the Borrowers listed thereto and Siena Lending Group LLC, as Lender, dated August 29, 2014 (incorporated by reference to Exhibit 10.1 of the Company’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on September 3, 2014). (Portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment).
10.38	Second Amendment to Employment Agreement by and between Swisher Hygiene Inc. and William M. Pierce, dated January 31, 2015 (incorporated by reference to Exhibit 10.38 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014, filed with the Securities and Exchange Commission on April 1, 2015). †
10.39	Letter Agreement, dated as of March 25, 2015, by and among Siena Lending Group LLC and the Borrowers listed thereto (incorporated by reference to Exhibit 10.39 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014, filed with the Securities and Exchange Commission on April 1, 2015).
21.1	Subsidiaries of Swisher Hygiene Inc (incorporated by reference to Exhibit 21.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014, filed with the Securities and Exchange Commission on April 1, 2015).
23.1	Consent of BDO USA, LLP (incorporated by reference to Exhibit 23.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014, filed with the Securities and Exchange Commission on April 1, 2015).
31.1	Section 302 Certification of Chief Executive Officer.
31.2	Section 302 Certification of Chief Financial Officer.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

101.INS	XBRL Instance Document (incorporated by reference to Exhibit 101.INS to the Company's Annual Report on Form 10-K for the year ended December 31, 2014, filed with the Securities and Exchange Commission on April 1, 2015).
101.SCH	XBRL Taxonomy Extension Schema (incorporated by reference to Exhibit 101.SCH to the Company's Annual Report on Form 10-K for the year ended December 31, 2014, filed with the Securities and Exchange Commission on April 1, 2015).
101.CAL	XBRL Taxonomy Extension Calculation Linkbase (incorporated by reference to Exhibit 101.CAL to the Company's Annual Report on Form 10-K for the year ended December 31, 2014, filed with the Securities and Exchange Commission on April 1, 2015).
101.LAB	XBRL Taxonomy Extension Label Linkbase (incorporated by reference to Exhibit 101.LAB to the Company's Annual Report on Form 10-K for the year ended December 31, 2014, filed with the Securities and Exchange Commission on April 1, 2015).
101.PRE	XBRL Taxonomy Extension Presentation Linkbase (incorporated by reference to Exhibit 101.PRE to the Company's Annual Report on Form 10-K for the year ended December 31, 2014, filed with the Securities and Exchange Commission on April 1, 2015).

The following documents are incorporated by reference to the indicated exhibit to the following filings by the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

(1) Registration Statement on Form 10, filed with the Securities and Exchange Commission on November 9, 2010.
(2) Registration Statement on Form S-8, filed with the Security and Exchange Commission on May 9, 2011.

* Furnished herewith.
† Management contracts or compensatory plans, contracts, or arrangements.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SWISHER HYGIENE INC.
(Registrant)

SWISHER HYGIENE INC.
(Registrant)

Dated: April 30, 2015

By: /s/William T. Nanovsky

Nanovsky

: President and Chief Financial Officer

Financial and Accounting Officer)

EXHIBIT 31.1

CERTIFICATION

I, William M. Pierce, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of Swisher Hygiene 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; and

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.

Date: April 30, 2015

By: /s/William M. Pierce
William M. Pierce
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, William T. Nanovsky, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of Swisher Hygiene 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; and

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.

Date : April 30, 2015

By: /s/William T. Nanovsky
William T. Nanovsky
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K/A of Swisher Hygiene Inc. (the “Company”) for the year ended December 31, 2014, as filed with the Securities and Exchange Commission (the “Report”), I, William M. Pierce, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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

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

Date: April 30, 2015

By:/sWilliam M. Pierce
William M. Pierce
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K/A of Swisher Hygiene Inc. (the "Company") for the year ended December 31, 2014, as filed with the Securities and Exchange Commission (the "Report"), I, William T. Nanovsky, Senior Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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

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

Date: April 30, 2015

By: /s/William T. Nanovsky
William T. Nanovsky
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

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

FORM 10-Q

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

For the quarterly period ended March 31, 2015

OR

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

For the transition period from ____________ to _____________.

Commission File Number: 001-35067

SWISHER HYGIENE INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**27-3819646**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*

4725 Piedmont Row Drive, Suite 400, Charlotte, North Carolina	**28210**
(Address of Principal Executive Offices)	*(Zip Code)*

(704) 364-7707
(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 Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).Yes ☑ No ☐

Indicate by check mark 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:

Larger 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 ☑

Number of shares outstanding of each of the registrant's classes of Common Stock at May 6, 2015: 17,617,379 shares of Common Stock, $0.001 par value per share.

SWISHER HYGIENE INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2015

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SWISHER HYGIENE INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	March 31, 2015 (Unaudited)	December 31, 2014
Current assets		
Cash and cash equivalents	$ 3,796	$ 7,233
Restricted cash	231	231
Accounts receivable (net of allowance for doubtful accounts of approximately $0.9 million at March 31, 2015 and $1.0 million at December 31, 2014)	17,403	18,751
Inventory, net	13,116	15,426
Deferred income taxes	520	534
Assets held for sale	3,076	-
Other assets	3,714	2,525
Total current assets	41,856	44,700
Property and equipment, net	33,891	37,037
Other intangibles, net	5,978	6,654
Customer relationships and contracts, net	20,949	22,792
Other noncurrent assets	1,910	2,015
Total assets	$ 104,584	$ 113,198
Current liabilities		
Accounts payable	$ 8,795	$ 13,627
Accrued payroll and benefits	4,179	3,467
Accrued expense	7,498	7,122
Long-term debt and obligations due within one year	2,623	1,884
Line of credit	3,245	-
Total current liabilities	26,340	26,100
Long-term debt and obligations	1,071	1,185
Deferred income taxes	563	558
Other long-term liabilities	4,068	4,065
Total noncurrent liabilities	5,702	5,808
Commitments and contingencies		
Equity		
Preferred stock, par value $0.001, authorized 10,000,000 shares; no shares issued and outstanding at March 31, 2015 and December 31, 2014		
Common stock, par value $0.001, authorized 600,000,000 shares; 17,617,379 shares and 17,612,278 shares issued and outstanding at March 31, 2015 and December 31, 2014 (1)	18	18
Additional paid-in capital (1)	390,051	389,942
Accumulated deficit	(316,194)	(307,363)
Accumulated other comprehensive loss	(1,333)	(1,307)
Total equity	72,542	81,290
Total liabilities and equity	$ 104,584	$ 113,198

(1) All outstanding share amounts and computations using such amounts have been retroactively adjusted to reflect the June 3, 2014 one-for-ten reverse stock split.

See Notes to Condensed Consolidated Financial Statements

SWISHER HYGIENE INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)
(In thousands, except share and per share data)

	Three Months Ended March 31,	
	2015	2014
Revenue		
Products	$ 39,263	$ 43,241
Services	4,328	4,694
Franchise and other	250	360
Total revenue	43,841	48,295
Costs and expenses		
Cost of sales (exclusive of route expenses and related depreciation and amortization)	19,962	21,812
Route expenses	11,692	12,364
Selling, general, and administrative expenses	16,514	19,770
Depreciation and amortization	4,590	5,359
Impairment loss on assets held for sale	-	2,028
Total costs and expenses	52,758	61,333
Loss from operations	(8,917)	(13,038)
Other income (expense), net	114	(717)
Net loss before income taxes	(8,803)	(13,755)
Income tax expense	(28)	(37)
Net loss	(8,831)	(13,792)
Comprehensive loss		
Foreign currency translation adjustment	(26)	(15)
Comprehensive loss	$ (8,857)	$ (13,807)
Loss per share (1)		
Basic and diluted	$ (0.50)	$ (0.78)
Weighted-average common shares used in the computation of loss per share (1)		
Basic and diluted	17,750,214	17,688,471

(1) All outstanding share amounts and computations using such amounts have been retroactively adjusted to reflect the June 3, 2014 one-for-ten reverse stock split.

See Notes to Condensed Consolidated Financial Statements

SWISHER HYGIENE INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Three Months Ended March 31,	
	2015	**2014**
Operating activities		
Net loss	$ (8,831)	$ (13,792)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	4,590	5,359
Provision for doubtful accounts	247	241
Stock based compensation	109	496
Deferred income taxes	19	5
Impairment loss on assets held for sale	-	2,028
Loss on sale of assets held for sale	-	605
(Gain) loss on sale of assets	(287)	24
Changes in operating assets and liabilities:		
Accounts receivable	751	1,253
Inventory	2,310	(123)
Accounts payable, accrued expense and other current liabilities	(3,767)	3,588
Other assets and non-current assets	(1,079)	1,040
Net cash (used in) provided by operating activities of continuing operations	(5,938)	724
Net cash used in operating activities of discontinued operations	-	(1,987)
Cash used in operating activities	(5,938)	(1,263)
Investing activities		
Purchases of property and equipment	(1,716)	(1,949)
Cash received on sale of property and equipment	347	-
Cash received on sale of assets held for sale	-	462
Cash used in investing activities	(1,369)	(1,487)
Financing activities		
Principal payments on debt	(1,007)	(1,182)
Proceeds from debt issuances	1,622	-
Proceeds from line of credit, net of issuance costs	3,245	-
Proceeds from capital lease	10	-
Cash provided by (used in) financing activities	3,870	(1,182)
Net decrease in cash and cash equivalents	(3,437)	(3,932)
Cash and cash equivalents at the beginning of the period	7,233	21,465
Cash and cash equivalents at the end of the period	$ 3,796	$ 17,533

See Notes to Condensed Consolidated Financial Statements

SWISHER HYGIENE INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

NOTE 1 — BASIS OF PRESENTATION

The accompanying Condensed Consolidated Financial Statements have been prepared in accordance with United States generally accepted accounting principles ("GAAP") for interim financial information and in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X promulgated by the Securities and Exchange Commission ("SEC") and therefore do not contain all of the information and footnotes required by GAAP and the SEC for annual financial statements. The Company's Condensed Consolidated Financial Statements reflect all adjustments that management believes are necessary for the fair presentation of their financial position, results of operations, comprehensive loss and cash flows for the periods presented. The information at December 31, 2014 in the Company's Condensed Consolidated Balance Sheet included in this quarterly report was derived from the audited Consolidated Balance Sheet included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014, filed with the SEC on April 1, 2015. The Company's 2014 Annual Report on Form 10-K is referred to in this quarterly report as the "2014 Annual Report." This quarterly report should be read in conjunction with the 2014 Annual Report.

Intercompany balances and transactions have been eliminated in consolidation. Tabular information, other than share and per share data, is presented in thousands of dollars. Certain reclassifications have been made to prior year amounts for consistency with the current period presentation.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities at the date of the Condensed Consolidated Financial Statements. Actual results could differ from those estimates and such differences could affect the results of operations reported in future periods.

The Company's significant accounting policies are discussed in Note 1 of the Notes to Consolidated Financial Statements in our 2014 Annual Report. There have been no significant changes to those policies.

On June 3, 2014, a one-for-ten reverse split of the Company's issued and outstanding common stock, $0.001 par value per share, became effective ("Reverse Stock Split"). Trading of the common stock on a post-Reverse Stock Split adjusted basis began at the open of business on the morning of June 3, 2014. All historic share and per share information, including loss per share, in this Form 10-Q have been retroactively adjusted to reflect the Reverse Stock Split.

Going Concern

Our Condensed Consolidated Financial Statements were prepared on a going concern basis in accordance with U.S. GAAP. The going concern basis of presentation assumes that we will continue in operation for the next twelve months and will be able to realize our assets and discharge our liabilities and commitments in the normal course of business and does not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from our inability to continue as a going concern. The Company has suffered recurring losses from operations and has not generated positive cash flows from operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. In order for us to continue operations beyond the next twelve months and be able to discharge our liabilities and commitments in the normal course of business, we must do, but not limited to, some or all of the following: (i) improve operating results through improved customer retention, profitable organic revenue growth, and continued improvements in cost efficiencies; (ii) sell additional non-core or non-essential assets; (iii) raise additional equity; and/or (iv) obtain additional financing through debt. There can be no assurance that we will be able to improve operating results or obtain additional funds by selling additional non-core or non-essential assets, raising additional equity or obtaining additional financing when needed or that such funds, if available, will be obtainable on terms satisfactory to us.

If we are not able to improve operating results or obtain additional funds by selling additional non-core or non-essential assets, raising additional equity or obtaining additional financing, material adverse events may occur including, but not limited to: 1) a reduction in the nature and scope of our operations, 2) our inability to fully implement our current business plan, and 3) defaults under the Credit Facility (as defined below). There can be no assurances that we will be able to successfully improve our liquidity position. Our consolidated financial statements do not reflect any adjustments that might result from the adverse outcome relating to this uncertainty.

Newly Issued Accounting Pronouncements

In April, 2014, the Financial Accounting Standards Board issued Accounting Standards Update *ASU No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. The amendments in this accounting standard raise the threshold for a disposal to qualify as a discontinued operation and require new disclosures of both discontinued operations and certain other disposals that do not meet the definition of a discontinued operation. This accounting standard update is effective for annual periods beginning on or after December 15, 2014 and related interim periods, with early adoption allowed. The adoption of this standard did not have a material impact on the Company's consolidated financial results.

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update *ASU No. 2014-09, Revenue from Contracts with Customers*. This ASU is intended to clarify the principles for recognizing revenue by providing a more robust framework for addressing revenue issues; improving comparability of revenue recognition practices; and providing more useful information to users of financial statements through improved revenue disclosure requirements. The provisions of this ASU are effective for interim and annual periods beginning after December 15, 2016. The Company is currently evaluating the impact of this standard and has elected to not adopt the standard early.

In August 2014, the Financial Accounting Standards Board issued *ASU Update No. 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern.* This ASU provides guidance related to management's responsibility to evaluate whether there is substantial doubt about the entity's ability to continue as a going concern and to provide related footnote disclosures. The new requirements are effective for the annual periods ending after December 15, 2016, and for interim periods and annual periods thereafter. Early adoption is permitted. The Company is currently evaluating the impact of this standard and has elected to not adopt the standard early.

NOTE 2 — DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Discontinued Operations

For the three months ended March 31, 2015, there were no discontinued operations. For the three months ended March 31, 2014, net cash used in operating activities of discontinued operations was $2.0 million and consisted of payments primarily related to legal fees and the settlement of a contractual dispute that the Company accepted responsibility to resolve as a part of the sale of the Waste segment. The Company completed the sale of its Waste segment on November 15, 2012.

Assets Held For Sale

In accordance with *ASC 360, Property, Plant and Equipment*, certain non-core linen assets have been classified as assets held for sale in the Condensed Consolidated Balance Sheet and the assets were adjusted to the lower of historical carrying amount or fair value. Fair value is based on the estimated sales price, less selling costs, of the assets. Estimates of the net sales proceeds are derived using Level 3 inputs, including the Company's estimates related to industry multiples of revenues or operating metrics, the status of ongoing sales negotiations and asset purchase agreements where available. The Company's estimates of fair value require significant judgment and are regularly reviewed and subject to change based on market conditions, changes in the customer base of the operations or routes, and our continuing evaluation as to the facility's acceptable sale price.

During 2014 the Company updated its estimates of the fair value of certain linen routes and operations to reflect various events that occurred during the year. The cumulative impairment loss for the twelve months ended December 31, 2014 was $3.0 million, of which $1.9 million was attributable to a reduction in the estimate of net sale proceeds for a linen processing operation. The factors driving the $1.9 million reduction were the cancellation notifications, received from three major customers, resulting in a significant loss of forecasted revenue; and the operation's 2014 year-to-date loss which was in excess of the Company's estimates. The Company made the decision to close this linen processing operation and the fair value was written down to zero. During the three months ended March 31, 2015, the Company completed the sale of equipment of this closed operation which resulted in the net receipt of $0.3 million in cash, and a $0.3 million gain. The gain is included in "Other income (expense), net" in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

During March 2015, the Board of Directors of the Company approved a resolution to sell the Company's remaining linen operation. In accordance with *ASC 360, Property, Plant and Equipment,* these assets were classified as assets held for sale at March 31, 2015 and were adjusted to the lower of historical carrying amount or fair value, which was $3.1 million at March 31, 2015. The estimated fair value was derived based on the assessment of the potential net selling price. The Company expects that this linen operation will be sold in the second quarter of 2015.

For the three months ended March 31, 2015 and 2014, linen related revenue attributable to the assets held for sale and sold linen assets was $1.6 million and $2.7 million, respectively. The 2014 annual revenue was $9.6 million.

There were no assets held for sale as of December 31, 2014. The major classes of the assets held for sale as of March 31, 2015 are as follows:

	March 31, 2015
Property and equipment, net	$ 1,937
Customer relationships, net	459
Accounts receivable	350
Other, net	330
Total	$ 3,076

NOTE 3 — GOODWILL AND OTHER INTANGIBLE ASSETS

The Company's accounting policy is to perform an annual impairment test in the fourth quarter or more frequently whenever events or circumstances indicated that the carrying value of intangible assets may not be recoverable. On a quarterly basis, we monitor the key drivers of fair value to detect the existence of indicators or changes that would warrant an interim impairment test for our intangible assets. Goodwill was fully written-off in the second quarter of 2014 with a non-cash impairment charge of $5.8 million. There was no impairment of intangible assets as of March 31, 2015.

Amortization expense on finite lived intangible assets for the three months ended March 31, 2015 and 2014 was $1.7 million and $2.0 million, respectively.

NOTE 4 — INVENTORY

Inventory, net of reserves, as of March 31, 2015 and December 31, 2014 consisted of the following:

	March 31, 2015	December 31, 2014
Finished goods	$ 10,460	$ 12,286
Raw materials	2,286	2,780
Work in process	370	360
Total	$ 13,116	$ 15,426

NOTE 5 — EQUITY

On May 15, 2014, the Reverse Stock Split of the Company's issued and outstanding common stock at a ratio of one-for-ten was approved by the Company's stockholders. The Reverse Stock Split became effective June 3, 2014, pursuant to a Certificate of Amendment to the Company's Amended and Restated Certificate of Incorporation filed with the State of Delaware. The Company is authorized in its Amended and Restated Certificate of Incorporation to issue up to a total of 600,000,000 shares of common stock at a par value of $.001 per share and 10,000,000 shares of preferred stock at a par value of $.001 per share. The Company's common stock continues to trade on the Nasdaq Capital Market under the symbol SWSH under a new CUSIP number. In the Condensed Consolidated Balance Sheets, the Equity section has been retroactively adjusted to reflect the Reverse Stock Split for all periods presented by reducing the line item Common stock and increasing the line item Additional paid-in capital, with no change to Equity in the aggregate.

Changes in equity for the three months ended March 31, 2015 consisted of the following:

Balance at December 31, 2014	$ 81,290
Stock based compensation	109
Foreign currency translation adjustment	(26)
Net loss	(8,831)
Balance at March 31, 2015	$ 72,542

Comprehensive Loss

A summary of the changes in the components of accumulated other comprehensive loss for the three months ended March 31, 2015 is provided below:

	Foreign Currency Translation Adjustment	Employee Benefit Plan Adjustment, Net of Tax	Accumulated Other Comprehensive Loss
Balance at December 31, 2014	$ (125)	$ (1,182)	$ (1,307)
Current period other comprehensive loss	(26)	-	(26)
Balance at March 31, 2015	$ (151)	$ (1,182)	$ (1,333)

NOTE 6 — LONG-TERM DEBT AND OBLIGATIONS

	March 31, 2015	December 31, 2014
Notes payable	$ 1,125	$ 1,193
Convertible promissory notes, 4.0%: maturing at various dates through 2016	624	832
Capitalized lease obligations and other financing	1,945	1,044
Total debt and obligations	3,694	3,069
Long-term debt and obligations due within one year	(2,623)	(1,884)
Long-term debt and obligations	$ 1,071	$ 1,185

Interest on notes payable range between 3.6% and 4.0% and mature at various dates through 2019. At the Company's election, the Company may settle, at any time prior to and including the maturity date, any portion of the outstanding convertible promissory notes' principal balance of $0.6 million, plus accrued interest, in a combination of cash and shares of common stock. To the extent that the Company's common stock is part of such settlement, the settlement price is the most recent closing price of the Company's common stock on the trading day prior to the date of settlement. Although none of these notes have been settled to date with shares, if all notes outstanding at March 31, 2015 were to be settled with shares the Company would issue 337,278 shares of common stock based on the per share value at March 31, 2015.

On August 29, 2014, the Company entered into a $20.0 million revolving credit facility, through the execution of a Loan and Security Agreement, by and among the Company, as Guarantor, and certain subsidiaries of the Company and collectively, as Borrower, and Siena Lending Group LLC, as Lender (the "Credit Facility"). The Credit Facility matures on August 29, 2017.

Interest on borrowings under the Credit Facility will accrue at the Base Rate plus 2.00% and will be payable monthly. Base Rate is defined as the greater of (1) the Prime Rate, (2) the Federal Funds Rate plus 0.50%, or (3) 3.25%.

Borrowings and availability under the Credit Facility are subject to a borrowing base and limitations, and compliance with other terms specified in the agreement. Borrowings under the Credit Facility are secured by a first priority lien on certain of the Company's and its subsidiaries' assets. The calculated borrowing base as of March 31, 2015 was $12.3 million, of which $4.1 million was outstanding under letters of credit, $3.2 million was outstanding under borrowings and $5.0 million was unused.

The Credit Facility contains certain customary representations and warranties, and certain customary covenants on the Company's ability to, among other things, incur additional indebtedness, create liens or other encumbrances, sell or otherwise dispose of assets, and merge or consolidate with other entities or enter into a change of control transaction. The Credit Facility contains various events of default. The Company has met all required covenants under the Credit Facility as of March 31, 2015.

The Company entered into a letter agreement, dated as of March 25, 2015, as amended ("Letter Agreement"), with its Lender in respect of the occurrence of a Springing DACA Event, as such term is defined in the Loan and Security Agreement dated as of August 29, 2014, among the Company, certain of the Company's subsidiaries, and its Lender. The Lender temporarily waived certain cash management requirements and certain expanded reporting requirements that would otherwise go into effect upon occurrence of a Springing DACA Event until May 12, 2015.

The Company has entered into capitalized lease obligations with third party finance companies to finance the cost of certain equipment. At March 31, 2015, these obligations bore interest at rates ranging between 4.0% and 18.4% and at December 31, 2014, interest ranged between 4.0% and 18.4%.

The fair value of the Company's debt is estimated based on the current borrowing rates available to the Company for bank loans with similar terms and maturities, and approximates the carrying value of these liabilities.

NOTE 7 — OTHER INCOME (EXPENSE), NET

	Three Months Ended March 31,	
	2015	**2014**
Interest income	$ -	$ 4
Interest expense	(95)	(78)
Foreign currency	(71)	(15)
Other	280	(628)
Total other income (expense), net	$ 114	$ (717)

As described in Note 2, "Discontinued Operations and Assets Held for Sale", "Other" for the three months ended March 31, 2015, primarily consists of a $0.3 million gain related to the sale of equipment of a closed operation, and for the three months ended March 31, 2014, primarily represents a $0.6 million loss related to the sale of assets held for sale.

NOTE 8 — SUPPLEMENTAL CASH FLOW INFORMATION

	Three Months Ended March 31,	
	2015	**2014**
Cash paid for income taxes	$ -	$ 20
Cash paid for interest	$ 95	$ 78
Cash received from interest	$ -	$ 5

NOTE 9 — LOSS PER SHARE

Basic net loss attributable to common stockholders per share is computed by dividing net loss by the weighted-average number of common shares outstanding during the period. Shares of common stock underlying outstanding stock options of which the market price of the common stock is higher than the exercise price of the related stock awards and unvested restricted stock units of 6,603 were not included in the computation of diluted loss per share for the three months ended March 31, 2015, since their inclusion would be anti-dilutive.

Shares of common stock underlying outstanding stock options of which the market price of the common stock is higher than the exercise price of the related stock awards and unvested restricted stock units of 32,480 were not included in the computation of diluted loss per share for the three months ended March 31, 2014 since their inclusion would be anti-dilutive.

NOTE 10 — INCOME TAXES

In projecting the Company's income tax expense for 2015, management has concluded that it is not more likely than not that the Company will realize the benefit of its deferred tax assets and as a result a full valuation allowance will be required as of December 31, 2015. Therefore, the Company has not recognized a tax benefit as it relates to the current loss for the period ended March 31, 2015.

For the three months ended March 31, 2015, the Company has recorded an estimate for income taxes based on the Company's projected income tax expense for the twelve month period ending December 31, 2015. The Company's tax provision has an unusual relationship to pretax loss mainly because of the existence of a full deferred tax asset valuation allowance. This circumstance generally results in a zero net tax provision since the income tax expense or benefit that would otherwise be recognized is offset by the change to the valuation allowance. However, tax expense recorded in the first quarter of 2015 included the accrual of income tax expense related to an additional valuation allowance in connection with the tax amortization of the Company's indefinite-lived intangible assets that was not available to offset existing deferred tax assets (termed a "naked credit"). Specifically, the Company does not consider the deferred tax liabilities related to indefinite lived intangible assets when determining the need for a valuation allowance.

NOTE 11— RELATED PARTY TRANSACTIONS

The Company paid fees for training course development and utilization of the delivery platform from a company, the majority of which is owned by a partnership in which a significant shareholder, former director and three former executives of the Company have a controlling interest. Fees paid during the three months ended March 31, 2015 and 2014 were less than $0.1 million, respectively.

As discussed further below in Note 12, "Commitments and Contingencies," the Company entered into a Manufacturing and Supply Agreement (the "Cavalier Agreement") with a plant in connection with its acquisition of Sanolite in July 2011. The Cavalier Agreement was terminated in September 2014, pursuant to the terms of the agreement. In connection with the acquisition in 2011, two of the owners of both Sanolite and the manufacturing plant became Company employees. There were no purchases, pursuant to the Cavalier Agreement, for the three months ended March 31, 2015 and $1.5 million at March 31, 2014. At March 31, 2015 and December 31, 2014, the Company had less than $0.1 million and $0.3 million included in accounts payable due to this entity, respectively. As described below, the transactions pursuant to the Cavalier Agreement were considered to be conducted at the going market prices for such products.

The Company is obligated to make lease payments pursuant to certain real property and equipment lease agreements with employees that were former owners of acquired companies. Such lease payments during the three months ended March 31, 2015 and 2014 were $0.2 million.

NOTE 12 — COMMITMENTS AND CONTINGENCIES

Guarantees

In connection with a distribution agreement entered into in December 2010, the Company provided a guarantee that the distributor's operating cash flows associated with the agreement would not fall below certain agreed-to minimums, subject to certain pre-defined conditions, over the ten year term of the distribution agreement. If the distributor's annual operating cash flow does fall below the agreed-to annual minimums, the Company will reimburse the distributor for any such short fall up to a pre-designated amount. No value was assigned to the fair value of the guarantee at March 31, 2015 and December 31, 2014, based on a probability assessment of the projected cash flows. Management currently does not believe that it is probable that any amounts will be paid under this agreement and thus there is no amount accrued for the guarantee in the Condensed Consolidated Financial Statements. This liability would be considered a Level 3 financial instrument given the unobservable inputs used in the projected cash flow model.

As discussed above in Note 11, "Related Party Transactions," the Company entered into the Cavalier Agreement. The agreement, which was scheduled to expire on December 31, 2012, was extended for an additional two year period with an automatic 18-month renewal term and a six month termination provision. The agreement provides for pricing adjustments, up or down, on the first of each month based on the vendor's actual average product costs incurred during the prior month. Additional product payments made by the Company due to the vendors pricing adjustment as a result of this agreement have not been significant and have not represented costs materially above the going market price for such product. The Cavalier Agreement was terminated in September 2014 pursuant to the terms of the agreement.

LEGAL MATTERS

We may be involved in litigation from time to time in the ordinary course of business. We do not believe that the ultimate resolution of these matters will have a material adverse effect on our business, financial condition or results of operations. However, the results of these matters cannot be predicted with certainty and no assurance can be given that the ultimate resolution of any legal or administrative proceedings or disputes will not have a material adverse effect on our business, financial condition and results of operations.

Securities Litigation

On May 21, 2012, a stockholder derivative action was brought against the Company's former CEO and former CFO and the Company's then directors for alleged breaches of fiduciary duty by a purported Company stockholder in the United States District Court for the Southern District of New York. In this derivative action, captioned Arsenault v. Berrard, et al., 1:12-cv-4028, the plaintiff seeks to recover for the Company damages arising out of the Company's March 28, 2012 announcement regarding the Board of Director’s conclusion that the Company's previously issued interim financial statements for the quarterly periods ended March 31, 2011, June 30, 2011 and September 30, 2011, and the other financial information in the Company's quarterly reports on Form 10-Q for the periods then ended, should no longer be relied upon and that an internal review by the Company's Audit Committee primarily relating to possible adjustments to the Company's financial statements was ongoing.

On August 13, 2012, the Arsenault derivative action, along with other related putative class actions in the Southern District of New York, was transferred to the United States District Court for the Western District of North Carolina where other related putative securities class actions. All action were consolidated under the caption In re Swisher Hygiene, Inc. Securities and Derivative Litigation, MDL No. 2384. On August 21, 2012, the Western District of North Carolina issued an order governing the practice and procedure in the actions transferred to the Western District of North Carolina as well as the actions originally filed there. On October 18, 2012, the Western District of North Carolina held an Initial Pretrial Conference at which it appointed lead counsel and lead plaintiffs for the securities class actions, and set a schedule for the filing of a consolidated class action complaint and defendants' time to answer or otherwise respond to the consolidated class action complaint. The Western District of North Carolina stayed the Arsenault derivative action, pending the outcome of the securities class actions.

On August 6, 2014, following a hearing, the Western District of North Carolina approved a settlement of the securities class actions, and issued an Order and Final Judgment that, among other things, dismissed the securities class actions pending in the United States with prejudice and provided for full and complete releases to defendants. The Arsenault derivative action is still pending.

On June 11, 2013, an individual action was filed in the United States. District Court for the Southern District of Florida captioned Miller, et al. v. Swisher Hygiene, Inc., et al., No. 0:13-CV-61292-JAL, against the Company, its former CEO and former CFO, and a former Company director, bringing state and federal claims founded on the allegations that in deciding to sell their company to the Company, plaintiffs relied on defendants' statements about such things as the Company's accounting and internal controls, which, in light of the Company’s restatement of its financial statements, were false. On July 17, 2013, the Company notified the United States Judicial Panel on Multidistrict Litigation ("MDL Panel") of this action, and requested that it be transferred and centralized in the Western District of North Carolina with the other actions pending there. On July 23, 2013, the MDL Panel issued a Conditional Transfer Order (the "Miller CTO"), conditionally transferring the case to the Western District of North Carolina. On July 29, 2013, plaintiffs notified the MDL Panel that they would seek to vacate the Miller CTO. In light of the proceedings in the MDL Panel, defendants requested that the Southern District of Florida stay all proceedings pending the MDL Panel's ruling. On August 6, 2013, the Southern District of Florida issued a stay of all proceedings pending a ruling by the MDL Panel. On October 2, 2013, following briefing on the issue of whether the Miller CTO should be vacated, the MDL Panel issued an order transferring the action to the Western District of North Carolina. The Company and the individual defendants filed motions to dismiss the complaint on March 20, 2014. Briefing on the motions to dismiss was completed on May 12, 2014. On June 2, 2014, plaintiffs filed a motion with the Western District of North Carolina seeking a suggestion for remand from that Court to the MDL Panel. Briefing on that motion was completed on June 26, 2014. Oral argument on the motions to dismiss and motion for suggestion for remand were heard on July 22, 2014. On August 5, 2014, the Western District of North Carolina denied plaintiffs' motion for suggestion for remand. On October 22, 2014, the Company filed a notice of supplemental authority in support of its motion to dismiss the complaint in this action. On November 4, 2014, plaintiffs filed a response to the notice of supplemental authority.

On December 17, 2013, a purported stockholder commenced a putative securities class action on behalf of purchasers of the Company's common stock on the Toronto Stock Exchange or any other Canadian trading platforms in the Ontario Superior Court of Justice, captioned Edwards v. Swisher Hygiene, Inc., et al., CV 13-20282 CP, against the Company, the former CEO and former CFO. The action alleges claims under Canadian law for alleged misrepresentations of the Company's financial position relating to its business acquisitions. On February 13, 2014, a Fresh Statement of Claim and Fresh Notice of Action were filed, adding an additional named plaintiff. On March 28, 2014, another purported stockholder commenced a putative securities class action on behalf of purchasers of the Company's common stock on the Toronto Stock Exchange or any other Canadian trading platforms in the Ontario Superior Court of Justice, captioned Phillips v. Swisher Hygiene, Inc., et al., CV 14-00501096-0000, against the Company, the former CEO, the former CFO and the Company's former Senior Vice President and Treasurer. The action alleges claims under Canadian law stemming from the Company's restatement.

Although the Company believed it had meritorious defenses to the asserted claims in the two securities class actions pending in Canada, the defendants agreed to terms of settlement and executed a settlement agreement resolving all claims in both securities class actions pending there, which was approved by the Ontario Superior Court of Justice by Order dated February 13, 2015 (the "Canadian Settlement"). The Canadian Settlement provides that defendants will make a set cash payment totaling $0.7 million, including legal fees, all from insurance proceeds, to settle all of the Canadian securities class actions, with full and complete releases provided to the defendants. Notice has been given of the Canadian Settlement.

Other Matters

The Company has been contacted by the staff of the Atlanta Regional Office of the SEC and by the United States Attorney's Office for the Western District of North Carolina (the "U.S. Attorney's Office") after the Company's March 28, 2012 public announcement of the Audit Committee's internal review and the delays in filing its periodic reports. The Company has been asked to make certain individuals available and to provide certain information about these matters to the SEC and the U.S. Attorney's Office. The Company is fully cooperating with the SEC and the U.S. Attorney's Office. Any action by the SEC, the U.S. Attorney's Office or other government agency could result in criminal or civil sanctions against the Company and/or certain of its current or former officers, directors or employees.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis in conjunction with our unaudited Condensed Consolidated Financial Statements and the related notes thereto included in Item 1 of this Quarterly Report on Form 10-Q as well as our "Selected Financial Data" and our audited Consolidated Financial Statements and the related notes thereto included in Item 6 and Item 8, respectively, of our Annual Report on Form 10-K for the year ended December 31, 2014 (the "2014 Form 10-K"). In addition to historical consolidated financial information, this discussion and analysis contains forward-looking statements that reflect our plans, estimates, and beliefs. Actual results could differ from these expectations as a result of certain risk factors, including those described under Item 1A, "Risk Factors," of our 2014 Form 10-K and this Quarterly Report on Form 10-Q.

Business Overview

We currently operate in one business segment, Hygiene, which encompasses providing essential hygiene and sanitizing service solutions to customers in a wide range of end-markets, including foodservice, hospitality, retail and healthcare industries. Certain of our products are registered with the Environmental Protection Agency and follow the Center for Disease Control guidelines for disinfection of surface areas such as children's playgrounds, hospitals, and assisted living environments. We sell consumable products such as detergents, cleaning chemicals, soap, paper, water filters and supplies, together with the rental and servicing of dish machines and other equipment for the dispensing of those products as well as additional services such as the deep cleaning and sanitizing of restrooms and other facilities. We continue to see the positive impact of cost efficiencies, capital resource management and planning, plant consolidations and route optimization efforts; however, we believe we still need to increase revenue in order to maximize our profitability. We are committed to our philosophy of Service, People and Profitability and to Selling Through Service. To that end, we have commenced a realignment of our field service and sales teams to better serve our customers since we believe this will ultimately drive increased revenues through improved customer retention and the ability to leverage our current customer base.

Critical Accounting Policies and Estimates

The preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, sales and expenses. We believe the most complex and sensitive judgments, because of their significance to the Consolidated Financial Statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 1 to the Consolidated Financial Statements in our 2014 Form 10-K, describe these significant accounting estimates and policies used in preparation of the Consolidated Financial Statements. Actual results in these areas could differ from management's estimates. There have been no significant changes in our critical accounting policies since the filing of the 2014 Form 10-K.

Newly Issued Accounting Pronouncements

In April, 2014, the Financial Accounting Standards Board issued Accounting Standards Update *ASU No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. The amendments in this accounting standard raise the threshold for a disposal to qualify as a discontinued operation and require new disclosures of both discontinued operations and certain other disposals that do not meet the definition of a discontinued operation. This accounting standard update is effective for annual periods beginning on or after December 15, 2014 and related interim periods, with early adoption allowed. The adoption of this standard did not have a material impact on the Company's consolidated financial results.

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update *ASU No. 2014-09, Revenue from Contracts with Customers*. This ASU is intended to clarify the principles for recognizing revenue by providing a more robust framework for addressing revenue issues; improving comparability of revenue recognition practices; and providing more useful information to users of financial statements through improved revenue disclosure requirements. The provisions of this ASU are effective for interim and annual periods beginning after December 15, 2016. The Company is currently evaluating the impact of this standard and has elected to not adopt the standard early.

In August 2014, the Financial Accounting Standards Board issued *ASU Update No. 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern.* This ASU provides guidance related to management's responsibility to evaluate whether there is substantial doubt about the entity's ability to continue as a going concern and to provide related footnote disclosures. The new requirements are effective for the annual periods ending after December 15, 2016, and for interim periods and annual periods thereafter. Early adoption is permitted. The Company is currently evaluating the impact of this standard and has elected to not adopt the standard early.

Assets Held for Sale

In accordance with *ASC 360, Property, Plant and Equipment*, these assets have been classified as assets held for sale in the Condensed Consolidated Balance Sheet and the assets were adjusted to the lower of historical carrying amount or fair value. Fair value is based on the estimated sales price, less selling costs, of the assets. Estimates of the net sales proceeds are derived using Level 3 inputs, including the Company's estimates related to industry multiples of revenues or operating metrics, the status of ongoing sales negotiations and asset purchase agreements where available. The Company's estimates of fair value require significant judgment and are regularly reviewed and subject to change based on market conditions, changes in the customer base of the operations or routes, and our continuing evaluation as to the facility's acceptable sale price.

During 2014 the Company updated its estimates of the fair value of certain linen routes and operations to reflect various events that occurred during the year. The cumulative impairment loss for the twelve months ended December 31, 2014 was $3.0 million, of which $1.9 million was attributable to a reduction in the estimate of net sale proceeds for a linen processing operation. The factors driving the $1.9 million reduction were the cancellation notifications, received from three major customers, resulting in a significant loss of forecasted revenue; and the operation's 2014 year-to-date loss which was in excess of the Company's estimates. The Company made the decision to close this linen processing operation and the fair value was written down to zero. During the three months ended March 31, 2015, the Company completed the sale of equipment of this closed operation which resulted in the net receipt of $0.3 million in cash, and a $0.3 million gain. The gain is included in "Other income (expense), net" in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

During March 2015, the Board of Directors of the Company approved a resolution to sell the Company's remaining linen operation. In accordance with *ASC 360, Property, Plant and Equipment,* these assets were classified as assets held for sale at March 31, 2015 and were adjusted to the lower of historical carrying amount or fair value, which was $3.1 million at March 31, 2015. The estimated fair value was derived based on the assessment of the potential net selling price. The Company expects that this linen operation will be sold in the second quarter of 2015.

For the three months ended March 31, 2015 and 2014, linen related revenue attributable to the assets held for sale and sold linen assets was $1.6 million and $2.7 million, respectively. The 2014 annual revenue was $9.6 million.

RESULTS OF CONTINUING OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2015

Revenue

Revenue from products is primarily comprised of the sales and delivery of consumable products such as detergents and cleaning chemicals, the rental, sales and servicing of dish machines and other equipment used to dispense those products, the sale of paper items, rental fees, linen processing and other ancillary product sales. Revenues from services are primarily comprised of manual cleaning and delivery service fees. Franchise and other consists of fees charged to franchisees.

Total revenue and the revenue derived from each revenue type for the three months ended March 31, 2015 and 2014 are as follows:

	2015	%	2014	%
Revenue		**(In thousands)**		
Products	$ 39,263	89.5%	$ 43,241	89.6%
Services	4,328	9.9%	4,694	9.7%
Franchise and other	250	0.6%	360	0.7%
Total revenue	$ 43,841	100.0%	$ 48,295	100.0%

Consolidated revenue decreased $4.5 million or 9.2% to $43.8 million for the three months ended March 31, 2015 compared to 2014. Excluding revenue generated from linen assets sold and held for sale for the three months ended March 31,

2015 and 2014, consolidated revenue decreased 7.2% on a comparable basis. Product revenue decreased $4.0 million partially due to a $1.2 million decrease related to linen assets sold or held for sale. The remaining $2.8 million decrease is primarily due to a $1.8 million reduction in purchasing from large wholesale and distribution customers, and the attrition of $0.3 million in customers resulting from the termination of the Manufacturing and Supply Agreement (the "Cavalier Agreement") which was terminated in September 2014. Service revenues declined $0.4 million due to the loss of hygiene customers and customers sold in connection with assets held for sale. Franchise and other revenue declined $0.1 million primarily due to the timing of purchases with one of our international licensee.

Cost of Sales

Cost of sales consists primarily of the cost of chemical, paper, air freshener and other consumable products sold to, or used in the servicing of, our customers. These costs are exclusive of route expense and related depreciation and amortization. Cost of sales for the three months ended March 31, 2015 and 2014 are as follows:

	2015	%(1)	2014	%(1)
			(In thousands)	
Cost of Sales				
Products	$ 19,852	50.6%	$ 21,580	49.9%
Services	1	0.0%	134	2.9%
Franchise and other	109	43.9%	98	27.2%
Total cost of sales	$ 19,962	45.5%	$ 21,812	45.2%

(1) Represents cost as a percentage of the respective product and service line revenue.

Cost of sales decreased $1.9 million or 8.5% to $20.0 million for the three months ended March 31, 2015, compared to 2014 primarily due to a decline in sales volume. As a percentage of sales, consolidated cost of sales increased slightly from 45.2% to 45.5%.

Route Expenses

Route expenses consist of costs incurred by the Company for the delivery of products and providing services to customers. The components of route expenses for the three months ended March 31, 2015 and 2014 are as follows:

	2015	%(1)	2014	%(1)
			(In thousands)	
Route Expenses				
Compensation	$ 9,127	20.9%	$ 9,417	19.7%
Vehicle and other expenses	2,565	5.9%	2,947	6.1%
Total route expenses	$ 11,692	26.8%	$ 12,364	25.8%

(1) Represents route expenses as a percentage of total non-franchise revenue.

Route expenses decreased $0.7 million or 5.4% to $11.7 million for the three months ended March 31, 2015 compared to 2014. The components of this change were decreases in compensation of $0.3 million and also decreases in vehicle and other expenses of $0.4 million. Route expense as a percentage of total revenue was 26.8% and 25.8% for the three months ended March 31, 2015 and 2014, respectively. The increase as a percentage of revenue was primarily due to the decline in revenue from the prior period.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of the costs incurred for:

- Local office and field management support costs that are related to field operations. These costs include compensation, occupancy expense and other general and administrative expenses.
- Selling expenses which include compensation and commissions for local sales representatives and corporate account representatives.

- Marketing expenses.
- Corporate office expenses which include executive management, information technology, human resource, accounting, purchasing and other support costs.

The details of selling, general and administrative expenses for the three months ended March 31, 2015 and 2014 are as follows:

Selling, General & Administrative Expenses	2015	%(1)	2014 (In thousands)	%(1)
Compensation	$ 8,646	19.7%	$ 10,916	22.6%
Occupancy	1,664	3.8%	2,081	4.3%
Other	6,204	14.2%	6,773	14.0%
Total selling, general & administrative expenses	$ 16,514	37.7%	$ 19,770	40.9%

(1) Represents expenses as a percentage of total revenue.

Selling, general and administrative expenses decreased $3.3 million to $16.5 million for the three months ended March 31, 2015 compared to 2014. The components of this change were decreases in compensation of $2.3 million, occupancy of $0.4 million, and other expenses of $0.6 million. Compensation expense decreased primarily due to headcount reductions, a reduction in stock based compensation and the sale of the linen businesses. Occupancy decreased due to the closure of a linen plant and due to ongoing efforts to reduce facility infrastructure costs. Other expenses decreased primarily due to the decrease in professional fees.

Depreciation and Amortization

Depreciation and amortization consists of depreciation of property and equipment and the amortization of intangible assets. Depreciation and amortization decreased $0.8 million to $4.6 million or 14.4% for the three months ended March 31, 2015. The decrease is primarily due to the categorization of certain fixed assets as assets held for sale.

Other Income (Expense), Net

Details of other income (expense), net for three months ended March 31, 2015 and 2014 are as follows:

	2015	2014
	(In thousands)	
Interest income	$ -	$ 4
Interest expense	(95)	(78)
Foreign currency loss	(71)	(15)
Other income (expense)	280	(628)
Total other income (expense), net	$ 114	$ (717)

The increase in other income is due primarily to the $0.3 million gain related to the sale of equipment of a closed operation during the first quarter of 2015, compared to the loss on sales of certain assets held for sale during the first quarter of 2014.

Income Tax Expense

In projecting the Company's income tax expense for 2015, management has concluded that it is not more likely than not that the Company will realize the benefit of its deferred tax assets and as a result a full valuation allowance will be required as of December 31, 2015. Therefore, the Company has not recognized a tax benefit as it relates to the current loss for the period ended March 31, 2015.

For the three months ended March 31, 2015, the Company has recorded an estimate for income taxes based on the Company's projected income tax expense for the twelve month period ending December 31, 2015. The Company's tax provision has an unusual relationship to pretax loss mainly because of the existence of a full deferred tax asset valuation allowance. This circumstance generally results in a zero tax provision since the income tax expense or benefit that would otherwise be recognized is offset by the change to the valuation allowance. However, tax expense recorded in the first quarter of 2015 included the accrual of income tax expense related to an additional valuation allowance in connection with the tax amortization of the Company's indefinite-lived intangible assets that was not available to offset existing deferred tax assets (termed a "naked credit"). The Company does not consider the deferred tax liabilities related to indefinite lived intangible assets when determining the need for a valuation allowance.

Cash Flows Summary

Cash flows from continuing operations for the three months ended March 31, 2015 and 2014 were:

	2015	2014
	(In thousands)	
Net cash (used in) provided by operating activities	$ (5,938)	$ 724
Net cash used in investing activities	(1,369)	(1,487)
Net cash provided by (used in) financing activities	3,870	(1,182)
Net decrease in cash and cash equivalents from continuing operations	$ (3,437)	$ (1,945)

Net cash used in operating activities of $5.9 million increased by $6.7 million primarily due to a $7.5 million change in working capital. Net cash used in investing activities decreased $0.1 million. Cash provided by financing activities was $3.9 million compared with $1.2 million used during the same period in 2014. The increase of $5.1 million was primarily due to an increase in proceeds from debt issuances related to insurance financing of $1.6 million and proceeds from line the of credit of $3.2 million. Cash flows from discontinued operations for the three months ended March 31, 2015 and 2014 were:

	2015	2014
	(In thousands)	
Net cash used in operating activities of discontinued operations	$ -	$ (1,987)
Net decrease in cash and cash equivalents from discontinued operations	$ -	$ (1,987)

Cash flows used in operating activities from discontinued operations in 2014 consisted of payments made related to legal fees and a settlement payment related to a contractual dispute that the Company accepted responsibility to resolve as a part of the sale of the Waste segment.

Liquidity and Capital Resources

Going Concern

Our Condensed Consolidated Financial Statements were prepared on a going concern basis in accordance with U.S. GAAP. The going concern basis of presentation assumes that we will continue in operation for the next twelve months and will be able to realize our assets and discharge our liabilities and commitments in the normal course of business and does not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from our inability to continue as a going concern. The Company has suffered recurring losses from operations and has not generated positive cash flows from operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. In order for us to continue operations beyond the next twelve months and be able to discharge our liabilities and commitments in the normal course of business, we must do, but not limited to, some or all of the following: (i) improve operating results through improved customer retention, profitable organic revenue growth, and continued improvements in cost efficiencies; (ii) sell additional non-core or non-essential assets; (iii) raise additional equity; and/or (iv) obtain additional financing through debt. There can be no assurance that we will be able to improve operating results or obtain additional funds by selling additional non-core or non-essential assets, raising additional equity or obtaining additional financing when needed or that such funds, if available, will be obtainable on terms satisfactory to us.

If we are not able to improve operating results or obtain additional funds by selling additional non-core or non-essential assets, raising additional equity or obtaining additional financing, material adverse events may occur including, but not limited to: 1) a reduction in the nature and scope of our operations, 2) our inability to fully implement our current business plan, and 3) defaults under the Credit Facility. There can be no assurances that we will be able to successfully improve our liquidity position. Our consolidated financial statements do not reflect any adjustments that might result from the adverse outcome relating to this uncertainty.

Cash Requirements

As a result of the activities discussed above, our cash and cash equivalents decreased by $3.4 million to $3.8 million at March 31, 2015 compared to $7.2 million at December 31, 2014. Our cash requirements for the next twelve months consist primarily of: (i) capital expenditures associated with dispensing equipment, dish machines and other items in service at customer locations, equipment, vehicles and software; (ii) working capital; and (iii) payment of principal and interest on borrowings under our convertible promissory notes, acquisition notes payable and capital lease obligations and other financing. We expect that through capital resource management and the use of additional customer equipment programs, our annual capital expenditures in 2015 will be less than 2014 capital expenditures of $8.6 million.

We expect that our cash on hand, the cash flow provided by operating activities along with availability under our Credit Facility, and the cash flow from investing activities, including the sale of assets held for sale, will be sufficient to execute our business plan for the next twelve months. However, we believe it is contingent upon improved customer retention, profitable organic growth and continued improvement in cost efficiencies in 2015. Failure to execute our plan successfully or unforecasted shortfalls in available cash may require us to alter our plan, sell other non-core or non-essential assets, or raise additional equity which could be dilutive to existing shareholders or obtain additional financing through debt. There can be no assurances that such equity and debt and be available and would be likely subject to prevailing market conditions and the company's performance.

Credit Facility

On August 29, 2014, we entered into a $20.0 million revolving credit facility, through the execution of a Loan and Security Agreement, by and among the Company, as Guarantor, and certain subsidiaries of the Company and collectively, as Borrower, and Siena Lending Group LLC, as Lender (the "Credit Facility"). The Credit Facility matures on August 29, 2017.

Interest on borrowings under the Credit Facility will accrue at the Base Rate plus 2.00% and will be payable monthly. The Base Rate is defined as the greater of (1) the Prime Rate, (2) the Federal Funds Rate plus 0.50%, or (3) 3.25%.

Borrowings and availability under the Credit Facility are subject to a borrowing base and limitations, and compliance with other terms specified in the agreement. Borrowings under the Credit Facility are secured by a first priority lien on certain of the Company's assets. The calculated borrowing base as of March 31, 2015 was $12.3 million, of which $4.1 million was outstanding under letters of credit, $3.2 million was outstanding under borrowings and $5.0 million was unused.

The Credit Facility contains certain customary representations and warranties, and certain customary covenants on the Company's ability to, among other things, incur additional indebtedness, create liens or other encumbrances, sell or otherwise dispose of assets, and merge or consolidate with other entities or enter into a change of control transaction. The Credit Facility contains various events of default. The Company has met all required covenants under the Credit Facility as of March 31, 2015.

Off-Balance Sheet Arrangements

Other than operating leases, there are no significant off-balance sheet financing arrangements or relationships with unconsolidated entities or financial partnerships which are often referred to as "variable interest entities." Therefore, there is no exposure to any financing, liquidity, market or credit risk that could arise had we engaged in such relationships.

In connection with a distribution agreement entered into in December 2010 between the Company and a distributor of Company-owned products, we provided a guarantee that the distributor's operating cash flows associated with the agreement would not fall below certain agreed-to minimums, subject to certain pre-defined conditions, over the ten year term of the distribution agreement. If the distributor's annual operating cash flow does fall below the agreed-to annual minimums, we reimburse the distributor for any such short fall up to a pre-designated amount. No value was assigned to the fair value of this guarantee at March 31, 2015 and December 31, 2014 based on a probability assessment of the projected cash flows. Management currently does not believe that it is probable that any amounts will be paid under this provision in the agreement and thus there is no amount accrued for the guarantee in the Condensed Consolidated Financial Statements.

FORWARD-LOOKING STATEMENTS

Our business, financial condition, results of operations, cash flows and prospects, and the prevailing market price and performance of our common stock, may be adversely affected by a number of factors, including the matters discussed below. Certain statements and information set forth in this Form 10-Q, as well as other written or oral statements made from time to time by us or by our authorized executive officers on our behalf, constitute “forward-looking statements” within the meaning of the Federal Private Securities Litigation Reform Act of 1995. We intend for our forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and we set forth this statement and these risk factors in order to comply with such safe harbor provisions. You should note that our forward-looking statements speak only as of the date of this Form 10-Q or when made and we undertake no duty or obligation to update or revise our forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Although we believe that the expectations, plans, intentions and projections reflected in our forward-looking statements are reasonable, such statements are subject to risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. The risks, uncertainties and other factors that our stockholders and prospective investors should consider include the following:

- We have a history of significant operating losses and as such, our future revenue and operating profitability are uncertain.
- Our independent registered public accounting firm’s report for our audited financial statements for the year ended December 31, 2014 contains an explanatory paragraph that expresses substantial doubt as to our ability to continue as a going concern.
- The Company may need to raise additional equity or capital in the future and such capital may not be available when needed or at all.
- Our failure or inability to meet certain terms of our Credit Facility could have a material adverse effect on our business, financial condition and results of operations.
- We have identified material weaknesses in our internal control over financial reporting and we may be unable to develop, implement and maintain appropriate controls in future periods. If the material weaknesses are not remediated, then they could result in material misstatements to the financial statements.
- Failure to retain our current customers and renew existing customer contracts could adversely affect our business.
- Changes in economic conditions that impact the industries in which our end-users primarily operate in could adversely affect our business.
- The financial condition and operating ability of third parties may adversely affect our business.
- We recognized significant impairment charges in 2014 and prior years, and may recognize additional impairment charges in the future which could adversely affect our results of operations and financial condition.
- The availability of our raw materials and the volatility of their costs may adversely affect our operations.

- We are and may in the future be subject to legal proceedings, the outcome of which are uncertain, and resolutions adverse to us could negatively affect our earnings, financial condition and cash flows.

- The pricing, terms, and length of customer service agreements may constrain our ability to recover costs and to make a profit on our contracts.

- If we are required to change the pricing models for our products or services to compete successfully, our margins and operating results may be adversely affected.

- The consolidation of customers may adversely affect our business, consolidated financial condition or results of operations.

- We may fail to maintain our listing on The Nasdaq Stock Market.

- The loss of one or more key members of our senior management, or our inability to attract and retain qualified personnel could adversely impact our business, financial condition and results of operations.

- Increases in fuel and energy costs and fuel shortages could adversely affect our results of operations and financial condition.

- Our products contain hazardous materials and chemicals, which could result in claims against us.

- We are subject to environmental, health and safety regulations, and may be adversely affected by new and changing laws and regulations, that generate ongoing environmental costs and could subject us to liability.

- If our products are improperly manufactured, packaged, or labeled or become adulterated or expire, those items may need to be recalled or withdrawn from sale.

- Changes in the types or variety of our service offerings could affect our financial performance.

- Prior acquisitions involve a number of risks and could have an adverse effect on results of operations.

- We may not be able to adequately protect our intellectual property and other proprietary rights that are material to our business.

- Interruptions in our information and telecommunication systems, or a failure to maintain the security, confidentiality or privacy of sensitive data residing on such systems, could adversely affect our business.

- Insurance policies may not cover all operating risks and a casualty loss beyond the limits of our coverage could adversely impact our business.

- Our stock price has been and may in the future be volatile, which could cause purchasers of our common stock to incur substantial losses.

- Certain stockholders may exert significant influence over any corporate action requiring stockholder approval.

- Provisions of Delaware law and our organizational documents may delay or prevent an acquisition of our Company, even if the acquisition would be beneficial to our stockholders.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks including changes in interest rates and fuel prices. Borrowings under the Credit Facility are indexed to a variable interest rate. As of March 31, 2015, there was $3.2 million outstanding under borrowings from our Credit Facility, and we have $4.1 million of letters of credit outstanding at a fixed fee under our Credit Facility. As of March 31, 2015, a hypothetical 10% change in our interest rate would change our results of operations by less than $0.1 million.

We do not use financial instruments for speculative trading purposes and we do not hold derivative financial instruments that could expose us to significant market and commodity risk. We do not currently have any contract with vendors where we have exposure to the underlying commodity prices. In such event, we would consider implementing price increases and pursue cost reduction initiatives; however, we may not be able to pass on these increases in whole or in part to our customers or realize the cost savings needed to offset these increases. This discussion does not consider the effects that may have an adverse change on the overall economy, and it also does not consider actions we may take to mitigate our exposure to these changes. We cannot guarantee that the action we take to mitigate these exposures will be successful.

Fuel costs represent a significant operating expense. To date, we have not entered into any contracts or employed any strategies to mitigate our exposure to fuel costs. Historically, we have made limited use of fuel surcharges or delivery fees to help offset rises in fuel costs. Such potential charges have not been in the past, and we believe will not be going forward, applicable to all customers. Consequently, an increase in fuel costs normally results in a decrease in our operating margin percentage. At our current consumption level, a $0.50 per gallon change in the price of fuel changes our fuel costs by approximately $0.6 million on an annual basis.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and, include controls and procedures designed to ensure that such information is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure.

In connection with the preparation of this quarterly report, we carried out an evaluation, under the supervision and with the participation of our management, including our CEO and CFO, of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of March 31, 2015. Based upon that evaluation, management concluded that the deficiencies in our internal control over financial reporting identified in the 2014 Form 10-K were under ongoing remediation and therefore continue to exist, and as such our disclosure controls and procedures were not effective as of March 31, 2015 for the following reasons:

- We did not maintain an effective control environment as we lacked sufficient oversight of activities related to our internal control over financial reporting. In addition, we did not have a sufficient structure in place to identify and evaluate gaps in the knowledge and technical experience of the accounting personnel responsible for the implementation and execution of our control environment.

- We did not maintain effective controls over certain control activities. Specifically, the following individual material weaknesses were identified in connection with our control activities:

    - We did not implement effective controls to properly account for the sale, disposal and movement of dish machines at customer locations and our own facilities, which resulted in substantial post-closing journal entries that our review process failed to identify.

    - We did not implement effective controls to accurately and completely evaluate and calculate our allowance for doubtful accounts. Additionally, our review process was not sufficient to detect material errors in the methodology and calculations of the allowance resulting in material post-closing adjustments.

    - We did not implement effective controls to properly identify, analyze and account for non-routine transactions reflected in the financial statements.

    - We did not develop and implement and overall financial reporting review process that encompassed all significant financial statement accounts or contained an appropriate level of precision. This review process did not identify the issues surrounding the accounting and recording for our dish machines, allowance for doubtful accounts, and non-routine transactions.

- We did not design, implement and maintain effective controls over the corporate review of significant journal entries processed at our field-level locations, which represents a significant portion of our business, to ensure that these entries were appropriate in nature and correct.

- We did not maintain effective controls over user security and program change management for the information technology systems and accounting software at the field-level locations.

- We did not maintain effective controls to ensure the timely preparation of financial records sufficient to allow management adequate time to prevent or detect and correct material misstatements and to fulfill its other control activity responsibilities.

- We did not maintain effective information and communication controls to generate relevant and quality information for use in the financial reporting close process. These control failures contributed to the transactions involving our dish machines and to information generated relating to the allowance for doubtful accounts.

- We did not maintain effective information and communication controls with external parties due to delays in our financial statement close process as evidenced by the untimely filing of our Annual Report on form 10-K for the year ended December 31, 2014, and our failure to identify and timely disclose control deficiencies in previous filings.

- We did not maintain effective monitoring controls sufficient to ascertain whether key components of internal control were present and functioning, as evidenced by our incorrect initial assessment of the effectiveness of our internal controls over financial reporting.

- We did not maintain effective monitoring controls to communicate the deficiencies in our internal control over financial reporting to our board of directors in sufficient time to allow them to take corrective action.

Management has determined that the control deficiencies identified should be considered material weaknesses in our internal control over financial reporting. A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. Based on its evaluation of internal control over financial reporting, management has determined that the control deficiencies identified above should be considered material weaknesses in our internal control over financial reporting.

As set forth below, management has taken and will continue to take steps to remediate the control deficiencies identified above. Notwithstanding the control deficiencies identified above, management concludes that the financial statements included in this report fairly represent, in all material aspects, our financial condition, results of operations and cash flows for the periods presented.

Management's Remediation Plan

As reported in the Annual Report on Form 10-K for the year ended December 31, 2014, we are engaged in remedial actions in response to the deficiencies discussed above, and we plan to continue efforts underway to improve internal control over financial reporting:

- Management will continue to enhance its training programs for our accounting personnel both at the corporate and field-level, emphasizing financial reporting responsibilities and accountability for implementing and maintaining effective internal control over financial reporting.

- Dish machines will be serialized in the fixed asset system to track the movement of the dish machines and periodic field observations will be performed to ensure the existence and accuracy of these fixed assets.

- Management will continue to track collection trends across the business and evaluate the accuracy of the assumptions used in the estimates for the allowance for doubtful accounts on an annual basis, at a minimum.

- Management will put in place controls to properly identify, analyze and account for non-routine transactions and will use the appropriate level of oversight to ensure the transactions are reflected accurately and timely in the financial statements.

- Management continues to implement controls over user access and change management related to the field-level information technology systems.

- Management will perform a comprehensive review to re-evaluate our activities related to internal control over financial reporting, including monitoring controls related to the operating effectiveness, timeliness and communication of certain control activities.

While management and our audit committee are closely monitoring the implementation of these remediation plans, there is no assurance that the aforementioned plans will be sufficient to fully remediate the deficiencies identified above and that additional remediation steps may be necessary.

Changes in Internal Control over Financial Reporting

Other than the changes noted above to remediate the previously reported material weaknesses, there have been no adverse changes in our internal control over financial reporting during the quarter ended March 31, 2015 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 may be involved in litigation from time to time in the ordinary course of business. We do not believe that the ultimate resolution of these matters will have a material adverse effect on our business, financial condition or results of operations. However, the results of these matters cannot be predicted with certainty and no assurance can be given that the ultimate resolution of any legal or administrative proceedings or disputes will not have a material adverse effect on our business, financial condition and results of operations.

Securities Litigation

On May 21, 2012, a stockholder derivative action was brought against the Company's former CEO and former CFO and the Company's then directors for alleged breaches of fiduciary duty by a purported Company stockholder in the United States District Court for the Southern District of New York. In this derivative action, captioned Arsenault v. Berrard, et al., 1:12-cv-4028, the plaintiff seeks to recover for the Company damages arising out of the Company's March 28, 2012 announcement regarding the Board of Director's conclusion that the Company's previously issued interim financial statements for the quarterly periods ended March 31, 2011, June 30, 2011 and September 30, 2011, and the other financial information in the Company's quarterly reports on Form 10-Q for the periods then ended, should no longer be relied upon and that an internal review by the Company's Audit Committee primarily relating to possible adjustments to the Company's financial statements was ongoing.

On August 13, 2012, the Arsenault derivative action, along with other related putative class actions in the Southern District of New York, was transferred to the United States District Court for the Western District of North Carolina where other related putative securities class actions. All action were consolidated under the caption In re Swisher Hygiene, Inc. Securities and Derivative Litigation, MDL No. 2384. On August 21, 2012, the Western District of North Carolina issued an order governing the practice and procedure in the actions transferred to the Western District of North Carolina as well as the actions originally filed there. On October 18, 2012, the Western District of North Carolina held an Initial Pretrial Conference at which it appointed lead counsel and lead plaintiffs for the securities class actions, and set a schedule for the filing of a consolidated class action complaint and defendants' time to answer or otherwise respond to the consolidated class action complaint. The Western District of North Carolina stayed the Arsenault derivative action, pending the outcome of the securities class actions.

On August 6, 2014, following a hearing, the Western District of North Carolina approved a settlement of the securities class actions, and issued an Order and Final Judgment that, among other things, dismissed the securities class actions pending in the United States with prejudice and provided for full and complete releases to defendants. The Arsenault derivative action is still pending.

On June 11, 2013, an individual action was filed in the United States. District Court for the Southern District of Florida captioned Miller, et al. v. Swisher Hygiene, Inc., et al., No. 0:13-CV-61292-JAL, against the Company, its former CEO and former CFO, and a former Company director, bringing state and federal claims founded on the allegations that in deciding to sell their company to the Company, plaintiffs relied on defendants' statements about such things as the Company's accounting and internal controls, which, in light of the Company's restatement of its financial statements, were false. On July 17, 2013, the Company notified the United States Judicial Panel on Multidistrict Litigation ("MDL Panel") of this action, and requested that it be transferred and centralized in the Western District of North Carolina with the other actions pending there. On July 23, 2013, the MDL Panel issued a Conditional Transfer Order (the "Miller CTO"), conditionally transferring the case to the Western District of North Carolina. On July 29, 2013, plaintiffs notified the MDL Panel that they would seek to vacate the Miller CTO. In light of the proceedings in the MDL Panel, defendants requested that the Southern District of Florida stay all proceedings pending the MDL Panel's ruling. On August 6, 2013, the Southern District of Florida issued a stay of all proceedings pending a ruling by the MDL Panel. On October 2, 2013, following briefing on the issue of whether the Miller CTO should be vacated, the MDL Panel issued an order transferring the action to the Western District of North Carolina. The Company and the individual defendants filed motions to dismiss the complaint on March 20, 2014. Briefing on the motions to dismiss was completed on May 12, 2014. On June 2, 2014, plaintiffs filed a motion with the Western District of North Carolina seeking a suggestion for remand from that Court to the MDL Panel. Briefing on that motion was completed on June 26, 2014. Oral argument on the motions to dismiss and motion for suggestion for remand were heard on July 22, 2014. On August 5, 2014, the Western District of North Carolina denied plaintiffs' motion for suggestion for remand. On October 22, 2014, the Company filed a notice of supplemental authority in support of its motion to dismiss the complaint in this action. On November 4, 2014, plaintiffs filed a response to the notice of supplemental authority.

On December 17, 2013, a purported stockholder commenced a putative securities class action on behalf of purchasers of the Company's common stock on the Toronto Stock Exchange or any other Canadian trading platforms in the Ontario Superior Court of Justice, captioned Edwards v. Swisher Hygiene, Inc., et al., CV 13-20282 CP, against the Company, the former CEO and former CFO. The action alleges claims under Canadian law for alleged misrepresentations of the Company's financial position relating to its business acquisitions. On February 13, 2014, a Fresh Statement of Claim and Fresh Notice of Action were filed, adding an additional named plaintiff. On March 28, 2014, another purported stockholder commenced a putative securities class action on behalf of purchasers of the Company's common stock on the Toronto Stock Exchange or any other Canadian trading platforms in the Ontario Superior Court of Justice, captioned Phillips v. Swisher Hygiene, Inc., et al., CV 14-00501096-0000, against the Company, the former CEO, the former CFO and the Company's former Senior Vice President and Treasurer. The action alleges claims under Canadian law stemming from the Company's restatement.

Although the Company believed it had meritorious defenses to the asserted claims in the two securities class actions pending in Canada, the defendants agreed to terms of settlement and executed a settlement agreement resolving all claims in both securities class actions pending there, which was approved by the Ontario Superior Court of Justice by Order dated February 13, 2015 (the "Canadian Settlement"). The Canadian Settlement provides that defendants will make a set cash payment totaling $0.7 million, including legal fees, all from insurance proceeds, to settle all of the Canadian securities class actions, with full and complete releases provided to the defendants. Notice has been given of the Canadian Settlement.

Other Matters

The Company has been contacted by the staff of the Atlanta Regional Office of the SEC and by the United States Attorney's Office for the Western District of North Carolina (the "U.S. Attorney's Office") after the Company's March 28, 2012 public announcement of the Audit Committee's internal review and the delays in filing its periodic reports. The Company has been asked to make certain individuals available and to provide certain information about these matters to the SEC and the U.S. Attorney's Office. The Company is fully cooperating with the SEC and the U.S. Attorney's Office. Any action by the SEC, the U.S. Attorney's Office or other government agency could result in criminal or civil sanctions against the Company and/or certain of its current or former officers, directors or employees.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the risk factors discussed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2014 which could materially affect our business, financial condition, or future results. There have been no material changes to the risk factors previously disclosed in our 2014 Form 10-K.

ITEM 5. OTHER INFORMATION

On May 11, 2015, the Lender temporarily waived certain cash management requirements and certain expanded reporting requirements that would otherwise go into effect upon the occurrence of a Springing DACA Event until May 12, 2015. For additional information, see Note 6 – Long-term Debt and Obligations of the Condensed Consolidated Financial Statements. The waiver is filed as Exhibit 10.3, and incorporated herein by reference.

ITEM 6. EXHIBITS

Exhibit Number	Description
10.1	Second Amendment to Employment Agreement by and between Swisher Hygiene Inc. and William M. Pierce, dated January 31, 2015 (incorporated by reference to Exhibit 10.38 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014, filed with the Securities and Exchange Commission on April 1, 2015). †
10.2	Letter Agreement, dated as of March 25, 2015, by and among Siena Lending Group LLC and the Borrowers listed thereto (incorporated by reference to Exhibit 10.39 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014, filed with the Securities and Exchange Commission on April 1, 2015).
10.3	Waiver Letter, dated May 11, 2015, by Siena Lending Group LLC.
31.1	Section 302 Certification of Chief Executive Officer.
31.2	Section 302 Certification of Chief Financial Officer.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.

*Furnished herewith.
†Management contacts or compensatory plans, contracts or arrangements.

SIGNATURES

Pursuant to 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.

SWISHER HYGIENE INC.
(Registrant)

Dated: May 11, 2015

By: /s/William M. Pierce
William M. Pierce
President and Chief Executive Officer
(Principal Executive Officer)

Dated: May 11, 2015

By: /s/William T. Nanovsky
William T. Nanovsky
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Dated: May 11, 2015

By: /s/Linda C. Wilson-Ingram
Linda C. Wilson-Ingram
Vice President, Corporate Controller and Chief Accounting Officer
(Principal Accounting Officer)

EXHIBIT INDEX

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101.DEF	XBRL Taxonomy Extension Definition Linkbase.

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*Furnished herewith.
†Management contacts or compensatory plans, contracts or arrangements.

EXHIBIT 31.1

CERTIFICATION

I, William M. Pierce, certify that:

1 I have reviewed this Quarterly Report on Form 10-Q of Swisher Hygiene 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.

Date: May 11, 2015

By:/s/ William M. Pierce

William M. Pierce
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, William T. Nanovsky, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Swisher Hygiene 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.

Date: May 11, 2015

By:/s/ William T. Nanovsky
William T. Nanovsky
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Swisher Hygiene Inc. (the "Company") for the quarter ended March 31, 2015, as filed with the Securities and Exchange Commission (the "Report"), I, William M. Pierce, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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

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

Date: May 11, 2015

By: /s/ William M. Pierce
William M. Pierce
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Swisher Hygiene Inc. (the "Company") for the quarter ended March 31, 2015, as filed with the Securities and Exchange Commission (the "Report"), I, William T. Nanovsky, Senior Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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

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

Date: May 11, 2015

By: /s/ William T. Nanovsky
William T. Nanovsky
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

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

FORM 10-Q

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

For the quarterly period ended June 30, 2015

OR

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

For the transition period from ____________ to _____________.

Commission File Number: 001-35067

SWISHER HYGIENE INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**27-3819646**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*

4725 Piedmont Row Drive, Suite 400 Charlotte, North Carolina	**28210**
(Address of Principal Executive Offices)	*(Zip Code)*

(704) 364-7707
(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 Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).Yes ☑ No ☐

Indicate by check mark 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:

Larger 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 ☑

Number of shares outstanding of each of the registrant's classes of Common Stock at August 6, 2015: 17,628,914 shares of Common Stock, $0.001 par value per share.

SWISHER HYGIENE INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2015

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SWISHER HYGIENE INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	June 30, 2015 (Unaudited)	December 31, 2014
Current assets		
Cash and cash equivalents	$ 1,672	$ 7,233
Restricted cash	231	231
Accounts receivable (net of allowance for doubtful accounts of approximately $0.9 million at June 30, 2015 and $1.0 million at December 31, 2014)	16,024	18,751
Inventory, net	13,592	15,426
Deferred income taxes	497	534
Other assets	3,367	2,525
Total current assets	35,383	44,700
Property and equipment, net	32,162	37,037
Other intangibles, net	5,471	6,654
Customer relationships and contracts, net	19,585	22,792
Other noncurrent assets	1,725	2,015
Total assets	$ 94,326	$ 113,198
Current liabilities		
Accounts payable	$ 10,763	$ 13,627
Accrued payroll and benefits	2,806	3,467
Accrued expense	7,741	7,122
Long-term debt and obligations due within one year	1,935	1,884
Line of credit	611	-
Total current liabilities	23,856	26,100
Long-term debt and obligations	931	1,185
Deferred income taxes	558	558
Other long-term liabilities	4,028	4,065
Total noncurrent liabilities	5,517	5,808
Equity		
Preferred stock, par value $0.001, authorized 10,000,000 shares; no shares issued and outstanding at June 30, 2015 and December 31, 2014	-	-
Common stock, par value $0.001, authorized 600,000,000 shares; 17,622,216 shares and 17,612,278 shares issued and outstanding at June 30, 2015 and December 31, 2014 (1)	18	18
Additional paid-in capital (1)	390,145	389,942
Accumulated deficit	(323,884)	(307,363)
Accumulated other comprehensive loss	(1,326)	(1,307)
Total equity	64,953	81,290
Total liabilities and equity	$ 94,326	$ 113,198

(1) All outstanding share amounts and computations using such amounts have been retroactively adjusted to reflect the June 3, 2014 one-for-ten reverse stock split.

See Notes to Condensed Consolidated Financial Statements

SWISHER HYGIENE INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)
(In thousands, except share and per share data)

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Revenue				
Products	$ 40,160	$ 44,780	$ 79,423	$ 88,021
Services	4,398	4,809	8,727	9,503
Franchise and other	276	366	526	726
Total revenue	44,834	49,955	88,676	98,250
Costs and expenses				
Cost of sales (exclusive of route expenses and related depreciation and amortization)	20,706	22,973	40,668	44,785
Route expenses	11,630	12,598	23,321	24,961
Selling, general, and administrative expenses	15,858	17,134	32,370	36,904
Depreciation and amortization	4,530	5,175	9,120	10,533
Impairment loss on assets held for sale	-	960	-	2,989
Impairment loss on goodwill and intangible assets	166	5,821	166	5,821
Total costs and expenses	52,890	64,661	105,645	125,993
Loss from operations	(8,056)	(14,706)	(16,969)	(27,743)
Other income (expense), net	357	(501)	471	(1,219)
Net loss before income taxes	(7,699)	(15,207)	(16,498)	(28,962)
Income tax (expense) benefit	5	60	(23)	23
Net loss	(7,694)	(15,147)	(16,521)	(28,939)
Comprehensive loss				
Foreign currency translation adjustment	8	16	(19)	1
Comprehensive loss	$ (7,686)	$ (15,131)	$ (16,540)	$ (28,938)
Loss per share (1)				
Basic and diluted	$ (0.43)	$ (0.86)	$ (0.93)	$ (1.64)
Weighted-average common shares used in the computation of loss per share (1)				
Basic and diluted	17,753,691	17,703,886	17,751,962	17,696,221

(1) All outstanding share amounts and computations using such amounts have been retroactively adjusted to reflect the June 3, 2014 one-for-ten reverse stock split.

See Notes to Condensed Consolidated Financial Statements

SWISHER HYGIENE INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Six Months Ended June 30,	
	2015	2014
Operating activities		
Net loss from continuing operations	$ (16,521)	$ (28,939)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	9,120	10,533
Provision for doubtful accounts	553	231
Stock based compensation	208	1,011
Deferred income taxes	37	(51)
Impairment loss on assets held for sale	-	2,989
Impairment loss on intangible assets	166	
Impairment loss on goodwill	-	5,821
Loss on sale of assets	339	54
(Gain) loss on sale of assets held for sale	(1,190)	814
Changes in operating assets and liabilities:		
Accounts receivable	1,406	1,732
Inventory	1,834	(512)
Accounts payable, accrued expense and other current liabilities	(497)	3,113
Other assets and non-current assets	(2,962)	1,421
Net cash used in operating activities of continuing operations	(7,507)	(1,783)
Net cash used in operating activities of discontinued operations	-	(2,069)
Cash used in operating activities	(7,507)	(3,852)
Investing activities		
Purchases of property and equipment	(2,962)	(4,049)
Cash received on sale of assets held for sale	4,463	54
Cash received on sale of property and equipment	42	1,149
Restricted cash	-	1,087
Cash provided by (used in) investing activities	1,543	(1,759)
Financing activities		
Principal payments on debt	(2,147)	(2,525)
Proceeds from debt issuances	1,934	-
Proceeds from line of credit, net of issuance costs	3,935	-
Payments on line of credit	(3,324)	
Proceeds from capital lease	10	-
Taxes paid related to income tax withheld on settlement of equity awards	(5)	(22)
Cash provided by (used in) financing activities	403	(2,547)
Net decrease in cash and cash equivalents	(5,561)	(8,158)
Cash and cash equivalents at the beginning of the period	7,233	21,465
Cash and cash equivalents at the end of the period	$ 1,672	$ 13,307

See Notes to Condensed Consolidated Financial Statements

SWISHER HYGIENE INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

NOTE 1 — BASIS OF PRESENTATION

The accompanying Condensed Consolidated Financial Statements have been prepared in accordance with United States generally accepted accounting principles ("GAAP") for interim financial information and in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X promulgated by the Securities and Exchange Commission ("SEC") and therefore do not contain all of the information and footnotes required by GAAP and the SEC for annual financial statements. The Company's Condensed Consolidated Financial Statements reflect all adjustments that management believes are necessary for the fair presentation of their financial position, results of operations, comprehensive loss and cash flows for the periods presented. The information at December 31, 2014 in the Company's Condensed Consolidated Balance Sheets included in this quarterly report was derived from the audited Consolidated Balance Sheet included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014, filed with the SEC on April 1, 2015. The Company's 2014 Annual Report on Form 10-K is referred to in this quarterly report as the "2014 Annual Report." This quarterly report should be read in conjunction with the 2014 Annual Report.

Intercompany balances and transactions have been eliminated in consolidation. Tabular information, other than share and per share data, is presented in thousands of dollars. Certain reclassifications have been made to prior year amounts for consistency with the current period presentation.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities at the date of the Condensed Consolidated Financial Statements. Actual results could differ from those estimates and such differences could affect the results of operations reported in future periods.

The Company's significant accounting policies are discussed in Note 1 of the Notes to Consolidated Financial Statements in our 2014 Annual Report. There have been no significant changes to those policies.

On June 3, 2014, a one-for-ten reverse split of the Company's issued and outstanding common stock, $0.001 par value per share, became effective ("Reverse Stock Split"). Trading of the common stock on a post-Reverse Stock Split adjusted basis began at the open of business on the morning of June 3, 2014. All historic share and per share information, including loss per share, in this Form 10-Q have been retroactively adjusted to reflect the Reverse Stock Split.

Going Concern

Our Condensed Consolidated Financial Statements were prepared on a going concern basis in accordance with U.S. GAAP. The going concern basis of presentation assumes that we will continue in operation for the next twelve months and will be able to realize our assets and discharge our liabilities and commitments in the normal course of business and does not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from our inability to continue as a going concern. The Company has suffered recurring losses from operations and has not generated positive cash flows from operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. In order for us to continue operations beyond the next twelve months and be able to discharge our liabilities and commitments in the normal course of business, we must do, but not limited to, some or all of the following: (i) improve operating results through improved customer retention, profitable organic revenue growth, and continued improvements in cost efficiencies; (ii) sell additional assets; (iii) raise additional equity; and/or (iv) obtain additional financing through debt. There can be no assurance that we will be able to improve operating results or obtain additional funds by selling additional assets, raising additional equity or obtaining additional financing when needed or that such funds, if available, will be obtainable on terms satisfactory to us.

If we are not able to improve operating results or obtain additional funds by selling additional assets, continued improvements in cost efficiencies, raising additional equity or obtaining additional financing, material adverse events may occur including, but not limited to: 1) a reduction in the nature and scope of our operations, 2) our inability to fully implement our current business plan, and 3) defaults under the Credit Facility (as defined below). There can be no assurances that we will be able to successfully improve our liquidity position. Our condensed consolidated financial statements do not reflect any adjustments that might result from the adverse outcome relating to this uncertainty.

Newly Issued Accounting Pronouncements

In April, 2014, the Financial Accounting Standards Board issued Accounting Standards Update *ASU No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. The amendments in this accounting standard raise the threshold for a disposal to qualify as a discontinued operation and require new disclosures of both discontinued operations and certain other disposals that do not meet the definition of a discontinued operation. This accounting standard update is effective for annual periods beginning on or after December 15, 2014 and related interim periods, with early adoption allowed. The adoption of this standard did not have a material impact on the Company's consolidated financial results.

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update *ASU No. 2014-09, Revenue from Contracts with Customers*. This ASU is intended to clarify the principles for recognizing revenue by providing a more robust framework for addressing revenue issues; improving comparability of revenue recognition practices; and providing more useful information to users of financial statements through improved revenue disclosure requirements. The provisions of this ASU are effective for interim and annual periods beginning after December 15, 2017. Early adoption is permitted. The Company is currently evaluating the impact of this standard and has elected to not adopt the standard early.

In August 2014, the Financial Accounting Standards Board issued *ASU Update No. 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern.* This ASU provides guidance related to management's responsibility to evaluate whether there is substantial doubt about the entity's ability to continue as a going concern and to provide related footnote disclosures. The new requirements are effective for the annual periods ending after December 15, 2016, and for interim periods and annual periods thereafter. Early adoption is permitted. The Company is currently evaluating the impact of this standard and has elected to not adopt the standard early.

NOTE 2 — DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Discontinued Operations

For the six months ended June 30, 2015, there were no discontinued operations. For the six month period ended June 30, 2014, net cash used in operating activities of discontinued operations was $2.1 million and consisted of payments primarily related to legal fees and the settlement of a contractual dispute that the Company accepted responsibility to resolve as a part of the sale of the Waste segment. The Company completed the sale of its Waste segment on November 15, 2012.

Assets Held For Sale

In accordance with *ASC 360, Property, Plant and Equipment*, the Company's estimates of fair value require significant judgment and are regularly reviewed and subject to change based on market conditions, changes in the customer base of the operations or routes, and our continuing evaluation as to the facility's acceptable sale price.

During the second quarter of 2014, the Company updated its estimates of the fair value of certain linen routes and operations to reflect various events that occurred during the period. The cumulative impairment loss for the six months ended June 30, 2014 was $3.0 million, of which $1.7 million was attributable to a reduction in the estimate of net sale proceeds for a linen processing operation. The factors driving the $1.7 million reduction were the cancellation notifications, received from three major customers, resulting in a significant loss of forecasted revenue; and the operation's 2014 year-to-date loss which was in excess of the Company's estimates. The Company made the decision to close this linen processing operation and the fair value was written down to zero. During the first quarter of 2015, the Company completed the sale of equipment of this closed operation classified as asset held for sale, resulting in the net receipt of $0.3 million in cash and a $0.3 million gain. The gain is included in "Other income (expense), net" in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

During March 2015, the Board of Directors of the Company approved a resolution to sell the Company's remaining linen operation. In accordance with *ASC 360, Property, Plant and Equipment,* these assets were classified as assets held for sale at March 31, 2015 and were adjusted to the lower of historical carrying amount or fair value, less costs to sell, which was $3.1 million. The estimated fair value was derived based on the assessment of the potential net selling price. The Company completed the sale of this linen operation on May 12, 2015 receiving $4.0 million in cash and notes receivable plus purchased accounts receivables, resulting in a gain of $0.9 million. The gain is included in "Other income (expense), net" in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

For the three and six months ended June 30, 2015, linen related revenue attributable to the assets held for sale and sold linen assets was $0.7 million and $2.3 million, respectively, and $1.1 million and $2.5 million for the three and six months ended June 30, 2014, respectively. The 2014 annual revenue was $9.6 million attributable to the assets held for sale and sold linen assets. As of June 30, 2015, there were no assets held for sale.

NOTE 3 — GOODWILL AND OTHER INTANGIBLE ASSETS

The Company's accounting policy is to perform an annual impairment test in the fourth quarter or more frequently whenever events or circumstances indicated that the carrying value of intangible assets may not be recoverable. On a quarterly basis, we monitor the key drivers of fair value to detect the existence of indicators or changes that would warrant an interim impairment test for our intangible assets. Goodwill was fully written-off in the second quarter of 2014 with a non-cash impairment charge of $5.8 million. The Company performed an assessment of its proprietary chemical formulas in the quarter ended June 30, 2015 because of initiatives throughout the organization to reduce the number of active stock keeping units ("SKUs"). Upon completion of the assessment and impairment testing, it was determined that the fair value of formulas was lower than the net book value, resulting in an impairment charge of $0.2 million.

Amortization expense on finite lived intangible assets for the three months ended June 30, 2015 and 2014 was $1.7 and $2.0 million, respectively, and for the six months ended June 30, 2015 and 2014 was $3.4 million and $4.0 million, respectively.

NOTE 4 — INVENTORY

Inventory, net of reserves, as of June 30, 2015 and December 31, 2014 consisted of the following:

	June 30, 2015	December 31, 2014
Finished goods	$ 10,584	$ 12,286
Raw materials	2,573	2,780
Work in process	435	360
Total	$ 13,592	$ 15,426

NOTE 5 — EQUITY

On May 15, 2014, the Reverse Stock Split of the Company's issued and outstanding common stock at a ratio of one-for-ten was approved by the Company's stockholders. The Reverse Stock Split became effective June 3, 2014, pursuant to a Certificate of Amendment to the Company's Amended and Restated Certificate of Incorporation filed with the State of Delaware. The Company is authorized in its Amended and Restated Certificate of Incorporation to issue up to a total of 600,000,000 shares of common stock at a par value of $.001 per share and 10,000,000 shares of preferred stock at a par value of $.001 per share. The Company's common stock continues to trade on the Nasdaq Capital Market under the symbol SWSH under a new CUSIP number. In the Condensed Consolidated Balance Sheets, the Equity section has been retroactively adjusted to reflect the Reverse Stock Split for all periods presented by reducing the line item Common stock and increasing the line item Additional paid-in capital, with no change to Equity in the aggregate.

Changes in equity for the six months ended June 30, 2015 consisted of the following:

Balance at December 31, 2014	$ 81,290
Stock based compensation	208
Payments to cover RSU's	(5)
Foreign currency translation adjustment	(19)
Net loss	(16,521)
Balance at June 30, 2015	$ 64,953

Comprehensive Loss

A summary of the changes in the components of accumulated other comprehensive loss for the six months ended June 30, 2015 is provided below:

	Foreign Currency Translation Adjustment	Employee Benefit Plan Adjustment, Net of Tax	Accumulated Other Comprehensive Loss
Balance at December 31, 2014	$ (125)	$ (1,182)	$ (1,307)
Current period other comprehensive loss	(19)	-	(19)
Balance at June 30, 2015	$ (144)	$ (1,182)	$ (1,326)

NOTE 6 — LONG-TERM DEBT AND OBLIGATIONS

	June 30, 2015	December 31, 2014
Notes payable	$ 1,058	$ 1,193
Convertible promissory notes, 4.0%: maturing at various dates through 2016	486	832
Capitalized lease obligations and other financing	1,322	1,044
Total debt and obligations	2,866	3,069
Long-term debt and obligations due within one year	(1,935)	(1,884)
Long-term debt and obligations	$ 931	$ 1,185

Interest on notes payable range between 3.7% and 4.0% and mature at various dates through 2019. At the Company's election, the Company may settle, at any time prior to and including the maturity date, any portion of the outstanding convertible promissory notes' principal balance of $0.5 million, plus accrued interest, in a combination of cash and shares of common stock. To the extent that the Company's common stock is part of such settlement, the settlement price is the most recent closing price of the Company's common stock on the trading day prior to the date of settlement. Although none of these notes have been settled to date with shares, if all notes outstanding at June 30, 2015 were to be settled with shares the Company would issue 462,700 shares of common stock based on the per share value at June 30, 2015.

On August 29, 2014, the Company entered into a $20.0 million revolving credit facility, through the execution of a Loan and Security Agreement, by and among the Company, as Guarantor, and certain subsidiaries of the Company and collectively, as Borrower, and Siena Lending Group LLC, as Lender (the "Credit Facility"). The Credit Facility matures on August 29, 2017.

Interest on borrowings under the Credit Facility will accrue at the Base Rate plus 2.00% and will be payable monthly. Base Rate is defined as the greater of (1) the Prime Rate, (2) the Federal Funds Rate plus 0.50%, or (3) 3.25%.

Borrowings and availability under the Credit Facility are subject to a borrowing base and limitations, and compliance with other terms specified in the agreement. Borrowings under the Credit Facility are secured by a first priority lien on certain of the Company's and its subsidiaries' assets. The calculated borrowing base as of June 30, 2015 was $11.0 million, of which $4.1 million was outstanding under letters of credit, $0.6 million was outstanding under borrowings and $6.3 million was unused.

The Credit Facility contains certain customary representations and warranties, and certain customary covenants on the Company's ability to, among other things, incur additional indebtedness, create liens or other encumbrances, sell or otherwise dispose of assets, and merge or consolidate with other entities or enter into a change of control transaction. The Credit Facility contains various events of default and certain cash management and reporting requirements. The Company has met all required covenants under the Credit Facility as of June 30, 2015.

The Company has entered into capitalized lease obligations with third party finance companies to finance the cost of certain equipment. At June 30, 2015, these obligations bore interest at rates ranging between 4.0% and 18.4% and at December 31, 2014, interest ranged between 4.0% and 18.4%.

The fair value of the Company's debt is estimated based on the current borrowing rates available to the Company for bank loans with similar terms and maturities, and approximates the carrying value of these liabilities.

NOTE 7 — OTHER INCOME (EXPENSE), NET

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Interest income	$ -	$ 3	$ -	$ 7
Interest expense	(103)	(145)	(197)	(223)
Foreign currency	(100)	(85)	(171)	(100)
Other	560	(274)	839	(903)
Total other income (expense), net	$ 357	$ (501)	$ 471	$ (1,219)

As described in Note 2, "Discontinued Operations and Assets Held for Sale", "Other" for the three and six months ended June 30, 2015, primarily consists of a $0.9 and $1.2 million gain related to closed operations, and for the three and six months ended June 30, 2014, primarily represents a $0.2 million and $0.8 million loss related to the sale of assets held for sale.

NOTE 8 — SUPPLEMENTAL CASH FLOW INFORMATION

	Six Months Ended June 30,	
	2015	2014
Cash paid for income taxes	$ 33	$ 91
Cash paid for interest	$ 197	$ 223
Cash received from interest	$ -	$ 7

NOTE 9 — LOSS PER SHARE

Basic net loss attributable to common stockholders per share is computed by dividing net loss by the weighted-average number of common shares outstanding during the period. Shares of common stock underlying outstanding stock options of which the market price of the common stock is higher than the exercise price of the related stock awards and unvested restricted stock units of 75 were not included in the computation of diluted loss per share for the six months ended June 30, 2015, since their inclusion would be anti-dilutive.

Shares of common stock underlying outstanding stock options of which the market price of the common stock is higher than the exercise price of the related stock awards and unvested restricted stock units of 21,479 were not included in the computation of diluted loss per share for the six months ended June 30, 2014 since their inclusion would be anti-dilutive.

NOTE 10 — INCOME TAXES

In projecting the Company's income tax expense for 2015, management has concluded that it is not more likely than not that the Company will realize the benefit of its deferred tax assets and as a result a full valuation allowance will be required as of December 31, 2015. Therefore, the Company has not recognized a tax benefit as it relates to the current loss for the period ended June 30, 2015.

For the three month and six months ended June 30, 2015, the Company has recorded an estimate for income taxes based on the Company's projected income tax expense for the twelve month period ending December 31, 2015. The Company's tax provision has an unusual relationship to pretax loss mainly because of the existence of a full deferred tax asset valuation allowance. This circumstance generally results in a zero net tax provision since the income tax expense or benefit that would otherwise be recognized is offset by the change to the valuation allowance. However, tax expense recorded in the first and second quarter of 2015 included the accrual of income tax expense related to an additional valuation allowance in connection with the tax amortization of the Company's indefinite-lived intangible assets that was not available to offset existing deferred tax assets (termed a "naked credit"). Specifically, the Company does not consider the deferred tax liabilities related to indefinite lived intangible assets when determining the need for a valuation allowance.

NOTE 11— RELATED PARTY TRANSACTIONS

The Company paid fees for training course development and utilization of the delivery platform from a company, the majority of which is owned by a partnership in which a significant shareholder, former director and three former executives of the Company have a controlling interest. Fees paid during the three and six months ended June 30, 2015 and 2014 were less than $0.1 million.

As discussed further below in Note 12, "Commitments and Contingencies," the Company entered into a Manufacturing and Supply Agreement (the "Cavalier Agreement") with a plant in connection with its acquisition of Sanolite in July 2011. The Cavalier Agreement was terminated in September 2014, pursuant to the terms of the agreement. In connection with the acquisition in 2011, two of the owners of both Sanolite and the manufacturing plant became Company employees. There were no purchases, pursuant to the Cavalier Agreement, for the three and six months ended June 30, 2015 and $1.6 million and $3.1 million for the three and six months ending June 30, 2014, respectively. At June 30, 2015, there were no balances included in accounts payable due to this entity, and at December 31, 2014, the Company had $0.3 million included in accounts payable due to this entity. As described below, the transactions pursuant to the Cavalier Agreement were considered to be conducted at the going market prices for such products.

The Company is obligated to make lease payments pursuant to certain real property and equipment lease agreements with employees that were former owners of acquired companies. Such lease payments made were $0.2 million during the three months ended June 30, 2015 and 2014, and were $0.4 million during the six months ended June 30, 2015 and 2014.

NOTE 12 — COMMITMENTS AND CONTINGENCIES

Guarantees

In connection with a distribution agreement entered into in December 2010, the Company provided a guarantee that the distributor's operating cash flows associated with the agreement would not fall below certain agreed-to minimums, subject to certain pre-defined conditions, over the ten year term of the distribution agreement. If the distributor's annual operating cash flow does fall below the agreed-to annual minimums, the Company will reimburse the distributor for any such short fall up to a pre-designated amount. No value was assigned to the fair value of the guarantee at June 30, 2015 and December 31, 2014, based on a probability assessment of the projected cash flows. Management currently does not believe that it is probable that any amounts will be paid under this agreement and thus there is no amount accrued for the guarantee in the Condensed Consolidated Financial Statements. This liability would be considered a Level 3 financial instrument given the unobservable inputs used in the projected cash flow model.

As discussed above in Note 11, "Related Party Transactions," the Company entered into the Cavalier Agreement. The agreement, which was scheduled to expire on December 31, 2012, was extended for an additional two year period with an automatic 18-month renewal term and a six month termination provision. The agreement provides for pricing adjustments, up or down, on the first of each month based on the vendor's actual average product costs incurred during the prior month. Additional product payments made by the Company due to the vendors pricing adjustment as a result of this agreement have not been significant and have not represented costs materially above the going market price for such product. The Cavalier Agreement was terminated in September 2014 pursuant to the terms of the agreement.

LEGAL MATTERS

We may be involved in litigation from time to time in the ordinary course of business. We do not believe that the ultimate resolution of these matters will have a material adverse effect on our business, financial condition or results of operations. However, the results of these matters cannot be predicted with certainty and no assurance can be given that the ultimate resolution of any legal or administrative proceedings or disputes will not have a material adverse effect on our business, financial condition and results of operations.

Securities Litigation

On May 21, 2012, a stockholder derivative action was brought against the Company's former CEO and former CFO and the Company's then directors for alleged breaches of fiduciary duty by a purported Company stockholder in the United States District Court for the Southern District of New York. In this derivative action, captioned Arsenault v. Berrard, et al., 1:12-cv-4028, the plaintiff seeks to recover for the Company damages arising out of the Company's March 28, 2012

announcement regarding the Board of Director's conclusion that the Company's previously issued interim financial statements for the quarterly periods ended March 31, 2011, June 30, 2011 and September 30, 2011, and the other financial information in the Company's quarterly reports on Form 10-Q for the periods then ended, should no longer be relied upon and that an internal review by the Company's Audit Committee primarily relating to possible adjustments to the Company's financial statements was ongoing.

On August 13, 2012, the Arsenault derivative action, along with a related putative securities class action pending in the Southern District of New York, was transferred to the United States District Court for the Western District of North Carolina where other related putative securities class actions were pending. All actions were consolidated under the caption In re Swisher Hygiene, Inc. Securities and Derivative Litigation, MDL No. 2384. On August 21, 2012, the Western District of North Carolina issued an order governing the practice and procedure in the actions transferred to the Western District of North Carolina as well as the actions originally filed there. On October 18, 2012, the Western District of North Carolina held an Initial Pretrial Conference at which it appointed lead counsel and lead plaintiffs for the securities class actions, and set a schedule for the filing of a consolidated class action complaint and defendants' time to answer or otherwise respond to the consolidated class action complaint. The Western District of North Carolina stayed the Arsenault derivative action, pending the outcome of the securities class actions.

On August 6, 2014, following a hearing, the Western District of North Carolina approved a settlement of the securities class actions, and issued an Order and Final Judgment that, among other things, dismissed the securities class actions pending in the United States with prejudice and provided for full and complete releases to defendants. The Arsenault derivative action is still pending.

On June 11, 2013, an individual action was filed in the United States District Court for the Southern District of Florida captioned Miller, et al. v. Swisher Hygiene, Inc., et al., No. 0:13-CV-61292-JAL, against the Company, its former CEO and former CFO, and a former Company director, bringing state and federal claims founded on the allegations that in deciding to sell their company to the Company, plaintiffs relied on defendants' statements about such things as the Company's accounting and internal controls, which, in light of the Company's restatement of its financial statements, were false. On July 17, 2013, the Company notified the United States Judicial Panel on Multidistrict Litigation ("MDL Panel") of this action, and requested that it be transferred and centralized in the Western District of North Carolina with the other actions pending there. On July 23, 2013, the MDL Panel issued a Conditional Transfer Order (the "Miller CTO"), conditionally transferring the case to the Western District of North Carolina. On July 29, 2013, plaintiffs notified the MDL Panel that they would seek to vacate the Miller CTO. In light of the proceedings in the MDL Panel, defendants requested that the Southern District of Florida stay all proceedings pending the MDL Panel's ruling. On August 6, 2013, the Southern District of Florida issued a stay of all proceedings pending a ruling by the MDL Panel. On October 2, 2013, following briefing on the issue of whether the Miller CTO should be vacated, the MDL Panel issued an order transferring the action to the Western District of North Carolina. The Company and the individual defendants filed motions to dismiss the complaint on March 20, 2014. Briefing on the motions to dismiss was completed on May 12, 2014. On June 2, 2014, plaintiffs filed a motion with the Western District of North Carolina seeking a suggestion for remand from that court to the MDL Panel. Briefing on that motion was completed on June 26, 2014. Oral argument on the motions to dismiss and motion for suggestion for remand were heard on July 22, 2014. On August 5, 2014, the Western District of North Carolina denied plaintiffs' motion for suggestion for remand. On October 22, 2014, the Company filed a notice of supplemental authority in support of its motion to dismiss the complaint. On November 4, 2014, plaintiffs filed a response to the notice of supplemental authority. On July 8, 2015, the Western District of North Carolina ruled on the motions to dismiss. The Western District of North Carolina dismissed plaintiffs' federal claims and certain of their state law claims. Other state law claims against the Company, its former CEO, and a former Company director, were not dismissed. After issuing its ruling, the Western District of North Carolina recommended by letter to the MDL Panel that the action be transferred back to the Southern District of Florida. On July 16, 2015, the Western District of North Carolina issued an order staying all proceedings in the action pending a determination by the MDL Panel on its recommendation.

Other Matters

The Company has been contacted by the staff of the Atlanta Regional Office of the SEC and by the United States Attorney's Office for the Western District of North Carolina (the "U.S. Attorney's Office") after the Company's March 28, 2012 public announcement of the Audit Committee's internal review and the delays in filing its periodic reports. The Company has been asked to make certain individuals available and to provide certain information about these matters to the SEC and the U.S. Attorney's Office. The Company is fully cooperating with the SEC and the U.S. Attorney's Office. Any action by the SEC, the U.S. Attorney's Office or other government agency could result in fines and/or criminal or civil sanctions against the Company and/or certain of its current or former officers, directors or employees.

NOTE 13 — SUBSEQUENT EVENT

In August 2015, the Company sold its wholly owned subsidiary which conducted all of the Company's operations in Canada for total proceeds of $2.769 million. The difference between the sale price and the carrying value of the assets sold will be accounted for in the third quarter of 2015 and the Company expects to record a gain at that time.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis in conjunction with our unaudited Condensed Consolidated Financial Statements and the related notes thereto included in Item 1 of this Quarterly Report on Form 10-Q as well as our "Selected Financial Data" and our audited Consolidated Financial Statements and the related notes thereto included in Item 6 and Item 8, respectively, of our Annual Report on Form 10-K for the year ended December 31, 2014 (the "2014 Form 10-K"). In addition to historical consolidated financial information, this discussion and analysis contains forward-looking statements that reflect our plans, estimates, and beliefs. Actual results could differ from these expectations as a result of certain risk factors, including those described under Item 1A, "Risk Factors," of our 2014 Form 10-K and this Quarterly Report on Form 10-Q.

Business Overview

We currently operate in one business segment, Hygiene, which encompasses providing essential hygiene and sanitizing service solutions to customers in a wide range of end-markets, including foodservice, hospitality, retail and healthcare industries. Certain of our products are registered with the Environmental Protection Agency and follow the Center for Disease Control guidelines for disinfection of surface areas such as children's playgrounds, hospitals, and assisted living environments. We sell consumable products such as detergents, cleaning chemicals, soap, paper, water filters and supplies, together with the rental and servicing of dish machines and other equipment for the dispensing of those products as well as additional services such as the deep cleaning and sanitizing of restrooms and other facilities. We continue to see the positive impact of cost efficiencies, capital resource management and planning, plant consolidations and route optimization efforts; however, we believe we still need to increase revenue in order to maximize our profitability. We are committed to our philosophy of Service, People and Profitability and to Selling Through Service. To that end, we are continuing our realignment of our field service and sales teams to better serve our customers since we believe this will ultimately drive increased revenues through improved customer retention and the ability to leverage our current customer base.

Critical Accounting Policies and Estimates

The preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, sales and expenses. We believe the most complex and sensitive judgments, because of their significance to the Consolidated Financial Statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 1 to the Consolidated Financial Statements in our 2014 Form 10-K, describe these significant accounting estimates and policies used in preparation of the Consolidated Financial Statements. Actual results in these areas could differ from management's estimates. There have been no significant changes in our critical accounting policies since the filing of the 2014 Form 10-K.

Newly Issued Accounting Pronouncements

In April, 2014, the Financial Accounting Standards Board issued Accounting Standards Update *ASU No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. The amendments in this accounting standard raise the threshold for a disposal to qualify as a discontinued operation and require new disclosures of both discontinued operations and certain other disposals that do not meet the definition of a discontinued operation. This accounting standard update is effective for annual periods beginning on or after December 15, 2014 and related interim periods, with early adoption allowed. The adoption of this standard did not have a material impact on the Company's consolidated financial results.

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update *ASU No. 2014-09, Revenue from Contracts with Customers*. This ASU is intended to clarify the principles for recognizing revenue by providing a more robust framework for addressing revenue issues; improving comparability of revenue recognition practices; and providing more useful information to users of financial statements through improved revenue disclosure requirements. The provisions of this ASU are effective for interim and annual periods beginning after December 15, 2017. Early adoption is permitted. The Company is currently evaluating the impact of this standard and has elected to not adopt the standard early.

In August 2014, the Financial Accounting Standards Board issued *ASU Update No. 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern.* This ASU provides guidance related to management's responsibility to evaluate whether there is substantial doubt about the entity's ability to continue as a going concern and to provide related footnote disclosures. The new requirements are effective for the annual periods ending after December 15, 2016, and for interim periods and annual periods thereafter. Early adoption is permitted. The Company is currently evaluating the impact of this standard and has elected to not adopt the standard early.

Assets Held for Sale

In accordance with *ASC 360, Property, Plant and Equipment*, the Company's estimates of fair value require significant judgment and are regularly reviewed and subject to change based on market conditions, changes in the customer base of the operations or routes, and our continuing evaluation as to the facility's acceptable sale price.

During the second quarter of 2014, the Company updated its estimates of the fair value of certain linen routes and operations to reflect various events that occurred during the period. The cumulative impairment loss for the six months ended June 30, 2014 was $3.0 million, of which $1.7 million was attributable to a reduction in the estimate of net sale proceeds for a linen processing operation. The factors driving the $1.7 million reduction were the cancellation notifications, received from three major customers, resulting in a significant loss of forecasted revenue; and the operation's 2014 year-to-date loss which was in excess of the Company's estimates. The Company made the decision to close this linen processing operation and the fair value was written down to zero. During the first quarter of 2015, the Company completed the sale of equipment of this closed operation classified as asset held for sale, resulting in the net receipt of $0.3 million in cash and a $0.3 million gain. The gain is included in "Other income (expense), net" in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

During March 2015, the Board of Directors of the Company approved a resolution to sell the Company's remaining linen operation. In accordance with *ASC 360, Property, Plant and Equipment,* these assets were classified as assets held for sale at March 31, 2015 and were adjusted to the lower of historical carrying amount or fair value, less costs to sell, which was $3.1 million. The estimated fair value was derived based on the assessment of the potential net selling price. The Company completed the sale of this linen operation on May 12, 2015 receiving $4.0 million in cash and notes receivable plus purchased accounts receivables, resulting in a gain of $0.9 million. The gain is included in "Other income (expense), net" in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

For the three and six months ended June 30, 2015, linen related revenue attributable to the assets held for sale and sold linen assets was $0.7 million and $2.3 million, respectively, and $1.1 million and $2.5 million for the three and six months ended June 30, 2014, respectively. The 2014 annual revenue was $9.6 million attributable to the assets held for sale and sold linen assets. As of June 30, 2015, there were no assets held for sale.

RESULTS OF CONTINUING OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2015

Revenue

Revenue from products is primarily comprised of the sales and delivery of consumable products such as detergents and cleaning chemicals, the rental, sales and servicing of dish machines and other equipment used to dispense those products, the sale of paper items, rental fees, linen processing and other ancillary product sales. Revenues from services are primarily comprised of manual cleaning and delivery service fees. Franchise and other consists of fees charged to franchisees.

Total revenue and the revenue derived from each revenue type for the three months ended June 30, 2015 and 2014 are as follows:

	2015	%	2014	%
Revenue		**(In thousands)**		
Products	$ 40,160	89.6%	$ 44,780	89.7%
Services	4,398	9.8%	4,809	9.6%
Franchise and other	276	0.6%	366	0.7%
Total revenue	$ 44,834	100.0%	$ 49,955	100.0%

Consolidated revenue decreased $5.1 million or 10.3% to $44.8 million for the three months ended June 30, 2015 compared to 2014. Excluding revenue generated from linen assets sold and held for sale for the three months ended June 30, 2015 and 2014, consolidated revenue decreased 6.8% on a comparable basis. Product revenue decreased $4.6 million partially due to a $1.9 million decrease related to linen assets sold or held for sale. The remaining $2.7 million decrease is primarily due to a $0.9 million reduction in purchasing from large wholesale and distribution customers, and the attrition of $0.4 million in customers resulting from the termination of the Manufacturing and Supply Agreement (the "Cavalier Agreement") which was terminated in September 2014, as well as $1.4 million of additional attrition, volume reductions and strategic separations from customers due to lack of profitability. Service revenues declined $0.4 million due to the loss of hygiene customers and customers sold in connection with assets held for sale. Franchise and other revenue declined $0.1 million primarily due to the timing of purchases with one of our international licensees.

Cost of Sales

Cost of sales consists primarily of the cost of chemical, paper, air freshener and other consumable products sold to, or used in the servicing of, our customers. These costs are exclusive of route expense and related depreciation and amortization. Cost of sales for the three months ended June 30, 2015 and 2014 are as follows:

	2015	%(1)	2014	%(1)
Cost of Sales		**(In thousands)**		
Products	$ 20,604	51.3%	$ 22,778	50.9%
Services	(4)	-0.1%	131	2.7%
Franchise and other	106	38.4%	64	17.5%
Total cost of sales	$ 20,706	46.2%	$ 22,973	46.0%

(1) Represents cost as a percentage of the respective product and service line revenue.

Cost of sales decreased $2.3 million or 9.9% to $20.7 million for the three months ended June 30, 2015, compared to 2014 primarily due to a decline in sales volume. The increase in cost of sales as a percentage of revenue from the prior-year period primarily reflects the impact of exiting the linen business, partially offset by cost efficiencies. As a percentage of sales, consolidated cost of sales increased slightly from 46.0% to 46.2%.

Route Expenses

Route expenses consist of costs incurred by the Company for the delivery of products and providing services to customers. The components of route expenses for the three months ended June 30, 2015 and 2014 are as follows:

	2015	%(1)	2014	%(1)
Route Expenses		**(In thousands)**		
Compensation	$ 8,896	20.0%	$ 9,847	19.9%
Vehicle and other expenses	2,734	6.1%	2,751	5.5%
Total route expenses	$ 11,630	26.1%	$ 12,598	25.4%

(1) Represents route expenses as a percentage of total non-franchise revenue.

Route expenses decreased $1.0 million or 7.7% to $11.6 million for the three months ended June 30, 2015 compared to 2014. The components of this change were decreases in compensation, primarily through route optimization efforts, of $1.0 million. Route expense as a percentage of total revenue was 26.1% and 25.4% for the three months ended June 30, 2015 and 2014, respectively. The increase as a percentage of revenue was primarily due to the decline in revenue from the prior period.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of the costs incurred for:

- Local office and field management support costs that are related to field operations. These costs include compensation, occupancy expense and other general and administrative expenses.

- Selling expenses which include compensation and commissions for local sales representatives and corporate account representatives.
- Marketing expenses.
- Corporate office expenses which include executive management, information technology, human resource, accounting, purchasing and other support costs.

The details of selling, general and administrative expenses for the three months ended June 30, 2015 and 2014 are as follows:

	2015	%(1)	2014	%(1)
Selling, General & Administrative Expenses		(In thousands)		
Compensation	$ 7,906	17.6%	$ 10,007	20.0%
Occupancy	1,720	3.8%	1,820	3.6%
Other	6,232	13.9%	5,307	10.6%
Total selling, general & administrative expenses	$ 15,858	35.4%	$ 17,134	34.2%

(1) Represents expenses as a percentage of total revenue.

Selling, general and administrative expenses decreased $1.3 million to $15.9 million for the three months ended June 30, 2015 compared to the three months ended June 30, 2014. The components of this change were decreases in compensation of $2.1 million, occupancy of $0.1 million, and offset by an increase in other expenses of $0.9 million. Compensation expense decreased primarily due to headcount reductions primarily due to the sale of the linen business, a reduction in stock based compensation and other operational efforts. Occupancy decreased due to the closure of a linen plant, the sale of a linen plant and due to ongoing efforts to reduce facility infrastructure costs. Other expenses increased primarily due to an increase in professional fees of $0.5 million, an increase in bad debt expense of $0.2 million and an increase in bank charges of $0.1 million.

Depreciation and Amortization

Depreciation and amortization consists of depreciation of property and equipment and the amortization of intangible assets. Depreciation and amortization decreased $0.6 million to $4.5 million or 12.5% for the three months ended June 30, 2015. The decrease is primarily the result of fixed assets being fully depreciated and a decrease in capital expenditures.

Other Income (Expense), Net

Details of other income (expense), net for three months ended June 30, 2015 and 2014 are as follows:

	2015	2014
	(In thousands)	
Interest income	$ -	$ 3
Interest expense	(102)	(145)
Foreign currency loss	(100)	(85)
Other income (expense)	559	(274)
Total other income (expense), net	$ 357	$ (501)

The increase in other income is due primarily to the $0.9 million gain related to the sale of a linen facility during the second quarter of 2015, offset by impairment loss on intangible assets of $0.2 million and loss on sale of assets of $0.3 million compared to the loss on sale of certain assets held for sale during the first quarter of 2014.

Income Tax Expense

In projecting the Company's income tax expense for 2015, management has concluded that it is not more likely than not that the Company will realize the benefit of its deferred tax assets and as a result a full valuation allowance will be required as of December 31, 2015. Therefore, the Company has not recognized a tax benefit as it relates to the current loss for the period ended June 30, 2015.

For the three months ended June 30, 2015, the Company has recorded an estimate for income taxes based on the Company's projected income tax expense for the twelve month period ending December 31, 2015. The Company's tax provision has an unusual relationship to pretax loss mainly because of the existence of a full deferred tax asset valuation allowance. This circumstance generally results in a zero tax provision since the income tax expense or benefit that would otherwise be recognized is offset by the change to the valuation allowance. However, tax expense recorded in the first and second quarter of 2015 included the accrual of income tax expense related to an additional valuation allowance in connection with the tax amortization of the Company's indefinite-lived intangible assets that was not available to offset existing deferred tax assets (termed a "naked credit"). The Company does not consider the deferred tax liabilities related to indefinite lived intangible assets when determining the need for a valuation allowance.

RESULTS OF CONTINUING OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2015

Revenue

Revenue from products is primarily comprised of the sales and delivery of consumable products such as detergents and cleaning chemicals, the rental, sales and servicing of dish machines and other equipment used to dispense those products, the sale of paper items, rental fees, linen processing and other ancillary product sales. Revenues from services are primarily comprised of manual cleaning and delivery service fees. Franchise and other consists of fees charged to franchisees.

Total revenue and the revenue derived from each revenue type for the six months ended June 30, 2015 and 2014 are as follows:

	2015	%	2014	%
Revenue		(In thousands)		
Products	$ 79,423	89.6%	$ 88,021	89.6%
Services	8,727	9.8%	9,503	9.7%
Franchise and other	526	0.6%	726	0.7%
Total revenue	$ 88,676	100.0%	$ 98,250	100.0%

Consolidated revenue decreased $9.6 million or 9.7% to $88.7 million for the six months ended June 30, 2015 compared to 2014. Excluding revenue generated from linen assets sold and held for sale for the six months ended June 30, 2015 and 2014, consolidated revenue decreased 6.5% on a comparable basis. Product revenue decreased $8.6 million partially due to a $3.1 million decrease related to linen assets sold or held for sale. The remaining $5.5 million decrease is primarily due to a $1.4 million reduction in purchasing from large wholesale and distribution customers, the attrition of $0.7 million in customers resulting from the termination of the Manufacturing and Supply Agreement (the "Cavalier Agreement") which was terminated in September 2014, as well as $3.4 million of additional attrition, volume reductions and strategic separations from customers due to lack of profitability. Service revenues declined $0.8 million due to the loss of hygiene customers and customers sold in connection with assets held for sale. Franchise and other revenue declined $0.2 million primarily due to the timing of purchases with one of our international licensee.

Cost of Sales

Cost of sales consists primarily of the cost of chemical, paper, air freshener and other consumable products sold to, or used in the servicing of our customers. These costs are exclusive of route expense and related depreciation and amortization. Cost of sales for the six months ended June 30, 2015 and 2014 are as follows:

	2015	%(1)	2014	%(1)
Cost of Sales		(In thousands)		
Products	$ 40,456	50.9%	$ 44,358	50.4%
Services	(3)	0.0%	265	2.8%
Franchise and other	215	40.9%	162	22.3%
Total cost of sales	$ 40,668	45.9%	$ 44,785	45.6%

Represents cost as a percentage of the respective product and service line revenue.

Cost of sales decreased $4.1 million or 9.2% to $40.7 million for the six months ended June 30, 2015, compared to 2014 primarily due to a decline in sales volume. The increase in cost of sales as a percentage of revenue from the prior-year period primarily reflects the impact of exiting the linen business, partially offset by cost efficiencies. As a percentage of sales, consolidated cost of sales increased slightly from 45.6% to 45.9%.

Route Expenses

Route expenses consist of costs incurred by the Company for the delivery of products and providing services to customers. The components of route expenses for the six months ended June 30, 2015 and 2014 are as follows:

	2015	%(1)	2014	%(1)
Route Expenses		(In thousands)		
Compensation	$ 18,023	20.4%	$ 19,264	19.8%
Vehicle and other expenses	5,298	6.0%	5,697	5.8%
Total route expenses	$ 23,321	26.4%	$ 24,961	25.6%

Represents route expenses as a percentage of total non-franchise revenue.

Route expenses decreased $1.6 million or 6.6% to $23.3 million for the six months ended June 30, 2015 compared to 2014. The components of this change were decreases in compensation, primarily through route optimization efforts, of $1.2 million and also decreases in vehicle and other expenses of $0.4 million. Route expense as a percentage of total revenue was 26.4% and 25.6% for the six months ended June 30, 2015 and 2014, respectively. The increase as a percentage of revenue was primarily due to the decline in revenue from the prior period.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of the costs incurred for:

- Local office and field management support costs that are related to field operations. These costs include compensation, occupancy expense and other general and administrative expenses.
- Selling expenses which include compensation and commissions for local sales representatives and corporate account representatives.
- Marketing expenses.
- Corporate office expenses which include executive management, information technology, human resource, accounting, purchasing and other support costs.

The details of selling, general and administrative expenses for the six months ended June 30, 2015 and 2014 are as follows:

	2015	%(1)	2014	%(1)
Selling, General & Administrative Expenses		(In thousands)		
Compensation	$ 16,552	18.7%	$ 20,922	21.3%
Occupancy	3,384	3.8%	3,901	4.0%
Other	12,434	14.0%	12,081	12.3%
Total selling, general & administrative expenses	$ 32,370	36.5%	$ 36,904	37.6%

Represents expenses as a percentage of total revenue.

Selling, general and administrative expenses decreased $4.5 million to $32.4 million for the six months ended June 30, 2015 compared to 2014. The components of this change were decreases in compensation of $4.4 million, occupancy of $0.5 million, offset by an increase in other expenses of $0.4 million. Compensation expense decreased primarily due to headcount reductions, primarily due to the sale of the linen business, a reduction in stock based compensation and other operational optimization efforts. Occupancy decreased due to the closure of a linen plant and due to ongoing efforts to reduce facility infrastructure costs. Other expenses increased primarily due to increases in bad debt expense of $0.3 million and bank charges of $0.2 million, offset by decreases in other SG&A of $0.1 million.

Depreciation and Amortization

Depreciation and amortization consists of depreciation of property and equipment and the amortization of intangible assets. Depreciation and amortization decreased $1.4 million to $9.1 million or 13.4% for the six months ended June 30, 2015. The decrease is primarily the result of fixed assets being fully depreciated and a decrease in capital expenditures.

Other Income (Expense), Net

Details of other income (expense), net for six months ended June 30, 2015 and 2014 are as follows:

	2015	2014
	(In thousands)	
Interest income	$ -	$ 7
Interest expense	(197)	(223)
Foreign currency loss	(171)	(100)
Other income (expense)	839	(903)
Total other income (expense), net	$ 471	$ (1,219)

The increase in other income is due primarily to the $0.9 million gain related to the sale of a linen facility during the second quarter of 2015, compared to the loss on sales of certain assets held for sale during the first quarter of 2014.

Income Tax Expense

In projecting the Company's income tax expense for 2015, management has concluded that it is not more likely than not that the Company will realize the benefit of its deferred tax assets and as a result a full valuation allowance will be required as of December 31, 2015. Therefore, the Company has not recognized a tax benefit as it relates to the current loss for the period ended June 30, 2015.

For the six months ended June 30, 2015, the Company has recorded an estimate for income taxes based on the Company's projected income tax expense for the twelve month period ending December 31, 2015. The Company's tax provision has an unusual relationship to pretax loss mainly because of the existence of a full deferred tax asset valuation allowance. This circumstance generally results in a zero tax provision since the income tax expense or benefit that would otherwise be recognized is offset by the change to the valuation allowance. However, tax expense recorded in the first and second quarter of 2015 included the accrual of income tax expense related to an additional valuation allowance in connection with the tax amortization of the Company's indefinite-lived intangible assets that was not available to offset existing deferred tax assets (termed a "naked credit"). The Company does not consider the deferred tax liabilities related to indefinite lived intangible assets when determining the need for a valuation allowance.

Cash Flows Summary

Cash flows from continuing operations for the six months ended June 30, 2015 and 2014 were:

	2015	2014
	(In thousands)	
Net cash used in operating activities	$ (7,507)	$ (1,783)
Net cash provided by (used) in investing activities	1,543	(1,759)
Net cash provided by (used in) financing activities	403	(2,547)
Net decrease in cash and cash equivalents from continuing operations	$ (5,561)	$ (6,089)

Net cash used in operating activies increased by $5.7 million primarily due to a $6.0 million change in operating assets and liabilities as the net loss for both periods, as adjusted for non-cash items including depreciation and amortization, impairment and (gain) loss on sale of assets, was relatively constant. Net cash provided by investing activities increased by $3.3 million, primarily due to a $1.1 million reduction in purchase of property and equipment and a $3.3 million increase in cash received from sale of assets held for sale and property and equipment offset by a $1.1 million change in restricted cash. Cash provided by financing activities was $0.4 million compared with $2.5 million used during the same period in 2014. The increase of $2.9 million was primarily due to an increase in proceeds from debt issuances related to insurance financing of $1.9 million and payments on the line of credit of $3.9 million, offset by proceeds from the line of credit of $3.3 million, and a decrease in principal payments on debt of $0.4 million.

Cash flows used in discontinued operations for the six months ended June 30, 2014 were $2.1 million. For the six months ended June 30, 2015, there were no discontinued operations.

Cash flows used in operating activities from discontinued operations in 2014 consisted of payments made related to legal fees and a settlement payment related to a contractual dispute that the Company accepted responsibility to resolve as a part of the sale of the Waste segment.

Liquidity and Capital Resources

Going Concern

Our Condensed Consolidated Financial Statements were prepared on a going concern basis in accordance with U.S. GAAP. The going concern basis of presentation assumes that we will continue in operation for the next twelve months and will be able to realize our assets and discharge our liabilities and commitments in the normal course of business and does not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from our inability to continue as a going concern. The Company has suffered recurring losses from operations and has not generated positive cash flows from operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. In order for us to continue operations beyond the next twelve months and be able to discharge our liabilities and commitments in the normal course of business, we must do, but not limited to, some or all of the following: (i) improve operating results through improved customer retention, profitable organic revenue growth, and continued improvements in cost efficiencies; (ii) sell additional assets; (iii) raise additional equity; and/or (iv) obtain additional financing through debt. There can be no assurance that we will be able to improve operating results or obtain additional funds by selling additional assets, raising additional equity or obtaining additional financing when needed or that such funds, if available, will be obtainable on terms satisfactory to us.

If we are not able to improve operating results or obtain additional funds by selling additional assets, continuing improvements in cost efficiencies, raising additional equity or obtaining additional financing, material adverse events may occur including, but not limited to: 1) a reduction in the nature and scope of our operations, 2) our inability to fully implement our current business plan, and 3) defaults under the Credit Facility. There can be no assurances that we will be able to successfully improve our liquidity position. Our consolidated financial statements do not reflect any adjustments that might result from the adverse outcome relating to this uncertainty.

Cash Requirements

As a result of the activities discussed above, our cash and cash equivalents decreased by $5.5 million to $1.7 million at June 30, 2015 compared to $7.2 million at December 31, 2014. Our cash requirements for the next twelve months consist primarily of: (i) capital expenditures associated with dispensing equipment, dish machines and other items in service at customer locations, equipment, vehicles and software; (ii) working capital; and (iii) payment of principal and interest on borrowings under our convertible promissory notes, acquisition notes payable and capital lease obligations and other financing. We expect that through capital resource management and the use of additional customer equipment programs, our annual capital expenditures in 2015 are expected to be less than 2014 capital expenditures of $8.6 million.

We expect that our cash on hand, the cash flow provided by operating activities along with availability under our Credit Facility, and the cash flow from investing activities, including the potential sale of assets, such as the sale of the Company's Canadian operations in August of 2015 as discussed in Note 13 of the financial statements, will be sufficient to execute our business plan for the next twelve months. However, we believe it is contingent upon improved customer retention, profitable organic growth and continued improvement in cost efficiencies in 2015. Failure to execute our plan successfully or unforecasted shortfalls in available cash may require us to alter our plan, sell other assets, or raise additional equity which could be dilutive to existing shareholders or obtain additional financing through debt. There can be no assurances that we could sell assets in a timely manner, or that such equity and debt would be available and would be likely subject to prevailing market conditions and the Company's performance.

Credit Facility

On August 29, 2014, we entered into a $20.0 million revolving credit facility, through the execution of a Loan and Security Agreement, by and among the Company, as Guarantor, and certain subsidiaries of the Company and collectively, as Borrower, and Siena Lending Group LLC, as Lender (the "Credit Facility"). The Credit Facility matures on August 29, 2017.

Interest on borrowings under the Credit Facility will accrue at the Base Rate plus 2.00% and will be payable monthly. The Base Rate is defined as the greater of (1) the Prime Rate, (2) the Federal Funds Rate plus 0.50%, or (3) 3.25%.

Borrowings and availability under the Credit Facility are subject to a borrowing base and limitations, and compliance with other terms specified in the agreement. Borrowings under the Credit Facility are secured by a first priority lien on certain of the Company's assets. The calculated borrowing base as of June 30, 2015 was $11.0 million, of which $4.1 million was outstanding under letters of credit, $0.6 million was outstanding under borrowings and $6.3 million was unused.

The Credit Facility contains certain customary representations and warranties, and certain customary covenants on the Company's ability to, among other things, incur additional indebtedness, create liens or other encumbrances, sell or otherwise dispose of assets, and merge or consolidate with other entities or enter into a change of control transaction. The Credit Facility contains various events of default and reporting requirements. The Company has met all required covenants under the Credit Facility as of June 30, 2015.

Off-Balance Sheet Arrangements

Other than operating leases, there are no significant off-balance sheet financing arrangements or relationships with unconsolidated entities or financial partnerships which are often referred to as "variable interest entities." Therefore, there is no exposure to any financing, liquidity, market or credit risk that could arise had we engaged in such relationships.

In connection with a distribution agreement entered into in December 2010 between the Company and a distributor of Company-owned products, we provided a guarantee that the distributor's operating cash flows associated with the agreement would not fall below certain agreed-to minimums, subject to certain pre-defined conditions, over the ten year term of the distribution agreement. If the distributor's annual operating cash flow does fall below the agreed-to annual minimums, we reimburse the distributor for any such short fall up to a pre-designated amount. No value was assigned to the fair value of this guarantee at June 30, 2015 and December 31, 2014 based on a probability assessment of the projected cash flows. Management currently does not believe that it is probable that any amounts will be paid under this provision in the agreement and thus there is no amount accrued for the guarantee in the Condensed Consolidated Financial Statements.

FORWARD-LOOKING STATEMENTS

Our business, financial condition, results of operations, cash flows and prospects, and the prevailing market price and performance of our common stock, may be adversely affected by a number of factors, including the matters discussed below. Certain statements and information set forth in this Form 10-Q, as well as other written or oral statements made from time to time by us or by our authorized executive officers on our behalf, constitute "forward-looking statements" within the meaning of the Federal Private Securities Litigation Reform Act of 1995. We intend for our forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and we set forth this statement and these risk factors in order to comply with such safe harbor provisions. You should note that our forward-looking statements speak only as of the date of this Form 10-Q or when made and we undertake no duty or obligation to update or revise our forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Although we believe that the expectations, plans, intentions and projections reflected in our forward-looking statements are reasonable, such statements are subject to risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. The risks, uncertainties and other factors that our stockholders and prospective investors should consider include the following:

- We have a history of significant operating losses and as such, our future revenue and operating profitability are uncertain.

- Our independent registered public accounting firm's report for our audited financial statements for the year ended December 31, 2014 contains an explanatory paragraph that expresses substantial doubt as to our ability to continue as a going concern.

- The Company may need to raise additional equity or capital in the future and such capital may not be available when needed or at all.

- Our failure or inability to meet certain terms of our Credit Facility could have a material adverse effect on our business, financial condition and results of operations.

- We have identified material weaknesses in our internal control over financial reporting and we may be unable to develop, implement and maintain appropriate controls in future periods. If the material weaknesses are not remediated, then they could result in material misstatements to the financial statements.

- Failure to retain our current customers and renew existing customer contracts could adversely affect our business.

- Changes in economic conditions that impact the industries in which our end-users primarily operate in could adversely affect our business.

- The financial condition and operating ability of third parties may adversely affect our business.

- We recognized significant impairment charges in 2014 and prior years, and may recognize additional impairment charges in the future which could adversely affect our results of operations and financial condition.

- The availability of our raw materials and the volatility of their costs may adversely affect our operations.

- We are and may in the future be subject to legal proceedings, the outcome of which are uncertain, and resolutions adverse to us could negatively affect our earnings, financial condition and cash flows.

- The pricing, terms, and length of customer service agreements may constrain our ability to recover costs and to make a profit on our contracts.

- If we are required to change the pricing models for our products or services to compete successfully, our margins and operating results may be adversely affected.

- The consolidation of customers may adversely affect our business, consolidated financial condition or results of operations.

- We may fail to maintain our listing on The Nasdaq Stock Market.

- The loss of one or more key members of our senior management, or our inability to attract and retain qualified personnel could adversely impact our business, financial condition and results of operations.

- Increases in fuel and energy costs and fuel shortages could adversely affect our results of operations and financial condition.

- Our products contain hazardous materials and chemicals, which could result in claims against us.

- We are subject to environmental, health and safety regulations, and may be adversely affected by new and changing laws and regulations, that generate ongoing environmental costs and could subject us to liability.

- If our products are improperly manufactured, packaged, or labeled or become adulterated or expire, those items may need to be recalled or withdrawn from sale.

- Changes in the types or variety of our service offerings could affect our financial performance.

- Prior acquisitions involve a number of risks and could have an adverse effect on results of operations.

- We may not be able to adequately protect our intellectual property and other proprietary rights that are material to our business.

- Interruptions in our information and telecommunication systems, or a failure to maintain the security, confidentiality or privacy of sensitive data residing on such systems, could adversely affect our business.

- Insurance policies may not cover all operating risks and a casualty loss beyond the limits of our coverage could adversely impact our business.

- Our stock price has been and may in the future be volatile, which could cause purchasers of our common stock to incur substantial losses.

- Certain stockholders may exert significant influence over any corporate action requiring stockholder approval.

- Provisions of Delaware law and our organizational documents may delay or prevent an acquisition of our Company, even if the acquisition would be beneficial to our stockholders.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks including changes in interest rates and fuel prices. Borrowings under the Credit Facility are indexed to a variable interest rate. As of June 30, 2015, there was $0.6 million outstanding under borrowings from our Credit Facility, and we have $4.1 million of letters of credit outstanding at a fixed fee under our Credit Facility. As of June 30, 2015, a hypothetical 10% change in our interest rate would change our results of operations by less than $0.1 million.

We do not use financial instruments for speculative trading purposes and we do not hold derivative financial instruments that could expose us to significant market and commodity risk. We do not currently have any contract with vendors where we have exposure to the underlying commodity prices. In such event, we would consider implementing price increases and pursue cost reduction initiatives; however, we may not be able to pass on these increases in whole or in part to our customers or realize the cost savings needed to offset these increases. This discussion does not consider the effects that may have an adverse change on the overall economy, and it also does not consider actions we may take to mitigate our exposure to these changes. We cannot guarantee that the action we take to mitigate these exposures will be successful.

Fuel costs represent a significant operating expense. To date, we have not entered into any contracts or employed any strategies to mitigate our exposure to fuel costs. Historically, we have made limited use of fuel surcharges or delivery fees to help offset rises in fuel costs. Such potential charges have not been in the past, and we believe will not be going forward, applicable to all customers. Consequently, an increase in fuel costs normally results in a decrease in our operating margin percentage. At our current consumption level, a $0.50 per gallon change in the price of fuel changes our fuel costs by approximately $0.6 million on an annual basis.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and, include controls and procedures designed to ensure that such information is accumulated and communicated to our management, including our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), as appropriate, to allow timely decisions regarding required disclosure.

In connection with the preparation of this quarterly report, we carried out an evaluation, under the supervision and with the participation of our management, including our CEO and CFO, of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of June 30, 2015. Based upon that evaluation, management concluded that the deficiencies in our internal control over financial reporting identified in the 2014 Form 10-K were under ongoing remediation and therefore continue to exist, and as such our disclosure controls and procedures were not effective as of June 30, 2015 for the following reasons:

- We did not maintain an effective control environment as we lacked sufficient oversight of activities related to our internal control over financial reporting. In addition, we did not have a sufficient structure in place to identify and evaluate gaps in the knowledge and technical experience of the accounting personnel responsible for the implementation and execution of our control environment.

- We did not maintain effective controls over certain control activities. Specifically, the following individual material weaknesses were identified in connection with our control activities:

  - We did not implement effective controls to properly account for the sale, disposal and movement of dish machines at customer locations and our own facilities, which resulted in substantial post-closing journal entries that our review process failed to identify.

  - We did not implement effective controls to accurately and completely evaluate and calculate our allowance for doubtful accounts. Additionally, our review process was not sufficient to detect material errors in the methodology and calculations of the allowance resulting in material post-closing adjustments.

    We did not implement effective controls to properly identify, analyze and account for non-routine transactions reflected in the financial statements.

  - We did not develop and implement an overall financial reporting review process that encompassed all significant financial statement accounts or contained an appropriate level of precision. This review process did not identify the issues surrounding the accounting and recording for our dish machines, allowance for doubtful accounts, and non-routine transactions.

  - We did not design, implement and maintain effective controls over the corporate review of significant journal entries processed at our field-level locations, which represents a significant portion of our business, to ensure that these entries were appropriate in nature and correct.

- We did not maintain effective controls over user security and program change management for the information technology systems and accounting software at the field-level locations.

- We did not maintain effective controls to ensure the timely preparation of financial records sufficient to allow management adequate time to prevent or detect and correct material misstatements and to fulfill its other control activity responsibilities.

- We did not maintain effective information and communication controls to generate relevant and quality information for use in the financial reporting close process. These control failures contributed to the transactions involving our dish machines and to information generated relating to the allowance for doubtful accounts.

- We did not maintain effective information and communication controls with external parties due to delays in our financial statement close process as evidenced by the untimely filing of our Annual Report on form 10-K for the year ended December 31, 2014, and our failure to identify and timely disclose control deficiencies in previous filings.

- We did not maintain effective monitoring controls sufficient to ascertain whether key components of internal control were present and functioning, as evidenced by our incorrect initial assessment of the effectiveness of our internal controls over financial reporting.

- We did not maintain effective monitoring controls to communicate the deficiencies in our internal control over financial reporting to our board of directors in sufficient time to allow them to take corrective action.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. Based on its evaluation of internal control over financial reporting, management has determined that the control deficiencies identified above should be considered material weaknesses in our internal control over financial reporting.

As set forth below, management has taken and will continue to take steps to remediate the control deficiencies identified above. Notwithstanding the control deficiencies identified above, management concludes that the financial statements included in this report fairly represent, in all material aspects, our financial condition, results of operations and cash flows for the periods presented.

Management's Remediation Plan

As reported in the Annual Report on Form 10-K for the year ended December 31, 2014, we are engaged in remedial actions in response to the deficiencies discussed above, and we plan to continue efforts underway to improve internal control over financial reporting:

- Management will continue to enhance its training programs for our accounting personnel both at the corporate and field-level, emphasizing financial reporting responsibilities and accountability for implementing and maintaining effective internal control over financial reporting.

- Dish machines are being serialized in the fixed asset system to track the movement of the dish machines and periodic field observations will be performed to ensure the existence and accuracy of these fixed assets.

- Management will continue to track collection trends across the business and evaluate the accuracy of the assumptions used in the estimates for the allowance for doubtful accounts on an annual basis, at a minimum.

- Management will put in place controls to properly identify, analyze and account for non-routine transactions and will use the appropriate level of oversight to ensure the transactions are reflected accurately and timely in the financial statements.

- Management continues to implement controls over user access and change management related to the field-level information technology systems.

- Management will perform a comprehensive review to re-evaluate our activities related to internal control over financial reporting, including monitoring controls related to the operating effectiveness, timeliness and communication of certain control activities.

While management and our audit committee are closely monitoring the implementation of these remediation plans, there is no assurance that the aforementioned plans will be sufficient to fully remediate the deficiencies identified above and that additional remediation steps may be necessary.

Changes in Internal Control over Financial Reporting

Other than the changes noted above to remediate the previously reported material weaknesses, there have been no adverse changes in our internal control over financial reporting during the quarter ended June 30, 2015 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 may be involved in litigation from time to time in the ordinary course of business. We do not believe that the ultimate resolution of these matters will have a material adverse effect on our business, financial condition or results of operations. However, the results of these matters cannot be predicted with certainty and no assurance can be given that the ultimate resolution of any legal or administrative proceedings or disputes will not have a material adverse effect on our business, financial condition and results of operations.

Securities Litigation

On May 21, 2012, a stockholder derivative action was brought against the Company's former CEO and former CFO and the Company's then directors for alleged breaches of fiduciary duty by a purported Company stockholder in the United States District Court for the Southern District of New York. In this derivative action, captioned Arsenault v. Berrard, et al., 1:12-cv-4028, the plaintiff seeks to recover for the Company damages arising out of the Company's March 28, 2012 announcement regarding the Board of Director's conclusion that the Company's previously issued interim financial statements for the quarterly periods ended March 31, 2011, June 30, 2011 and September 30, 2011, and the other financial information in the Company's quarterly reports on Form 10-Q for the periods then ended, should no longer be relied upon and that an internal review by the Company's Audit Committee primarily relating to possible adjustments to the Company's financial statements was ongoing.

On August 13, 2012, the Arsenault derivative action, along with a related putative securities class action pending in the Southern District of New York, was transferred to the United States District Court for the Western District of North Carolina where other related putative securities class actions were pending. All actions were consolidated under the caption In re Swisher Hygiene, Inc. Securities and Derivative Litigation, MDL No. 2384. On August 21, 2012, the Western District of North Carolina issued an order governing the practice and procedure in the actions transferred to the Western District of North Carolina as well as the actions originally filed there. On October 18, 2012, the Western District of North Carolina held an Initial Pretrial Conference at which it appointed lead counsel and lead plaintiffs for the securities class actions, and set a schedule for the filing of a consolidated class action complaint and defendants' time to answer or otherwise respond to the consolidated class action complaint. The Western District of North Carolina stayed the Arsenault derivative action, pending the outcome of the securities class actions.

On August 6, 2014, following a hearing, the Western District of North Carolina approved a settlement of the securities class actions, and issued an Order and Final Judgment that, among other things, dismissed the securities class actions pending in the United States with prejudice and provided for full and complete releases to defendants. The Arsenault derivative action is still pending.

On June 11, 2013, an individual action was filed in the United States District Court for the Southern District of Florida captioned Miller, et al. v. Swisher Hygiene, Inc., et al., No. 0:13-CV-61292-JAL, against the Company, its former CEO and former CFO, and a former Company director, bringing state and federal claims founded on the allegations that in deciding to sell their company to the Company, plaintiffs relied on defendants' statements about such things as the Company's accounting and internal controls, which, in light of the Company's restatement of its financial statements, were false. On July 17, 2013, the Company notified the United States Judicial Panel on Multidistrict Litigation ("MDL Panel") of this action, and requested that it be transferred and centralized in the Western District of North Carolina with the other actions pending there. On July 23, 2013, the MDL Panel issued a Conditional Transfer Order (the "Miller CTO"), conditionally transferring the case to the Western District of North Carolina. On July 29, 2013, plaintiffs notified the MDL Panel that they would seek to vacate the Miller CTO. In light of the proceedings in the MDL Panel, defendants requested that the Southern District of Florida stay all proceedings pending the MDL Panel's ruling. On August 6, 2013, the Southern District of Florida issued a stay of all proceedings pending a ruling by the MDL Panel. On October 2, 2013, following briefing on the issue of whether the Miller CTO should be vacated, the MDL Panel issued an order transferring the action to the Western District of North Carolina. The Company and the individual defendants filed motions to dismiss the complaint on March 20, 2014. Briefing on the motions to dismiss was completed on May 12, 2014. On June 2, 2014, plaintiffs filed a motion with the Western District of North Carolina seeking a suggestion for remand from that court to the MDL Panel. Briefing on that motion was completed on June 26, 2014. Oral argument on the motions to dismiss and motion for suggestion for remand were heard on July 22, 2014. On August 5, 2014, the Western District of North Carolina denied plaintiffs' motion for suggestion for remand. On October 22, 2014, the Company filed a notice of supplemental authority in support of its motion to dismiss the complaint. On November 4, 2014, plaintiffs

filed a response to the notice of supplemental authority. On July 8, 2015, the Western District of North Carolina ruled on the motions to dismiss. The Western District of North Carolina dismissed plaintiffs' federal claims and certain of their state law claims. Other state law claims against the Company, its former CEO, and a former Company director, were not dismissed. After issuing its ruling, the Western District of North Carolina recommended by letter to the MDL Panel that the action be transferred back to the Southern District of Florida. On July 16, 2015, the Western District of North Carolina issued an order staying all proceedings in the action pending a determination by the MDL Panel on its recommendation.

Other Matters

The Company has been contacted by the staff of the Atlanta Regional Office of the SEC and by the United States Attorney's Office for the Western District of North Carolina (the "U.S. Attorney's Office") after the Company's March 28, 2012 public announcement of the Audit Committee's internal review and the delays in filing its periodic reports. The Company has been asked to make certain individuals available and to provide certain information about these matters to the SEC and the U.S. Attorney's Office. The Company is fully cooperating with the SEC and the U.S. Attorney's Office. Any action by the SEC, the U.S. Attorney's Office or other government agency could result in fines and/or criminal or civil sanctions against the Company and/or certain of its current or former officers, directors or employees.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the risk factors discussed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2014 which could materially affect our business, financial condition, or future results. There have been no material changes to the risk factors previously disclosed in our 2014 Form 10-K.

ITEM 6. EXHIBITS

Exhibit Number	Description
10.1	Waiver letter, dated May 11, 2015 by Siena Lending Group LLC (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, filed with the Securities and Exchange Commission on May 11, 2015).
31.1	Section 302 Certification of Chief Executive Officer.
31.2	Section 302 Certification of Chief Financial Officer.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.

* Furnished herewith.

SIGNATURES

Pursuant to 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.

SWISHER HYGIENE INC.
(Registrant)

Dated: August 10, 2015

By: /s/William M. Pierce
William M. Pierce
President and Chief Executive Officer
(Principal Executive Officer)

Dated: August 10, 2015

By: /s/William T. Nanovsky
William T. Nanovsky
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Dated: August 10, 2015

By: /s/Linda C. Wilson-Ingram
Linda C. Wilson-Ingram
Vice President, Corporate Controller and Chief Accounting Officer
(Principal Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Description
10.3	Waiver letter, dated May 11, 2015 by Siena Lending Group LLC (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, filed with the Securities and Exchange Commission on May 11, 2015).
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101.DEF	XBRL Taxonomy Extension Definition Linkbase.

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* Furnished herewith.

EXHIBIT 31.1

CERTIFICATION

I, William M. Pierce, certify that:

1 I have reviewed this Quarterly Report on Form 10-Q of Swisher Hygiene 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.

Date: August 10, 2015

By:/s/ William M. Pierce
William M. Pierce
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, William T. Nanovsky, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Swisher Hygiene 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.

Date: August 10, 2015

By: /s/ William T. Nanovsky

William T. Nanovsky
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Swisher Hygiene Inc. (the “Company”) for the quarter ended June 30, 2015, as filed with the Securities and Exchange Commission (the “Report”), I, William M. Pierce, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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

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

Date: August 10, 2015

By: /s/ William M. Pierce

William M. Pierce
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Swisher Hygiene Inc. (the “Company”) for the quarter ended June 30, 2015, as filed with the Securities and Exchange Commission (the “Report”), I, William T. Nanovsky, Senior Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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

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

Date: August 10, 2015

By: /s/ William T. Nanovsky
William T. Nanovsky
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

HEADQUARTERS

4725 Piedmont Row Drive
Suite 400
Charlotte, North Carolina 28210
Telephone (800) 444-4138

INVESTOR CONTACT AND INFORMATION REQUESTS

Stockholders, securities analysts, portfolio managers and representatives of financial institutions requesting copies of our Annual Report, Form 10-K, quarterly reports and other corporate literature should call (704) 602-7116 or write Swisher Hygiene Inc., Investor Relations, at the above address.

NOTICE OF ANNUAL MEETING

The Annual Meeting of Stockholders of Swisher Hygiene Inc. will be held at 10:00 a.m. Eastern Time, Thursday, October 15, 2015 at the Charlotte Marriott SouthPark – Morrison Ballroom B, 2200 Rexford Road, Charlotte, NC 28211-3431. Telephone: (704) 364-8220.

COMMON STOCK INFORMATION

The Company's common stock trades on the NASDAQ Capital Market under the symbol "SWSH."

COMMON STOCK TRANSFER AGENT AND REGISTRAR

For inquiries regarding address changes, stock transfers, lost shares or other account matters, please contact: TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1.

Registered owners of Swisher Hygiene common stock may also call Investor Services at 1 (866) 393-4891 ext. 205 to inquire about address changes, stock transfers, lost shares or other account matters.

Internet users can access information at www.tmxequitytransferservices.com.

FORM 10-K

A copy of Swisher Hygiene's Annual Report on Form 10-K for the year ended December 31, 2014 as filed with the Securities and Exchange Commission is available without charge under the "Investors" section of our website at www.swsh.com, or by writing to: Swisher Hygiene Inc., Attn: Investor Relations 4725 Piedmont Row Drive, Suite 400, Charlotte, North Carolina 28210.

FORWARD-LOOKING STATEMENTS

Some of the statements and information contained throughout this Annual Report constitute "forward-looking statements" within the meaning of the Federal Private Securities Litigation Reform Act of 1995. The forward- looking statements describe our expectations, plans and intentions about our business, financial condition and prospects. Known and unknown risks, uncertainties and other factors (including those described in our Annual Report on Form 10-K) may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We undertake no duty to update or revise our forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

BOARD OF DIRECTORS

Joseph Burke
Management Consultant - Finance and Operations, Hudson Capital Group

Richard L. Handley
Chairman of the Board,
Senior Vice President, Secretary and General Counsel, Huizenga Holdings, Inc.

Harris W. Hudson
Chairman and Owner,
Hudson Capital Group

William M. Pierce
President and Chief Executive Officer, Swisher Hygiene Inc. and Senior Vice President, Huizenga Holdings, Inc.

William D. Pruitt
President, Pruitt Ventures, Inc.
and General Manager, Pruitt Enterprises, LP

David Prussky
Director,
Swisher Hygiene Inc.

BOARD COMMITTEES

Audit Committee
Joseph Burke
William D. Pruitt
David Prussky

Compensation Committee
Richard L. Handley
William D. Pruitt

Nominating & Corporate Governance Committee
Richard L. Handley
David Prussky

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